



Alberta



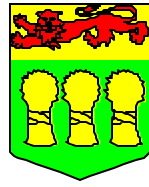
British Columbia



Manitoba



Northwest  
Territories



Saskatchewan



Yukon  
Territory

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# Western Transportation Initiatives

## Western Premiers' Conference

Yellowknife, N.W.T.  
July 2-4, 1998

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# Executive Summary

## Western Transportation Initiatives

### I Introduction

The four western provinces and two territorial governments have jointly worked on five priority transportation initiatives to promote the development of reliable, low-cost transportation systems that support economic growth, as directed by Western Premiers at their May, 1997 conference in Campbell River, B.C.

Significant progress has been achieved in each area, which has contributed to the creation of a western consensus that any changes in the transportation system must benefit shippers, producers, and other provincial stakeholders.

Maintaining the western consensus will increase the provinces' influence in pressing the federal government for an appropriate legislative and regulatory framework that supports the development of a competitive, customer-oriented transportation system, and promotes competition in different system components.

The following initiatives have been developed and implemented by western Transport and Agriculture ministers to strengthen transportation infrastructure and services across western Canada:

- **Improving grain transportation performance through participation by the western provinces in the Federal Grain Review. A major grain logistics blueprint study is being prepared for the western provinces by a recognized logistics specialist, to assist in developing specific proposals for Phase II of the Review.**

A joint western provinces' submission was prepared for Phase I of the Federal Grain Review, which identified priority issues for making the Canadian grain handling and transportation system a world leader in performance and efficiency (see enclosed). The Phase I Report of the Grain Review, which was released on May 29, 1998, addressed issues raised by stakeholders in written submissions and public meetings, without providing any conclusions on changes needed to improve system performance and competitiveness.

- **Pressing the federal government to establish a National Transportation Investment Strategy**, including a strong federal funding commitment to finance improvements in the National Highway System;
- **Establishing north-south trade corridors** by strengthening highway links and promoting increased trucking efficiency for movements between western Canada and the U.S. and Mexico. A joint position paper, *Trade and Transportation Corridor Development*, prepared for Western Premiers, has identified options for improving north-south highway infrastructure and expanding trade (see enclosed);

- **Harmonizing trucking regulations across the western provinces** to increase trucking efficiency and reduce barriers to trade;
- **Preparing a provincial government/industry strategy to prepare for the comprehensive review of the *Canada Transportation Act (CTA)*.** A joint government/industry study will be commissioned to monitor the impact of key provisions of the CTA, and examine options for balancing the market power of shippers and carriers which can be brought forward for consideration during the review process.

## **II Recommendations**

### **1. Improving Grain Transportation Performance**

Western ministers should be directed to:

- a) Pursue the development of an appropriate public policy framework to promote logistics system improvements, following completion of the blueprint study. A communications strategy should also be developed to disseminate the results of the blueprint study to producers and other interested groups, and secure public support for proposed logistics solutions.
- b) Prepare a second joint submission to Phase II of the Federal Grain Review, with specific proposals for improving system performance and encouraging competition that will best meet the needs of western Canadian producers and other stakeholders. This includes legislative and regulatory initiatives that reduce overall handling and transportation costs from farm to customer, and promote effective competition throughout the system.
- c) Press the federal government for action to improve grain transportation performance following completion of the Grain Review in December, 1998. The western provinces' consensus on priority grain handling and transportation issues should be maintained, to increase provincial influence on the decision-making process for transportation policy reform.

### **2. Pressing the Federal Government to Establish a National Transportation Investment Strategy**

Western ministers should be directed to:

- a) Urge the federal government to establish a National Transportation Investment Strategy, including a long-term federal funding commitment to finance necessary improvements in the National Highway System and trade corridors.
- b) Call for a joint meeting of federal and provincial Transportation and Finance Ministers in fall, 1998 to examine funding and administrative options for the proposed National Transportation Investment

Strategy, to facilitate establishment of a National Highway System and other strategic infrastructure projects in 1999/2000.

### **3. Establishing North-South Trade Corridors**

Western ministers should be directed to:

- a) Pursue federal government support for the development of a National Trade and Transportation Corridor program, including federal commitment to fund designated north-south highway and border crossing infrastructure, trade promotion, and economic development activities. A national policy framework is needed to coordinate the strengthening of north-south highway links to support economic development and trade priorities, under the National Transportation Investment Strategy.
- b) Develop a comprehensive database on trucking movements and product flows on major north-south routes, to assist shippers, carriers, and producers in expanding market share, penetrating new markets, and increasing the efficiency of truck movements to existing and emerging markets.

### **4. Harmonizing Trucking Regulations**

Western ministers should be directed to:

- a) Continue efforts to reconcile provincial truck weight and dimension regulations, compliance, and permitting procedures, to promote the seamless transportation of goods across western Canada.
- b) Initiatives to promote increased trucking efficiency should be pursued by western Transport Ministers without requiring review and approval by Western Premiers. However, initiatives with interprovincial implications may require involvement by Premiers to approve administrative and funding arrangements.

### **5. Comprehensive Review of the *Canada Transportation Act***

Western ministers should be directed to:

- a) Proceed with a joint government/industry study on a cost share basis to determine whether selected provisions of the *Canada Transportation Act* have diminished the market power of shippers and producers in negotiating rates and levels of service with CN and CP Rail.
- b) Examine options for developing a cooperative government/industry strategy, including legislative and regulatory reforms that could increase effective competition, which can be brought forward for consideration during the comprehensive review of the CTA.

# GRAIN HANDLING AND TRANSPORTATION

(Prepared by Province of Saskatchewan)

## ISSUE

### Western provinces' joint grain handling and transportation initiatives, including:

- **Participation in the Federal Grain Review**
- **Grain Logistics Blueprint Study**

## PROGRESS

- The four western provinces are developing a joint strategy to make the grain handling and transportation system more competitive and customer-oriented, while ensuring that producers benefit from system improvements. Development of a western provinces' consensus for dealing with priority grain handling and transportation issues has:
  - a) Increased provincial influence in key decision-making processes, including the Federal Grain Review;
  - b) Provided an effective mechanism for coordinating provincial initiatives to improve the competitiveness and performance of the grain logistics system, including the joint Grain Logistics Blueprint Study.

### 1. **Participation in the Federal Grain Review**

- The western provinces made a joint submission to the Federal Grain Review in March, 1998 (see attached) which identified major issues and problems in the grain handling and transportation system, and opportunities for improving system performance. These included:
  - Establishing an appropriate legislative and regulatory framework that promotes modern logistics practices;
  - Promoting competition and producer choices in the grain handling and transportation system;
  - Establishing accountability to improve overall performance from farm to customer.
- The Phase 1 Report of the Federal Grain Review, which was released May 29, 1998, provided a summary of key issues addressed in written submissions and public meetings. Branch line abandonment and road impact costs from increased grain trucking received considerable attention. The role of the Canadian Wheat Board in transportation was also identified as a priority issue. No conclusions were contained in the report.
- Western Transport and Agriculture ministers and officials met with Mr. Justice Willard Z. Estey twice in January and April, 1998 to discuss these issues in greater detail. Ministers urged Mr. Justice Estey to encourage active participation by producers and provincial governments in the Federal Grain Review, and committed to preparing a second joint submission during Phase 2 of the review that will propose specific solutions for establishing a competitive, customer-oriented grain handling and transportation system.

- Western ministers' actions to implement directives from the May, 1997 Western Premiers' conference were instrumental in establishing the Federal Grain Review. Proposed terms of reference for a system-wide review, based on a consensus among the four western provinces, were jointly sent in July, 1997 to federal Transport Minister David Collenette, Agriculture and Agri-Food Minister Lyle Vanclief, and Minister responsible for the Canadian Wheat Board, Ralph Goodale.
- Western ministers also prepared a proposed policy framework for the review, which they presented to Minister Collenette at an October, 1997 meeting to discuss options for the review. The policy framework paper focused on two priority issues:
  - a) Need for an appropriate legislative and regulatory framework to promote logistics improvements;
  - b) Enhanced system management to improve overall performance and efficiency.
- The western provinces' second joint submission to Phase 2 of the Federal Grain Review will address major issues identified in the Phase 1 Report, and provide options for improving system performance and competitiveness. These include:
  - Enhancing system management through the adoption of modern logistics practices;
  - Promoting competition and producer choices in different components of the grain handling and transportation system;
  - Pursuing the development of an appropriate legislative and regulatory framework to encourage modern logistics practices and promote competition. The role of the Canadian Wheat Board in the grain logistics system will be examined, including the option of moving CWB deliveries to port position.

## **2. Grain Logistics Blueprint Study**

- The four western provinces have commissioned a study by McKinsey and Company to develop options for implementing modern logistics practices in the grain handling and transportation system. The study will be completed by July, 1998.
- The study will identify key leverage points where system improvements could be made. The interim report by the consultant identified the following restructuring options, which will be examined in greater detail in the blueprint study:
  - Improved management of the grain logistics system through better coordination of rail movements with vessel arrivals, and inventory replacement practices at port terminals;
  - Continued consolidation of the handling and transportation system to increase capacity utilization and improve overall system performance;
  - Legislative and regulatory changes needed to promote competition and accountability in all components of the grain handling and transportation system, to contain rail rates and improve service for producers;
  - Increased system flexibility to provide services that respond quickly to changes in customer demand and other trends in world grain markets.

- A communications strategy will be developed by the western provinces to disseminate the results of the study to producers and other stakeholders, and secure public support.

## **IMPLICATIONS**

- Preparing a second joint submission during Phase 2 of the Federal Grain Review will demonstrate strong provincial leadership to producers and other stakeholders in pursuing improvements in overall performance that establish a competitive, customer-oriented system from farm to market. Involvement of producers and provincial governments in Phase 2 of the review will ensure that any system improvements benefit producers and their communities. Specific recommendations will be brought forward to make the Canadian system a world leader in performance and efficiency, while increasing competition in different components.
- Maintaining the western provinces' consensus position during the review process will provide increased leverage in pressing for federal action to improve grain transportation performance, after Phase 2 recommendations are brought forward in December, 1998.
- Completion of the joint western provinces' grain logistics blueprint study will provide an independent perspective on options for restructuring the grain handling and transportation system, to enhance its competitiveness and maximize producer returns. The western provinces will be in a stronger position to press the federal government for legislative and regulatory changes, because impediments to logistics improvements and strategic policy options will be addressed in the blueprint study.

## **RECOMMENDATIONS**

Western Ministers should be directed to:

- a) Pursue the development of an appropriate public policy framework to promote logistics system improvements, following completion of the blueprint study. A communications strategy should also be developed to disseminate the results of the blueprint study to producers and other interested groups, and secure public support for proposed logistics solutions.
- b) Prepare a second joint submission to Phase II of the Federal Grain Review, with specific proposals for improving system performance and encouraging competition that will best meet the needs of western Canadian producers and other stakeholders. This includes legislative and regulatory initiatives that reduce overall handling and transportation costs from farm to customer, and promote effective competition throughout the system.
- c) Press the federal government for action to improve grain transportation performance following completion of the Grain Review in December, 1998. The western provinces' consensus on priority grain handling and transportation issues should be maintained, to increase provincial influence on the decision-making process for transportation policy reform.



**WESTERN PREMIERS' CONFERENCE**  
**JULY 2-4, 1998**

**BRIEFING NOTE**

(Prepared by Province of Manitoba)

**AGENDA ITEM / SUBJECT:**     NATIONAL HIGHWAY PROGRAM

**ISSUES**

The National Highway Policy Study indicated the benefits of establishing a National Highway Program and the need to secure appropriate national and provincial funding. The Federal Government has yet to make a financial commitment to this critical national initiative.

During the last two years (1995/96 and 1996/97) the Federal Government collected over \$2.4 billion in excise taxes from road fuels in the Western Provinces and Territories, while returning \$55 million or only 2.3% to highways (see attached tables).

Federal Government collections from road fuels in the Western Provinces and Territories are projected to total \$5.1 billion over the next four years (1997/98 - 2000/01). In the same period the Federal Government intends to return \$13.19 million to highways in the region, amounting to only 0.25% of the revenue collected (see attached tables).

**BACKGROUND**

In 1988, the National Highway Policy Study identified a National Highway System comprised of 25,000 kilometres of existing highways that serve as key linkages between major cities, industrial areas, major resource areas, ports of entry and other transportation modes. The study found that the cost to remedy NHS deficiencies was \$13 billion.

The Council of Deputy Ministers Responsible for Transportation and Highway Safety has established an NHP Study Update Committee, chaired by Manitoba, to update the information on the condition of the NHS and the benefits of investments to bring the system up to adequate standards. The Committee expects to complete this work by the end of June 1998.

**STATUS**

The final report on the NHS is expected to be completed by the end of July. The key preliminary findings of the NHS review are as follows:

- Governments have invested over \$8 billion in capital improvements and \$3 billion in maintenance in the National Highway System since 1988; annual expenditures on the system are currently twice the level reported in 1988.

- In spite of this investment, the state of National Highway System has not improved since 1988. When measured against minimum design standards and operating criteria set in 1988, the length of the system with deficiencies comprising of poor pavement, operating speed and capacity has increased about 30%.
- The preliminary estimated cost of upgrading the National Highway System is over \$14.8 billion. The expected net value of investing the required capital in upgrading the National Highway System was estimated to be in the order of \$15.3 billion; using a 25 year horizon for evaluation of benefits and a 5% discount rate.
- Reducing congestion and improving the level of service provided by the NHS is also expected to reduce hydrocarbon emissions.
- A review of literature and international experience provides strong evidence that investments in highways can generate significant productivity growth and support economic development. In an era of 'just in time' delivery and receiving systems, there is compelling evidence in the literature that increasing the reliability of the highway system can provide significant benefits and productivity gains for the industry.
- Investments in new or improved highways can support productivity gains in three ways:
  - a) *Reduced Costs* - New or improved highways can reduce the costs of acquiring raw materials and delivering of goods to markets.
  - b) *Securing inputs* - Better highways may allow access to higher quality inputs, possibly improving the quality of outputs.
  - c) *Reaching markets* - Improved highways can facilitate access to wider markets that were not previously viable.
- The findings of the reviews of the literature and international experience go far in explaining why nations which are major competitors of Canada are allocating increasing funding to highway construction and maintenance to support economic growth.

**Note:** The Steering Committee will be re-running the benefit-cost analysis model with an adjustment to an input constraint. **For this reason, the above benefit-cost result should be taken as preliminary and directional in nature only. This alternative analysis is expected to increase the measure of the net benefits.**

## **POSITION OF FEDERAL GOVERNMENT**

The federal government has questioned the affordability of a National Highways Program within existing financial frameworks. However, as a deficit reduction measure, the federal government recently increased the federal excise tax on road use gasoline by 1.5 cents per litre, taking an additional amount of approximately \$500 million per year from road users across Canada.

## **WESTERN PROVINCES' POSITION**

The Western Provinces and Territories contend that the revenue generated from the 1.5 cents per litre increase in federal excise tax on road use gasoline should be returned to road users and the economy generally through re-investment in national highways. This amount, together with historical federal highway funding of around \$300 million annually, would provide an annual revenue stream of about \$800 million, an appropriate initial minimum level of federal contribution to a National Highways Program.

Western Premiers agreed that the federal government, in conjunction with provincial and territorial governments, should develop specific proposals for a National Highway Program. Appropriate funding arrangements should be reviewed to develop a cost-effective infrastructure program that meets regional needs and promotes economic development, trade and tourism.

Premiers agreed that in developing funding arrangements for a National Highway Program, special consideration must be given to the needs of remote northern regions which may have low traffic volumes but rely on the National Highway System for access, tourism and economic development.

<b>Western Provinces and Territories Summary of Federal Highway Collections and Returns</b>						
	1995/96	1996/97	1997/98*	1998/99*	1999/00*	2000/01*
Federal Excise Tax Revenues (\$millions)	1,191.90	1,238.20	1,240.90	1,267.30	1,293.40	1,319.70
Federal Highway Contributions (\$millions)	38.12	17.30	13.19	0.00	0.00	0.00
Revenues Less Contributions (\$millions)	1,153.78	1,220.90	1,227.71	1,267.30	1,293.40	1,319.70
*Projected						

<b>Federal Excise Tax Revenue From Road Fuels</b> <b>(\$millions)</b>						
Jurisdiction	1995/96	1996/97	1997/98*	1998/99*	1999/00*	2000/01*
Manitoba	139.8	140.7	141.6	142.2	142.8	143.4
Saskatchewan	146.6	151.9	153.0	153.4	153.8	154.2
Alberta	443.5	460.0	460.2	468.8	477.3	485.8
British Columbia	448.2	471.5	472.4	488.6	504.8	521.0
Yukon	8.4	8.0	8.3	8.6	8.8	9.1
NWT	5.4	5.3	5.4	5.7	5.9	6.2
Total	1,191.9	1,238.2	1,240.9	1,267.3	1,293.4	1,319.7
* Projected, based on road gasoline and road diesel sales over the period 1991/92-1996/97 Source: Transport Canada						

<b>Federal Highway Contributions</b> <b>(\$millions)</b>						
Jurisdiction	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Manitoba	9.54	0.0	0.0	0.0	0.0	0.0
Saskatchewan	7.00	7.00	5.30	0.0	0.0	0.0
Alberta	9.63	1.50	0.22	0.0	0.0	0.0
British Columbia	8.75	5.00	4.81	0.0	0.0	0.0
Yukon	2.40	2.80	2.20	0.0	0.0	0.0
NWT	0.80	1.00	0.66	0.0	0.0	0.0
Total	38.12	17.3	13.19	0.0	0.0	0.0
Source: Transport Canada						

## **A National Highway Program for Canada:** *The Business Case*

In 1988, the National Highway Policy Study identified a National Highway System comprised of 25,000 kilometres of existing highways that serve as key linkages between major cities, industrial areas, major resource areas, ports of entry and other transportation modes. The study found that the cost to remedy NHS deficiencies was \$13 billion. The Council of Deputy Ministers Responsible for Transportation and Highway Safety has established an NHP Study Update Committee, chaired by Manitoba, to update the information on the condition of the NHS and the benefits of investments to bring the system up to adequate standards. The Committee expects to complete this work by the end of June, 1998. Preliminary results indicate that, while total annual capital spending on the NHS by the provinces and territories has doubled since 1988 to about \$1.6 billion, the overall condition of the system has not improved. Although not yet finalized, research directed by the NHP Study Update Committee will clearly demonstrate that the net benefits of an NHS investment program would be substantial. Direct benefits of such a program to highway users include substantial travel time savings, vehicle operating cost savings, and improved safety. Quantifiable direct social benefits include the value of safety savings, and emission cost savings due to reduced congestion and fuel consumption.

The Committee will further report that the benefits of an adequate and efficient National Highway System go well beyond these direct benefits.

- Economic research has clearly established that investments in highways can generate significant productivity growth. The studies suggest that a 1.0% increase in the highway capital stock could generate up to a 0.6% increase in private sector productivity, and that highway investments can provide annual returns of 10% to 40%. Productivity gains are largely achieved through logistics supply chain enhancements such as “just-in-time” inventory management, that can only be achieved through the provision of road infrastructure of adequate capacity and quality to ensure efficient, reliable, and expedited trucking services. These logistics improvements lower the total delivered costs of Canadian products, both to Canadian and foreign consumers. An efficient highway system thus enables cost reductions, improved quality of goods and services, expanded production and access to wider markets. The literature also suggests that investments in highways can generate a more efficient economic structure, and improve the nation’s balance of trade.

- Investments in highways can play a critical role in regional development, particularly for remote, frontier, and resource-based regions. Highway investments allow remote regions to capitalize on resource endowments by providing access to raw resources and goods markets, thereby generating jobs and growth. Benefits of remote region development are spread across the country. Adequate land connections allow these benefits to be maximized within Canada, as opposed to the use of sea lanes that may lead to the increased “export” of value-added jobs to foreign countries.

Trade liberalization, foreign competition, and rapid technological change have challenged Canada to compete successfully in a global marketplace. In this context, Canada can no longer rely on its natural resources and population growth alone to fuel its economic prosperity. In today’s economy, improved productivity will be key to our future economic growth and trade competitiveness. However, economic productivity growth in Canada has been steadily declining over the last four decades, and our nation can wait no longer to reverse this trend. The Western Provinces and Territories believe that a national transportation investment strategy sponsored by the federal government can play an important role in this reversal. National Highway Policy funding would be a component part of this strategy.

Canada is currently at a competitive disadvantage with the US in the continental market as a result of our ongoing federal under-investment in highway infrastructure. As has been recently noted by Justice Estey during his conduct of the federal Grain Transportation Review, the US federal government has recognized the need for a major federal role in highway funding continuously since FDR’s “roads to markets” program, through the development of its Interstate system, and more recently, under the 1991 US Intermodal Transportation Efficiency Act (ISTEA) and the National Highway System Designation Act. The United States has just enacted its new transportation funding authorizing legislation, the Transportation Equity Act for the 21st Century (TEA 21). This legislation authorizes \$175 billion of highway related federal spending over the six years 1998-2003. Annual federal highway related spending under TEA 21 will increase from \$22 billion in FY 1998, to \$28 billion by FY2003. States will see their federal highway funding grow by 44% from current levels, and are legislatively guaranteed that a minimum of 90.5% of the federal fuel tax receipts from each state will be returned to the state. The legislation also contains separate national corridor planning and development and coordinated border infrastructure programs, funded at \$140 million per year; these programs are for coordinated planning, design, and construction of corridors of national significance, economic growth, and international or interregional trade, and for projects to improve the safe movement of people and goods at or across the borders of the NAFTA countries.

The US federal government, through its increased commitment to highway funding in the national interest, and its specific trade corridor initiatives, has clearly recognized the key role that highway infrastructure investment plays in the competitiveness of their national economy. As a result, highways south of our border are better maintained and more capable of handling trade traffic, and the US economy achieves greater economic efficiency and productivity benefits from its highway network than does Canada. Without recognition on the part of our federal government of its proper role in support of infrastructure essential to our national economy, this continental highway infrastructure “competitiveness gap” for Canada will only widen.

The Western Provinces and Territories believe that it is vitally important to work together on transportation issues. Canada needs to have a continuous program in place that is equitable and based on a cost-sharing formula acceptable to all parties.

The federal government has questioned the affordability of a National Highways Program within existing financial frameworks. However, as a deficit reduction measure, the federal government recently increased the federal excise tax on road use gasoline by 1.5 cents per litre, taking an additional amount of approximately \$500 million per year from road users across Canada. Now that the federal deficit has been eliminated, the Western Provinces and Territories contend that the revenue from this tax increase should be returned to road users and the economy generally through re-investment in national highways. This amount, together with historical federal highway funding of around \$300 million annually, would provide an annual revenue stream of about \$800 million, an appropriate initial minimum level of federal contribution to a National Highways Program.

## **Recommendations**

Western Provinces and Territories should:

1. Jointly develop a communication strategy toward achieving federal government and taxpayer support for significantly improved investment in Canada’s National Highway System through a National Transportation Investment Strategy. This strategy would endeavour:
  - to publicize the findings of the National Highway Policy Study Update which shows that investing in the Canadian National Highway System can improve economic productivity, generate a more efficient economic structure, improve the nation's balance of trade, and support a wide range of social and safety benefits;

- to convince the federal government a significant federal investment in the National Transportation Investment Strategy is essential to meet Canada's future needs;
  - to increase public understanding and awareness of the significance of a safe, efficient and well maintained Canadian National Highway System and its importance in supporting economic growth and improved productivity;
  - to educate transportation stakeholders on the economic importance, opportunities and challenges associated with a well-maintained national highway system and to gain their support for a National Transportation Investment Strategy, a main component of which would be the national highway program.
2. Jointly develop "information pieces" (news releases, media kits, brochures, short articles, etc.) in support of this communication strategy, including:
- how the Western Provinces and Territories have fulfilled their responsibility to increase investment in the National Highway System;
  - updated information on the lack of funding by the federal government in relation to its revenue from road use fuel taxes; and
  - details of the enhanced benefits to road users, public safety, the environment, and the economy from a national highway investment program, including the links between sound infrastructure and national economic competitiveness, and our ability to afford adequate social programs;
3. through a resolution of Western and Territorial Premiers, make clear to the federal government that we are unanimous in our strong support for a National Transportation Investment Strategy with federal participation that includes the national highway program, and call for a joint meeting this fall of Transportation and Finance Ministers from across the country, to discuss how such a program may be achieved as a new millennium initiative in the 1999-2000 fiscal year;



4. adopt and communicate to the federal government the following general rationale for federal participation in the national highways component of a National Transportation Investment Strategy:

- the National Highway System supports interprovincial and international trade and commerce; the quality of our access to Canadian and continental markets, and to global markets via our sea ports and airports, through the components of the National Highway System in each jurisdiction, is critical to the economic well-being of all Canadians;
- federal involvement should also focus on the need to: facilitate border crossings in support of international trade and travel; improve east/west traffic flow in support of Canadian internal trade and travel; ensure that there are adequate links between all modes of transport; and ensure transport standards and technology are compatible and interoperable across the country and the continent;
- a national highway system, like other transportation modes that extend across jurisdictions, has external benefits beyond the boundaries of individual communities, and is key to future national productivity growth and economic competitiveness; the federal government should recognize its responsibility to ensure this network is adequate to meet national objectives, just as have all the national governments of the G-8 countries;
- the federal government must ensure under-investment in critical national highway infrastructure does not continue to place our economy at a competitive disadvantage in relation to that of the US, and must demonstrate its preparedness to reciprocate US measures to facilitate international trade through a parallel commitment to trade corridor and border gateway program funding;
- federal government occupation of the tax field precludes provinces from adequately addressing NHS needs without impairing their tax competitiveness; a reasonable share of federal road use related revenue should be reinvested in the system from which it is derived;

- based on the federal government revenues from road-use fuel taxes, particularly its recent 1.5 cents per litre increase to fight the federal deficit, the national highways component of a national transportation investment strategy is affordable;
- based on recent analysis, a national highway investment program would clearly have substantial user and economic benefits that far exceed its costs.

# **Trade and Transportation Corridor Development A Western Position Paper**

## **Executive Summary**

### **INTRODUCTION**

At the May 1997 Western Premiers Conference in British Columbia, the Premiers noted the importance of enhancing north/south highway links and developing trade and transportation corridors to facilitate and promote expanded trade with the U.S. and Mexico. The Western Premiers also highlighted the importance of developing appropriate infrastructure links connecting to the central Arctic region of the Northwest Territories and Alaska. They also expressed support for initiatives to secure the long-term viability of the port of Churchill.

At the direction of Western Transportation Ministers, the western provinces and territories began developing a regional and international corridor planning and development strategy to promote transportation efficiencies to facilitate trade.

This position paper aims at highlighting the corridors of interest to the Western provinces and Northern territories and identifying areas where Federal government support and initiatives are required to develop and promote these corridors. The Federal government must take an active role in a national trade and transportation corridor strategy in coordination with regional initiatives. If all levels of government and the private sector work together, new initiatives can be developed, duplication of effort can be avoided, costs can be reduced, and economic benefits can be maximized for the region as a whole.

### **TRADE AND TRANSPORTATION CORRIDORS**

Trade and transportation corridors are the result

of the interrelationship between infrastructure, trade flows and transportation. The key attributes of a corridor can include the presence of well-developed infrastructure including highways, ports of entry, rail lines etc.; necessary distribution and warehouse facilities; foreign trade zones; a harmonized regulatory environment; the presence of appropriate technological infrastructure; and well-developed social, political and business linkages.

Governments have a role to play in funding infrastructure development and ensuring consistent standards across jurisdictions, both national and international. They can support and direct research and development toward technical innovation, analysis of trade data, determination of impediments to the flow of goods, interoperability of transportation support systems, harmonization of regulations, and the overall relationship-building that is required for the successful development of efficient, modern, multimodal and multi-directional trade and transportation corridors. All of this can be achieved through cooperation amongst governments and the private sector and through strategic utilization of regional differences.

### **THE WESTERN REGION - CONSIDERATIONS FOR ECONOMIC DEVELOPMENT**

Western Canada's economy is largely dependent on exports and based on resource extraction and primary production. Due to Western Canada's dispersed population, resource/production exports and large land base, substantial transportation infrastructure (including transfer facilities for modal interchanges) and services are required

for the collection and forwarding of export products, for the distribution of imports and for the transference of local goods. There is increasing potential for economic development in the Western region and adequate infrastructure and transportation systems will be required to realize this goal.

### **WESTERN CORRIDOR INITIATIVES**

Western provincial and territorial governments are working together to develop trade and transportation corridors within the region. Efforts include harmonizing and minimizing transportation regulations and identifying investment requirements for core transportation infrastructure (highways, port facilities, transfer facilities). In addition, Western jurisdictions are collaborating with neighboring U.S. states with respect to trade and transportation corridor planning. The Western provinces and Northern territories are also in communication with industry to encourage investments in expansion of infrastructure to access emerging resource development areas especially in the northern regions. This investment must be recognized as a benefit for the overall economy of Canada as well as these regions.

### **CORRIDOR DEVELOPMENT ISSUES: REQUIREMENTS FOR FEDERAL SUPPORT**

Development of a true multimodal trade and transportation corridor must take into account infrastructure construction and upgrades as well as related regulatory, technical and legal issues. Some of the corridor development issues of primary importance to the Western region include: the construction and maintenance of infrastructure; the development and funding of a National Highway Program; the enhancement of efficient border crossing procedures; the application and standardization of advanced technology; the harmonization of vehicle weights and dimensions and other permitting and compliance regulations; and coordinated efforts toward information sharing amongst the

jurisdictions and development of common data bases.

With traffic along these corridor routes increasing significantly, it is timely for the Federal government to implement a national strategy, coordinated with regional initiatives, to maximize the economic benefit achieved from the development and promotion of trade and transportation corridors.

### **Northern Access Infrastructure Requirements**

The development of new and/or improved trade corridors in the North would facilitate economic development opportunities in the minerals, tourism, and oil and gas sectors, would reduce the high cost of living and doing business, and would reduce reliance on the Federal government.

### **Border Crossings, Customs and Standardized Enforcement of Regulations**

Cooperation and coordination of activities must occur amongst customs and immigration agencies, brokerage firms, weigh stations, agriculture and environment agencies, carriers and shippers. The Canadian Federal government must ensure the successful implementation of a border management initiative through the coordination and harmonization of processes and technology with various agencies and stakeholders in Canada and the United States. Moreover, the Federal government must ensure no programs and/or legislation which increase congestion and delays at border crossings, such as the U.S. visa requirement, are implemented.

### **Technological Implementation and Standardization**

The Western provinces and Northern territories are supportive of technological initiatives as well as the task force which has been established to examine the short range communications needs of Intelligent Transportation Systems to create a common North American set of standards

governing wireless communication between roadside and motor vehicles. The Federal government must develop an overall transportation technology strategy for equitable implementation across the country and within the Western region.

### **Regulatory Harmonization**

The Western jurisdictions are working to expand their efforts toward regional harmonization of weights and dimensions and increased cooperation on compliance issues which affect both north/south and east/west corridors. The Canadian Federal government must support regulatory harmonization amongst the NAFTA countries and assist the Western jurisdictions in ensuring that the U.S. Federal government is committed to the regulatory harmonization process established under NAFTA.

### **Development of a National Highway Program**

The Western Provinces and Territories believe that a national transportation investment strategy sponsored by the Federal government can play an important role in maintaining economic growth and trade competitiveness. National Highway Policy funding would be a component part of this strategy. Canada needs to have a continuous program in place that is equitable and based on a cost-sharing formula acceptable to all parties.

### **Information Sharing**

The Provinces and Northern territories have recognized the need to share and coordinate data and analysis in order to compete in the global marketplace. It is the expectation that the recently initiated Transport Canada studies will result in a collaborative approach for joint federal/provincial trade corridor planning and

development beyond the life of these studies and into the future.

## **RECOMMENDATIONS**

- 1. Development of a National Trade and Transportation Corridor Policy/Program**
- 2. Establishment of a Corridor Information Program**
- 3. Establishment of a Federal Coordinating Committee**
- 4. Provincial participation on the Shared Border Accord Steering Committee**
- 5. Support for Northern Access Infrastructure Requirements**
- 6. Support for Technological Development, Expansion and Standardization**
- 7. Development of a National Highway Program**

## **CONCLUSION**

The Western provinces and Northern territories believe that trade and transportation corridors require the coordinated attention and action of all levels of government and the private sector. A federal trade and transportation corridor policy/program, including a funding commitment, are key requirements. Related action plans should be jointly developed thereby demonstrating national consistency and equitable regional development programming. Western jurisdictions are willing participants in these efforts and look forward to working cooperatively with the Federal government.

## **RECOMMENDATIONS**

### **1. Development of a National Trade and Transportation Corridor Policy/Program**

The Western provinces and Northern territories call on the Federal government to develop a policy and program that clearly defines the federal role in development and promotion of trade and transportation corridors. This policy/program should be developed and implemented in consultation with provinces and territories. Ideally, this policy/program would indicate strategic federal investment in infrastructure and border facilities as well as trade promotion and economic development activities. The program would lay out deliverables, time lines and funding for programs consistent with Canada's federal trade and transportation corridor policy and would enable compatible plans to be developed by other levels of government. Ideally, the program would include a strategy for responding to corridor development and pilot projects in the United States and Mexico which receive funding and support from those respective governments.

Consistent with the 1997 Report of Western Finance Ministers, Western provinces and Northern territories believe that an adequate, long-term federal financial commitment to Canada's infrastructure should be a high priority. The main focus should be the strategic investment areas of advanced research, technology and transportation.

### **2. Establishment of a Corridor Information Program**

Western provinces and Northern territories believe that all levels of government must agree to share information related to trade and transportation corridor development. This would ensure that all remain aware and up-to-date on initiatives of other countries while helping to identify potential action to improve international corridors.

Associated with this agreement would be the need to create a centralized, amendable database on trade and transportation corridors. This national source of data and analysis would eliminate wasteful duplication of multiple collections and the efforts across the West and the country as a whole. A common database would also assist in the timely, joint analysis of issues requiring federal support.

### **3. Establishment of a Federal Coordinating Committee**

It is recommended that a federal coordinating committee be struck to ensure comprehensiveness and compatibility in federal programming related to corridor planning and development. It is expected that the participating departments would include Foreign Affairs, Revenue Canada, Transport Canada and Environment Canada. The Committee Chair would serve as a liaison with other levels of government and private organizations promoting trade corridors, thereby supporting enhanced information exchange and the coordination of specific initiatives.

Issues to be addressed by this Committee would include international trade and transportation harmonization, border crossing facilitation, intelligent transportation systems improvements and applications, and infrastructure development.

### **4. Provincial Participation on the Shared Border Accord Steering Committee**

It is recommended that the Federal government include provincial representation on the Shared Border Accord Steering Committee. This would allow for the implications of new processes and technological systems implementation to be discussed and considered.

### **5. Support for Northern Access Infrastructure Requirements**

All Western jurisdictions acknowledge the benefits of northern resource development to the

economy of Western Canada. Federal government involvement is required in the development of any new trade corridors since the Territorial governments do not have the responsibility or the financial resources required to construct these corridors. The Federal government is also a major beneficiary of development in the North through reduced reliance by the Territorial governments on transfer payments and through royalties and taxes. In light of this, Western provinces and Northern territories call on the Federal government to support the development and extension of trade corridor routes linking the Northwest and Yukon Territories with markets in Canada and beyond.

## **6. Support for Technological Development, Expansion and Standardization**

In order to take full advantage of existing and evolving technological advancements, Western jurisdictions call on the Federal government to ensure:

- expansion of technology to major Western corridors;
- expansion of existing projects to increase corridor-relevant data collection capabilities;
- expansion of training for users of technology to ensure accuracy of data;
- funding for research into the expansion of technological capabilities; and
- efforts to achieve standardization of technological systems.

Greater coordination between Federal, Provincial, Territorial and International governments is required if we are to take advantage of new technology in corridor development. The Federal government must develop an overall transportation technology strategy for equitable implementation across the country and in the Western region. Federal research funding will also ensure benefits flow to the entire transportation sector as well as to corridor development efforts. The Federal government must also continue its efforts to ensure technological standardization amongst

NAFTA jurisdictions.

## **7. Development of a National Highway Program**

A national highway system, like other transportation modes that extend across jurisdictions, has external benefits beyond the boundaries of individual communities, and is key to future national productivity growth and economic competitiveness. The Federal government must recognize its responsibility to ensure this network is adequate to meet national objectives, just as have all the national governments of the G-8 countries.

Federal involvement should focus on the need to: facilitate border crossings in support of international trade and travel; improve east/west traffic flow in support of Canadian trade and travel; ensure that there are adequate links between all transport modes; and ensure transport standards and technology are compatible across the country and the continent.

The Federal government must also ensure under-investment in critical national highway infrastructure does not continue to place our economy at a competitive disadvantage in relation to that of the U.S., and must demonstrate its preparedness to reciprocate U.S. measures to facilitate international trade through a parallel commitment to trade corridor and border gateway program funding.

Federal government occupation of the tax field precludes provinces from adequately addressing NHS needs without impairing their tax competitiveness. Based on the Federal government revenues from road-use fuel taxes, particularly its recent 1.5 cents per litre increase to fight the federal deficit, a national highways component of a national transportation investment strategy is affordable. A reasonable share of federal road use related revenue should be reinvested in the system from which it is derived

# **TRADE AND TRANSPORTATION CORRIDOR DEVELOPMENT A WESTERN POSITION PAPER**

## **INTRODUCTION**

At the May 1997 Western Premiers Conference in British Columbia, the Premiers noted the importance of enhancing north/south highway links and developing trade and transportation corridors to facilitate and promote expanded trade with the U.S. and Mexico. The Western Premiers also highlighted the importance of developing appropriate infrastructure links connecting to the central Arctic region of the Northwest Territories and Alaska. They also expressed support for initiatives to secure the long-term viability of the port of Churchill.

At the direction of Western Transportation Ministers, the western provinces of British Columbia, Alberta, Saskatchewan and Manitoba as well as the Yukon and Northwest Territories began developing a regional and international corridor planning and development strategy to promote transportation efficiencies to facilitate trade. The Western provinces and Northern territories have reviewed the status of existing corridors and trade corridor activities within the region, have identified issues of common interest, and have already begun to undertake cooperative efforts regarding west coast port development and promotion, transportation regulatory harmonization, National Highway Program development, and collaboration with U.S. states.

This position paper aims at highlighting the corridors of interest to the Western provinces and Northern territories and identifying areas where Federal government support and initiatives are required to develop and promote these corridors. The Federal government must take an active role in a national trade and transportation corridor strategy in coordination with regional initiatives. While some cooperative efforts between the Western provinces, Northern territories and the Federal government are already underway, there is still more to accomplish. If all levels of government and the private sector work together, new initiatives can be developed, duplication of effort can be avoided, costs can be reduced, and economic benefits can be maximized for the region as a whole.

## **CONTEXT**

Trade has been an engine of growth for the Canadian economy. Globalization and trade liberalization have been the two major forces driving the demand for increased flow of goods. Trade liberalization has been a focus both domestically amongst provinces through the Internal Trade Agreement and on an international level through the Canada-U.S. Free Trade Agreement, NAFTA, the European Common Market, APEC and the World Trade Organization.

Concurrently, there have been major technological and management advances in the transportation industry in the last generation. One is the advent of containerization in the late 1960's which induced shipping companies to extend their services. Another is the change in shipping patterns in the late 1970's and early 1980's from few large shipments requiring large storage facilities along the route



to smaller, more frequent shipments, which virtually eliminates en route storage. Finally, the emergence of technological advances including intelligent transportation systems (ITS) and electronic data interchange (EDI) are serving to streamline interprovincial and international movements of goods and services.

All of these advances have encouraged the development of transportation services in a multimodal supply chain context. As a consequence, some shipments are becoming smaller but more frequent and require efficient, speedy, flexible, and modern distribution and transportation systems. Buyers and sellers need efficient transportation services to benefit from trading opportunities and to position their goods at the right time and at the right place.

## **TRADE AND TRANSPORTATION CORRIDORS**

Given increasing infrastructure and transportation system requirements and costs as well as constrained government budgets, focus has been increasingly placed on specific routes, often referred to as trade and transportation corridors.

Trade and transportation corridors are the result of the interrelationship between infrastructure, trade flows and transportation. The key attributes of a corridor can include the presence of well-developed infrastructure including highways, ports of entry, rail lines etc.; necessary distribution and warehouse facilities; foreign trade zones; a harmonized regulatory environment; the presence of appropriate technological infrastructure; and well-developed social, political and business linkages.<sup>1</sup>

A trade and transportation corridor should have significant end points, or in other words, link major commercial centres. Corridors should be multimodal in nature which permits movement of goods using two or more modes in a seamless operation. Multimodalism provides a mechanism to organize door-to-door movement of goods and takes into account all means and operations related to terminals, loading and unloading facilities. Multimodalism brings together transport users and service providers. Corridors should also carry regionally significant freight and should facilitate trade through minimizing travel costs and time by providing a seamless, efficient, and safe route for the movement of goods and people.

The viability of trade and transportation corridors depends on research, accurate data collection, and the commitment of governments and the private sector to invest in technology, research and other support systems to develop these corridors. Governments have a role to play in funding infrastructure development and ensuring consistent standards across jurisdictions, both national and international. They can support

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<sup>1</sup> Based on characteristics used in the Western Transportation Trade Network Study sponsored by the Western Association of State Highway and Transportation Officials and the U.S. Federal Highway Administration, Wilbur Smith Associates, Felsburg, Holt & Ullevig, HNTB Corporation, 1997.

and direct research and development toward technical innovation, analysis of trade data, determination of impediments to the flow of goods, interoperability of

transportation support systems, harmonization of regulations, and the overall relationship-building that is required for the successful development of efficient, modern, multimodal and multi-directional trade and transportation corridors. All of this can be achieved through cooperation amongst governments and the private sector and through strategic utilization of regional differences.

## **THE WESTERN REGION - CONSIDERATIONS FOR ECONOMIC DEVELOPMENT**

Western Canada's economy is largely dependent on exports and based on resource extraction and primary production. Much of the exports are low value, high density products such as grain, potash, forest products, coal, and sulphur. Geographically the three prairie provinces are dependent upon various transportation modes to access ports. In the domestic market, short hauls (collection of bulk export products/distribution of higher value imports) in Western Canada are truck oriented while long haul, rail-oriented movements are predominantly for export. Most of the main domestic corridor routes (with the exception of the northern access routes) have both road and rail transportation infrastructure. Internationally, given the distance disadvantage of Western Canada to large markets, it is essential that the transportation systems be as efficient and competitive as possible in order to allow the region to compete globally.

There have been some changes in traffic patterns in Western Canada over the last decade. There has been an increase in north/south movements, an increase in movement of goods through Canada to access US markets, a proportional shift away from east/west movements and increased movements to Mexico.

Generally speaking, Western provinces have experienced annual growth in both merchandise exports to foreign markets and in interprovincial markets, with the value of goods exported to foreign markets exceeding the value of goods sold between provinces. Daily truck traffic counts at Canada/U.S. border crossings have shown an average annual growth rate of around five percent. Interestingly, although the busiest border crossings are found in Eastern Canada and predominantly in Ontario, it is the Western provinces and Northern territories that have the highest growth rate of truck traffic at Canada/U.S. border crossings. The border crossings between Western Canada and the U.S. enjoyed an average annual growth rate of daily truck traffic that was over 2.2% higher than the national average.

### Daily Truck Traffic Volumes at Western Canada/U.S. Border Crossings\*

<b>Jurisdiction</b>	<b>Daily Truck Traffic 1986</b>	<b>Daily Truck Traffic 1996</b>	<b>Average Annual Growth Rate (%) 1986-1996</b>
<b>Manitoba</b>	531	1241	8.9
<b>Saskatchewan</b>	256	517	7.3
<b>Alberta</b>	223	533	9.1
<b>British Columbia</b>	2,033	3,668	6.1
<b>Yukon</b>	54	102	6.5
Canadian Average Annual Growth Rate 1986-1996			4.7%
Western Canadian Average Annual Growth Rate 1986-1996			6.9%

\* Based on data in Trade/Transportation Corridors Working Report , Transport Canada, September 1997, Chapter 3.

Due to Western Canada's dispersed population, resource/production exports and large land base, substantial transportation infrastructure (including transfer facilities for modal interchanges) and services are required for the collection and forwarding of export products, for the distribution of imports and for the transference of local goods. There is increasing potential for economic development in the Western region and adequate infrastructure and transportation systems will be required to realize this goal.

### WESTERN CORRIDOR INITIATIVES

Provincial and Territorial governments are working together to develop trade and transportation corridors within the region. Efforts include harmonizing and minimizing transportation regulations and identifying investment requirements for core transportation infrastructure (highways, port facilities, transfer facilities). Jurisdictions have prioritized their respective needs and are making provisions for current and future investments. For example, Alberta, British Columbia and the Northern territories are cooperating to develop the Northwest Trade and Transportation Corridor which aims at an integrated multimodal network including the continuing development of the Port of Prince Rupert.

In addition to various individual provincial and territorial corridor development efforts, the Western jurisdictions are collaborating with neighboring U.S. states with respect to trade and transportation corridor planning. For example, Manitoba and Saskatchewan have recently undertaken work with the U.S. Northern Great Plains states to develop a common regional approach to trade and transportation issues.

The Western provinces and Northern territories are also in communication with industry to encourage investments in expansion of infrastructure to access emerging resource development areas especially in the northern regions. This investment must be recognized as a benefit for the overall economy of Canada as well as these regions.

Future provincial and territorial initiatives will include completion of weights and dimensions harmonization, identification of deficiencies in intermodal capacities, development of modal interface locations, implementation of new technology, and enhancement of investment and export promotion.

## **CORRIDOR DEVELOPMENT ISSUES: REQUIREMENTS FOR FEDERAL SUPPORT**

Development of a true multimodal trade and transportation corridor must take into account infrastructure construction and upgrades as well as related regulatory, technical and legal issues. Some of the corridor development issues of primary importance to the Western region include: the construction and maintenance of infrastructure; the development and funding of a National Highway Program; the enhancement of efficient border crossing procedures; the application and standardization of advanced technology; the harmonization of vehicle weights and dimensions and other permitting and compliance regulations; and coordinated efforts toward information sharing amongst the jurisdictions and development of common data bases.

With traffic along these corridor routes increasing significantly, it is timely for the Federal government to implement a national strategy, coordinated with regional initiatives, to maximize the economic benefit achieved from the development and promotion of trade and transportation corridors.

### **Corridor Infrastructure**

The Western provinces and Northern territories have developed an inventory of key trade corridors (including both existing and proposed routes) in Western Canada and the Northern territories. A number of these corridors also connect with existing trade corridors in the 17 Western states of the United States of America.

### Western Corridor Inventory

NORTH - SOUTH	EAST - WEST	NORTHERN ACCESS
<b>British Columbia</b>		
<ul style="list-style-type: none"> <li>→<i>Cascadia</i> - Vancouver - San Diego- (BC 99 - I-5)</li> </ul>	<ul style="list-style-type: none"> <li>→<i>Yellowhead</i> - Prince Rupert - Prince George - Jasper</li> <li>→<i>Trans Canada</i></li> <li>→<i>Crowsnest</i> - Highway #3</li> <li>→<i>Dawson Creek</i> - Grande Prairie (BC 2 &amp; 97)</li> </ul>	<ul style="list-style-type: none"> <li>→<i>Prince George</i> - Whitehorse (BC16, 37- Yukon1-Alaska Highway)</li> <li>→<i>Fort St. John</i> - Whitehorse (BC97-Yukon1-Alaska Highway)</li> </ul>
<b>Alberta</b>		
<ul style="list-style-type: none"> <li>→<i>Alberta North-South Trade Corridor</i> (Grande Prairie-Coutts)</li> <li>→<i>CANAMEX</i> - (Alta 34,43,2 &amp; 4-Sweetgrass-Shelby-Butte, MT - Salt Lake City, UT - Las Vegas, NV - I-15)</li> <li>→<i>Camino Real Economic Alliance</i> - Coutts to El Paso, TX (I-15 to I-25)</li> </ul>	<ul style="list-style-type: none"> <li>→<i>Yellowhead</i></li> <li>→<i>Trans Canada</i></li> <li>→<i>Crowsnest</i></li> <li>→<i>Calgary</i> - Drumheller - Saskatoon (AB 9-Sask 7)</li> </ul>	<ul style="list-style-type: none"> <li>→<i>Alberta</i> - North West Territories (NWT 1, 2 &amp; 3 to Yellowknife)</li> <li>→ <i>Edmonton</i> - Ft. Chipewyan - Fort Smith (road/water crossing)</li> </ul>
<b>Saskatchewan</b>		
<ul style="list-style-type: none"> <li>→<i>Regina</i> - Billings, MT Sask 6 &amp; 16 - MT 16, 191, 87)</li> <li>→<i>Central North American Trade Corridor</i> (Prince Albert-Saskatoon-Regina (Sask 11) - Bismarck, ND-Laredo, TX)</li> </ul>	<ul style="list-style-type: none"> <li>→<i>Yellowhead</i></li> <li>→<i>Trans Canada</i></li> <li>→<i>Yorkton</i> - Dauphin, Man (Sask 10-Man 5)</li> <li>→<i>Calgary</i> - Drumheller - Saskatoon (AB 9-Sask 7)</li> </ul>	<ul style="list-style-type: none"> <li>→<i>Prince Albert</i> - La Ronge &amp; Missinipe (Sask 2)</li> <li>→<i>Prince Albert</i> - La Loche (Sask 3, 55, 155)</li> </ul>

NORTH - SOUTH	EAST - WEST	NORTHERN ACCESS
<b>Manitoba</b>		
<ul style="list-style-type: none"> <li>→ <i>North American Superhighway</i> (Mid-Continent Corridor-MB 75-I29-I35-Mexico &amp; beyond)</li> <li>→ <i>Red River Trade Corridor</i> (Man 75-I-29)</li> <li>→ <i>The I-94 Corridor</i></li> <li>→ <i>Central North American Trade Corridor</i> (Hwy 83 - Brandon-Bismarck, ND-Laredo, TX)</li> <li>→ <i>Arctic Bridge Corridor</i> (Winnipeg-Churchill-International)</li> </ul>	<ul style="list-style-type: none"> <li>→ <i>Yellowhead</i></li> <li>→ <i>Trans Canada</i></li> </ul>	<ul style="list-style-type: none"> <li>→ <i>Hudson's Bay Corridor</i> (Winnipeg-Thompson/rail to Churchill/Arctic resupply)</li> </ul>
<b>Yukon</b>		
<ul style="list-style-type: none"> <li>→ Vancouver-Prince George -Watson Lake-Whitehorse</li> <li>→ Edmonton-Dawson Creek -Watson Lake-Whitehorse</li> <li>→ <i>Inside Passage</i> - Whitehorse to Skagway, Alaska</li> </ul>	<ul style="list-style-type: none"> <li>→ <i>Alaska Highway</i>-Watson Lake-Whitehorse - Beaver Creek</li> </ul>	<ul style="list-style-type: none"> <li>→ <i>Klondike Highway</i> - Dawson City &amp; Dempster Highway - NWT</li> <li>→ <i>Prince George</i> - Whitehorse (BC16, 37-Yukon1-Alaska Highway)</li> <li>→ <i>Fort St. John</i> - Whitehorse (BC97-Yukon1-Alaska Highway)</li> </ul>
<b>North West Territories</b>		
<ul style="list-style-type: none"> <li>→ <i>Yellowknife Highway</i> (Hay River, AB-Yellowknife)</li> </ul>		<ul style="list-style-type: none"> <li>→ <i>Edmonton-Ft. Chipewyan</i> -Fort Smith (road/water crossing)</li> <li>→ <i>Slave Geologic Province Transportation Corridor</i> (Yellowknife to Arctic Coast) - <b>PROPOSED</b></li> <li>→ <i>Mackenzie Valley Highway</i> (Wrigley-Fort Good Hope and the Dempster Highway)</li> </ul>

– PROPOSED

**Western International Border Crossings**

<b>British Columbia</b>	<b>Alberta</b>	<b>Saskatchewan</b>	<b>Manitoba</b>	<b>Yukon</b>
Pacific Highway Boundary Bay Sidney Victoria Aldergrove Huntingdon Chopka Osoyoos Midway Carson Cascade Paterson Waneta Nelway Rykerts Kingsgate Roosville	<b>Coutts</b> Chief Mountain Carway Del Bonita Aden Wild Horse	<b>North Portal</b> <b>Regway</b> Northgate Big Beaver Coronach West Poplar Monchy Climax Willow Creek Carieval Estevan Torquay Oungre	Sprague South Junction Piney Tolstoi <b>Emerson</b> <b>(29&amp;75)</b> Gretna Winkler Windygates Snowflake Crystal City Cartwright Lena Boissevain Goodlands Coulter Lyleton	Dawson Beaver Creek Pleasant Camp Whitehorse/ Fraser
17 Crossings	6 Crossings	13 Crossings	17 Crossings	4 Crossings

*NOTE:* Bolding indicates interconnection with recognized American trade corridors.

The Western provinces and Northern territories are working to develop investment strategies for these important corridor routes. Federal government cooperation and support is required to ensure state-of-the-art infrastructure is in place to increase the efficiency of these corridors which include many of the highways which are part of the National Highway System as well as important feeder routes. Adequate new funding is required to ensure equitable infrastructure for all major corridors. The Canadian Federal government must make a commitment to infrastructure planning and funding, including corridor routes, similar to the U.S. ISTEA (Intermodal Surface Transportation Efficiency Act) legislation, now the Transportation Equity Act for the 21<sup>st</sup> Century, if Western provinces and Northern territories are to remain competitive in their largest market.

## **Northern Access Infrastructure Requirements**

It is important to the Western region that there are northern access links or corridors connecting to the central Arctic region of the Northwest Territories and Alaska as well as to the Port of Churchill. Infrastructure improvements are required not only for developing mining opportunities, trade potential and tourism, but also for providing access to the rest of Canada. Special consideration must be given to funding arrangements for a modern highway system necessary to support increased economic development in the remote northern region.

Regions of Canada's two northern territories (Yukon and the Northwest Territories) lack basic land-based transportation services. Others are served by transportation infrastructure which is far below the standards required to support significant economic activity. The result is lost or reduced economic development opportunities, high costs for individuals, businesses and communities, and reduced tourism activity.

The development of new and/or improved trade corridors in the North would facilitate economic development opportunities in the minerals, tourism, and oil and gas sectors, would reduce the high cost of living and doing business, and would reduce reliance on the Federal government. The Northern territories have proposed new trade corridors to be constructed in the region as well as upgrades to the Campbell Highway, Atlin Road, Yellowknife Highway, Alaska Highway and South Klondike Highway. Details regarding development of these corridors can be found in Appendix 1 of this report.

Territorial Governments do not have responsibility for new roads within their respective areas of jurisdiction. While responsibility for inter-territorial roads was devolved from the Federal government to the two territorial governments in 1990, new road responsibility was not transferred. The preferred approach, agreed to by both levels of government, was to exclude the transfer of responsibility for new roads from the devolution agreements. Consequently, the development of any new infrastructure, such as the Slave Province Corridor or completion of the Mackenzie Highway, remains the responsibility of the Federal government.

## **Border Crossings, Customs and Standardized Enforcement of Regulations**

Canada and the U.S. may have the world's longest undefended border, but there is much work to be done to ensure that the cross-border process for goods and people is managed efficiently. Delays at the border are time consuming and costly to industry. At border crossings, there are many institutions, people and regulations that must be coordinated to ensure that commercial goods can flow easily and that travel is unimpeded. Cooperation and coordinated activities must occur amongst customs and immigration agencies, brokerage firms, weigh stations, agriculture and environment agencies, carriers and shippers.

Enforcement at the border crossings must also be coordinated and standardized. It is desirable for carriers



to operate in an environment where the application of regulation is consistent from jurisdiction to jurisdiction, carrier to carrier and trip to trip. Consistency must be achieved on a variety of issues, some of which include hours of service logs, customs requirements, security of loads and equipment and the issue of cabotage.

The signing of the Canada/United States of America Accord on Our Shared Border in 1995 outlined several objectives in improving cross-border activity. These include: the harmonization of border processes and procedures and the use of advanced technology; the establishment of common visa requirements and coordinated immigration processes; the enhancement of protection against illegal activities and irregular movement of people; and the reduction of costs for governments and users by developing a strategy for the increased use of common facilities, personnel and other infrastructure. Specific initiatives to be undertaken include the construction of Commercial Vehicle Processing Centres, the development of NATAP (North American Trade Automation Prototype) technology, development of an Automated/Remote Permits Ports program, and construction of joint border facilities. All of these projects aim at reducing the amount of time spent waiting for processing at border crossings which translate directly into cost savings, increased productivity, and more reliable, on-time delivery of goods. Increased productivity will, in turn, reduce transportation costs and reduce the costs of goods for the consumer.

As the graph on page four indicates, traffic flows at Western Canada/U.S. border crossings are increasing, therefore initiatives specific to the Western region must be sought. Several major border crossings in the Western region require not only implementation of technology but, the construction of state-of-the-art customs facilities. Planning and construction of these facilities must be undertaken through meaningful consultation with provincial governments and local communities so that all components of an efficient border management system will be considered. This includes taking into account local planning activities regarding road access and weigh station facilities as well as trade and transportation corridor planning efforts and initiatives between provincial and state agencies and local communities.

The overall responsibility for many border crossing improvements regarding facilities, customs procedures and technology falls largely within federal jurisdiction. The Canadian Federal government must ensure the successful implementation of a border management initiative through the coordination and harmonization of processes and technology with various agencies and stakeholders in Canada and the United States. Moreover, the Federal government must ensure no programs and/or legislation which increase congestion and delays at border crossings, such as the U.S. visa requirement, are implemented.

### **Technological Implementation and Standardization**

Innovative information systems are allowing many activities to be undertaken more efficiently. This has resulted in changes within the transportation industry as well as many opportunities.

Intelligent Transportation Systems (ITS) technology allows for more efficient, reliable, safe and environmentally friendly transportation systems. Based on electronic technologies, communications, information processing and navigation technologies, these systems are revolutionizing the interface between

the driver, vehicle, and roadway.

Several ITS applications, including commercial vehicle operations, electronic payment, and travel and transportation management provide the greatest opportunities to decrease barriers along trade corridors.

Commercial vehicles can be given electronic clearance while they are moving at highway speeds and before they reach an inspection site. They can be cleared for compliance with governmental regulations in areas such as size, weight, safety, customs and immigration before they reach the border. This allows legal and safe vehicles to proceed at highway speeds past weigh stations and other inspections sites, or alternatively, be entitled to expedited checks, minimizing stops and delays.

The automation of administrative processes provides the capability to transfer data so that motor carriers can perform administrative functions such as licensing, registrations, permits, fuel tax reporting and audits all from one location. Information and bills can be sent directly to the carrier so that staff are not required to handle cash or billing. This is an advantage for carriers from an efficiency and accountability perspective, and for drivers from a safety perspective.

Electronic Payment provides a cost-effective option to manual tolling systems. It can provide a common electronic payment medium for a wide variety of transportation fees. Transactions are performed at highway speed using automatic vehicle identification technology.

To increase the efficiency of border crossings, several initiatives to streamline the border clearance process are currently in place. These include:

- Accelerated Commercial Release Operations Support System (ACROSS);
- Pre-arrival Review System (PARS); and
- Frequent Importer Release System (FIRST).

These programs allow customs release and invoice data to be transmitted to any automated customs office through the use of Electronic Data Interchange (EDI). The program includes all existing cargo and release services including the Line Release Program which was established to resolve the problems of delays and traffic congestion at border crossings. PARS is available at all automated customs offices and FIRST is employed at any staffed automated customs office.

A technological pilot currently underway is the North American Trade Automation Prototype (NATAP) program involving Canada, the U.S. and Mexico which combines technology with harmonized customs processes and prearrival systems to test the concept of a seamless border for low-risk cargo and drivers.

NATAP tests harmonized customs data, electronic documents and procedures, and electronic systems to identify vehicles.

The Western provinces and Northern territories are supportive of these technological initiatives as well as the task force which has been established to examine the short range communications needs of Intelligent Transportation Systems to create a common North American set of standards governing wireless communication between roadside and motor vehicles.

However, despite the implementation of these various technological programs and test projects, greater coordination between governments is still required to deal with various problems. For example, there are often extensive buy-in costs both for the transportation industry and government. These costs include capital costs for ITS equipment and initial resource costs in the form of training. Many of the technological test projects are still in their infancy stage and several issues still need to be addressed including developing software/hardware compatibility; ensuring accuracy of information transmitted; and allowing for appropriate training requirements.

The Western trade corridors should be benefiting from technological initiatives given the significant and increasing amount of cross-border traffic to U.S. destinations. What is required is careful monitoring of current programs and, upon successful completion of the pilot projects, expansion of technology to corridors in Western Canada. The Federal government must develop an overall transportation technology strategy for equitable implementation across the country and within the Western region. The Federal government must also ensure that consultation with the Western region occurs as it proceeds with discussions with the U.S. and Mexico regarding the interoperability of technology. Funding for research into the expansion of technology which would benefit transportation as a whole as well as trade and transportation corridor development must also be provided.

### **Regulatory Harmonization**

Standardized, clear and appropriate regulations are required along trade and transportation corridors. Current variations of regulations result in confusion, frustration and undue added costs. For example, with respect to truck size and weight regulations, there are major variations between Canada and the U.S. The gross vehicle weight on a majority of U.S. interstate highways is capped at 80,000 pounds. Complicating the matter further are the many exceptions to the regulations based on grandfather rights, municipal restrictions, seasonal variations, bridge formulas, and overweight permits. This results in carriers using less than optimal equipment, under-loading and/or running the risk of fines.

Several areas where harmonization can take place to increase efficiency and reduce paperwork while maintaining or increasing safety levels include: improving the ease of movement through harmonized truck weight and dimensions regulations; developing a regional permitting system with consistent operating conditions for permit vehicles; maintaining common vehicle registration and titling systems and reducing monitoring costs through cooperative approaches to compliance.

Some progress has been made regarding harmonization of trailer length requirements, steering axle weights for straight trucks, hitch offset lengths and the establishment of weight limit caps on rear trailers in trailer combinations. At the international level, Western provinces have been working toward regulatory harmonization with the U.S. through involvement with various working groups of the NAFTA Land Transportation Standards Subcommittee.

With respect to enforcement, the four Western provinces have been working together to implement joint enforcement efforts to reduce delays to the trucking industry while reducing enforcement costs. For

example, traffic officers who work along the Alberta/Saskatchewan border have been granted peace officer status in both jurisdictions with authority to lay charges. Joint enforcement along the Saskatchewan/Alberta border continues and an agreement has been implemented to operate a joint inspection site at Macklin, Saskatchewan.

The Western provinces have also been working with U.S. states. For example, Alberta is operating a joint facility with Montana at Coutts, Alberta on the U.S. border and is pursuing similar arrangements with British Columbia. Saskatchewan has also been conducting informal cooperative efforts with Manitoba and Montana. Manitoba has implemented a Joint Inspection Program with North Dakota which allows trucks to make only one check stop where each station is responsible for inspecting for infractions to the regulations of both jurisdictions and collecting appropriate fees.

These initiatives reduce the negative impacts which occur as a result of regulatory and policy differences between the jurisdictions. Continued harmonization efforts will go a long way toward facilitating increased north/south trade. In addition, consistency of regulations and policies leads to consistency of interpretation, making enforcement easier. Increased transportation efficiency, as a result of regulatory harmonization, will lead to fewer delays for industry and better utilization of resources available in both industry and government.

The Western jurisdictions are working to expand their efforts toward regional harmonization of weights and dimensions and increased cooperation on compliance issues which affect both north/south and east/west corridors. More work is still required to harmonize special programs to deal with wide spread tandem axle groups and long wheelbase power units which are common in the United States.

The Western provinces will continue to work with U.S. jurisdictions on regulatory harmonization and standardization of enforcement through special arrangements with specific U.S. states as well as through the NAFTA process. The Canadian Federal government must support regulatory harmonization amongst the NAFTA countries and assist the Western jurisdictions in ensuring that the U.S. Federal government is committed to the regulatory harmonization process established under NAFTA. This is particularly important given that the new U.S. transportation funding legislation (Transportation Equity Act for the 21<sup>st</sup> Century) continues the federal freeze on truck size and weight limits. The Canadian Federal government must work with the Western provinces to ensure that where regulatory harmonization is achieved, it is done with minimal delays and that regulatory compliance requirements are communicated effectively to all stakeholders.

### **Development of a National Highway Program**

In 1988, the National Highway Policy Study identified a National Highway System comprised of 25,000 kilometres of existing highways that serve as key linkages between major cities, industrial areas, major resource areas, ports of entry and other transportation modes. The study found that the cost to remedy NHS deficiencies was \$13 billion. Preliminary results from an NHP Study Update Committee indicate that while total annual capital spending on the NHS by the provinces and territories has doubled since 1988 to

about \$1.6 billion, the overall condition of the system has not improved. Direct benefits of a National Highway Program to highway users include substantial travel time savings, vehicle operating cost savings, and improved safety. Quantifiable direct social benefits include the value of safety savings, and emission cost savings due to reduced congestion and fuel consumption.

Economic research has clearly established that investments in highways can generate significant productivity growth. The studies suggest that a 1% increase in the highway capital stock could generate up to a 0.6% increase in private sector productivity, and that highway investments can provide annual returns of 10% to 40%. Productivity gains are largely achieved through logistics supply chain enhancements such as just-in-time inventory management, that can only be achieved through the provision of road infrastructure of adequate capacity and quality to ensure efficient, reliable, and expedited trucking services. These logistics improvements lower the total delivered costs of Canadian products, both to Canadian and foreign consumers. An efficient highway system thus enables cost reductions, improved quality of goods and services, expanded production and access to wider markets. The literature also suggests that investments in highways can generate a more efficient economic structure, and improve the nation's balance of trade.

In today's economy, improved productivity will be key to our future. The Western Provinces and Territories believe that a national transportation investment strategy sponsored by the Federal government can play an important role in maintaining economic growth and trade competitiveness. National Highway Policy funding would be a component part of this strategy.

Canada is currently at a competitive disadvantage with the U.S. in the continental market as a result of our ongoing federal under-investment in highway infrastructure. The U.S. Federal government has continuously recognized the need for a major federal role in highway funding since FDR's roads to markets program through the development of its Interstate system, and more recently, under the 1991 U.S. Intermodal Transportation Efficiency Act (ISTEA) and the National Highway System Designation Act. The United States has just enacted its new transportation funding authorizing legislation, the Transportation Equity Act for the 21st Century (TEA 21). This legislation authorizes \$175 billion of highway related federal spending over the six years 1998-2003. Annual federal highway related spending under TEA 21 will increase from \$22 billion in FY 1998, to \$28 billion by FY 2003. States will see their federal highway funding grow by 44% from current levels, and are legislatively guaranteed that a minimum of 90.5% of the federal fuel tax receipts from each state will be returned to the state. The legislation also contains separate national corridor planning and development and coordinated border infrastructure programs, funded at \$140 million per year. These programs are for coordinated planning, design, and construction of corridors of national significance, economic growth, and international or interregional trade, and for projects to improve the safe movement of people and goods at or across the borders of the NAFTA countries.

The U.S. Federal government, through its increased commitment to highway funding in the national interest, and its specific trade corridor initiatives, has clearly recognized the key role that highway infrastructure investment plays in the competitiveness of their national economy. As a result, highways south of our border are better maintained and more capable of handling trade traffic, and the U.S. economy achieves greater economic efficiency and productivity benefits from its highway network than does Canada. Without

recognition on the part of our Federal government of its proper role in support of infrastructure essential to our national economy, this continental highway infrastructure competitiveness gap for Canada will only widen.

The Western Provinces and Territories believe that it is vitally important to work together on transportation issues. Canada needs to have a continuous program in place that is equitable and based on a cost-sharing formula acceptable to all parties.

### **Information Sharing**

A collective approach to trade corridor development and planning requires extensive and comprehensive information sharing on the part of all levels of government in the region. Although recent efforts have begun to improve upon this situation, current data and analysis on trade corridor performance is deficient and needs improvement. The private sector needs more accurate and timely information in order to not only respond to regulation, but to identify and exploit new business opportunities. Governments also need more timely and comprehensive information in order to coordinate policies, regulation and legislation, and to identify capital investment requirements. Transport Canada's Working Report on Trade/Transportation Corridors is a good first step in data collection on trade corridors. However, the information contained in the report must continue to be updated and serve as a basis for further analysis.

The Western provinces and Northern territories have demonstrated their willingness to participate with the Federal government in greater information sharing and the development of common transportation infrastructure and planning databases. Currently, Alberta, Saskatchewan and Manitoba are participating on the Steering Committee of Transport Canada's Prairie Region Freight Transportation Study. This study builds on the work completed in the 1997 British Columbia Freight Transportation Study. In addition, the Yukon and Northwest Territories, as well as the Prairie Provinces, will be assisting Transport Canada in the completion of the Northern Region Freight Transportation Study. Upon the conclusion of these studies, the Western provinces, Northern territories, and Federal government expect to have joint access to a common infrastructure and planning database that can be continually updated as the need arises.

The Provinces and Northern territories have recognized the need to share and coordinate data and analysis in order to compete in the global marketplace. It is the expectation that the recently initiated Transport Canada studies will result in a collaborative approach for joint federal/provincial trade corridor planning and development beyond the life of these studies and into the future.

## **RECOMMENDATIONS**

### **1. Development of a National Trade and Transportation Corridor Policy/Program**

The Western provinces and Northern territories call on the Federal government to develop a policy and program that clearly defines the federal role in development and promotion of trade and transportation corridors. This policy/program should be developed and implemented in consultation with provinces and territories. Ideally, this policy/program would indicate strategic federal investment in infrastructure and border facilities as well as trade promotion and economic development activities. The program would lay out deliverables, time lines and funding for programs consistent with Canada's federal trade and transportation corridor policy and would enable compatible plans to be developed by other levels of government. Ideally, the program would include a strategy for responding to corridor development and pilot projects in the United States and Mexico which receive funding and support from those respective governments.

Consistent with the 1997 Report of Western Finance Ministers, Western provinces and Northern territories believe that an adequate, long-term federal financial commitment to Canada's infrastructure should be a high priority. The main focus should be the strategic investment areas of advanced research, high technology and transportation.

### **2. Establishment of a Corridor Information Program**

Western provinces and Northern territories believe that all levels of government must agree to share information related to trade and transportation corridor development. This would ensure that all remain aware and up-to-date on initiatives of other countries while helping to identify potential action to improve international corridors.

Associated with this agreement would be the need to create a centralized, amendable database on trade and transportation corridors. This national source of data and analysis would eliminate wasteful duplication of multiple collections and the efforts across the West and the country as a whole. A common database would also assist in the timely, joint analysis of issues requiring federal support.

### **3. Establishment of a Federal Coordinating Committee**

It is recommended that a federal coordinating committee be struck to ensure comprehensiveness and compatibility in federal programming related to corridor planning and development. It is expected that the participating departments would include Foreign Affairs, Revenue Canada, Transport Canada and Environment Canada. The Committee Chair would serve as a liaison with other levels of government and private organizations promoting trade corridors, thereby supporting enhanced information exchange and the coordination of specific initiatives.

Issues to be addressed by this Committee would include international trade and transportation harmonization, border crossing facilitation, intelligent transportation systems improvements and applications, and infrastructure development.

#### **4. Provincial Participation on the Shared Border Accord Steering Committee**

It is recommended that the Federal government include provincial representation on the Shared Border Accord Steering Committee. This would allow for the implications of new processes and technological systems implementation to be discussed and considered.

#### **5. Support for Northern Access Infrastructure Requirements**

All Western jurisdictions acknowledge the benefits of northern resource development to the economy of Western Canada. Federal government involvement is required in the development of any new trade corridors since the Territorial governments do not have the responsibility, or the financial resources required to construct these corridors. The Federal government is also a major beneficiary of development in the North through reduced reliance by the Territorial governments on transfer payments and through royalties and taxes. In light of this, Western provinces and Northern territories call on the Federal government to support the development and extension of trade corridor routes linking the Northwest and Yukon Territories with markets in Canada and beyond.

#### **6. Support for Technological Development, Expansion and Standardization**

In order to take full advantage of existing and evolving technological advancements, Western jurisdictions call on the Federal government to ensure:

- expansion of technology to major Western corridors;
- expansion of existing projects to increase corridor-relevant data collection capabilities;
- expansion of training for users of technology to ensure accuracy of data;
- funding for research into the expansion of technological capabilities; and
- efforts to achieve standardization of technological systems.

Greater coordination between Federal, Provincial, Territorial and International governments is required if we are to take advantage of new technology in trade and transportation corridor development. The Federal government must develop an overall transportation technology strategy for equitable implementation across the country and within the Western region. Federal research funding will also ensure benefits flow to the entire transportation sector as well as to corridor development efforts. The Federal government must also continue its efforts to ensure technological standardization amongst NAFTA jurisdictions.

#### **7. Development of a National Highway Program**

A national highway system, like other transportation modes that extend across jurisdictions, has external



benefits beyond the boundaries of individual communities, and is key to future national productivity growth and economic competitiveness. The Federal government must recognize its responsibility to ensure this network is adequate to meet national objectives, just as have all the national governments of the G-8 countries.

Federal involvement should focus on the need to: facilitate border crossings in support of international trade and travel; improve east/west traffic flow in support of Canadian internal trade and travel; ensure that there are adequate links between all modes of transport; and ensure transport standards and technology are compatible and interoperable across the country and the continent.

The Federal government must also ensure under-investment in critical national highway infrastructure does not continue to place our economy at a competitive disadvantage in relation to that of the U.S., and must demonstrate its preparedness to reciprocate U.S. measures to facilitate international trade through a parallel commitment to trade corridor and border gateway program funding.

Federal government occupation of the tax field precludes provinces from adequately addressing NHS needs without impairing their tax competitiveness. Based on the Federal government revenues from road-use fuel taxes, particularly its recent 1.5 cents per litre increase to fight the federal deficit, the national highways component of a national transportation investment strategy is affordable. A reasonable share of federal road use related revenue should be reinvested in the system from which it is derived.

## **CONCLUSION**

The Western provinces and Northern territories believe that trade and transportation corridors require the coordinated attention and action of all levels of government and the private sector. A federal trade and transportation corridor policy/program, including a funding commitment, are key requirements. Related action plans should be jointly developed thereby demonstrating national consistency and equitable regional development programming. Western jurisdictions are willing participants in these efforts and look forward to working cooperatively with the Federal government.

## **APPENDIX 1**

### **Northern Access Infrastructure Requirements**

Two proposed new trade corridors are summarized below.

*Slave Geologic Province Transportation Corridor.* This project involves the construction of an all-weather road north from Yellowknife to the Arctic Coast. This corridor would extend from the end of the NWT portion of the National Highway System. The corridor would improve land-based access into a region with significant mineral potential, thus creating economic development opportunities in the mineral sector. At the present time existing mineral developments and exploration activities are served by winter road and air.

*Mackenzie Valley Highway.* This project involves the construction of an all-weather highway down the Mackenzie Valley from Wrigley to Fort Good Hope and the Dempster Highway. This road would provide improved land-based access to the resources of the Mackenzie Valley (oil and gas, minerals, etc.), would reduce the costs for communities along the Valley, and would create tourism opportunities via the construction of a loop through the NWT and Yukon.

Existing trade corridors requiring upgrading include:

*Campbell Highway.* The existing Campbell Highway is a low standard development road constructed by the Federal government under the Roads to Resources Program of the late 1950s and early 1960s. The southern section of the road, from km 10 north of Watson Lake to km 415 where the access to the large lead-zinc mine at Faro joins, needs to be upgraded to a standard which will support mine development in the area. There are significant mineral discoveries on both sides of the Campbell Highway throughout the area requiring upgrading.

*Atlin Road.* The existing road was constructed in the 1950s and is deficient in horizontal alignment, vertical alignment and structure. In its present condition it provides a barely acceptable level of service to the community resupply and tourist traffic which uses it. The Atlin Road cannot meet the demand which would result from a mineral development in the region nor can it meet the demand of significantly increased tourist traffic. Upgrading is required before either of these economic developments can occur.

*Yellowknife Highway.* The Northwest Territories portion of the National Highway System is 560 kilometres long and extends from the Alberta border to Hay River and Yellowknife. A 90 kilometre section of this route needs to be reconstructed and paved to meet safety concerns and to improve the level of service.

*Alaska Highway and South Klondike Highway.* These highways generally meet geometric and structural standards (the exception is 60 km of the Alaska Highway just west of Whitehorse which requires major reconstruction) but require paving to meet the National

Highway System standards. The existing bituminous treated surfaces have been applied as an interim measure until pavement can be constructed.

Other existing trade corridors in the North (including the North Klondike Highway, the Haines Road and the Top of the World Highway in the Yukon, and the Mackenzie and Yellowknife highways in the Northwest Territories) do not require upgrading at the present time. The geometric standard and the existing surface condition of these highways is adequate for the existing traffic levels.

# TRANSPARENT BORDERS FOR TRUCKING

(Prepared by Province of Saskatchewan)

## ISSUE

**The efficiency of trucking in western Canada can be increased through harmonization of weight and dimension regulations, and the development of an appropriate regional approach to address permitting and compliance issues.**

## PROGRESS

- Progress has been made through the harmonization of trailer length requirements, steer axle weights for straight trucks, hitch offset lengths and the establishment of weight limit caps on rear trailer in trailer combinations. Also, Alberta and Saskatchewan have reached agreements for the issuance of a common driver authorization card and harmonization of driver requirements for their EEMV programs.
- Industry groups in western Canada have now “bought into” the program and are taking a more aggressive approach to promoting harmonization. The oilfield, agricultural and heavy haul sectors have agreed to coordinate their industry groups, from the manufacturers to the haulers, and prepare first drafts for Memorandum of Understanding style agreements which would apply across the region in each of their sectors.
- The four western provinces have been working together and with Montana and North Dakota to implement joint enforcement efforts to reduce delays to the trucking industry while reducing enforcement costs. For example, traffic officers who work along the Alberta-Saskatchewan border have been granted peace officer status in both jurisdictions to facilitate the laying of charges. Joint enforcement along the Saskatchewan-Alberta border continues and an agreement has been implemented to operate a joint inspection site at Macklin. Saskatchewan has also been conducting informal cooperative efforts with Manitoba and Montana. Alberta is successfully operating a joint facility with Montana at Coutts, Alberta on the U.S. border and is pursuing similar arrangements with British Columbia. Manitoba has a formal arrangement with North Dakota .
- The western jurisdictions are currently working on a number of regional initiatives for 1998-99. They include: a common enforcement training curriculum to promote uniformity of enforcement; a common weight threshold for commercial carriers under the National Safety Code; and adoption of Alberta’s Partners in Compliance Program to recognize excellent carriers.

## IMPLICATIONS

- Initiatives such as these reduce the negative impacts which occur as a result of regulatory and policy differences between the jurisdictions. Further harmonization will further reduce trade barriers by allowing more efficient flow of goods through-out the region.
- Less paperwork will be required by industry and government administrators by the elimination of duplicated services.
- In addition, consistency of regulations and policies leads to consistency of interpretation, thus making enforcement easier because compliance becomes easier. The increase in efficiencies will lead to fewer delays for industry and better utilization of resources available in both industry and government.

## RECOMMENDATIONS

- 1. Western Premiers should acknowledge the progress made to date, and the support provided by industry to provincial initiatives to reconcile trucking weights and dimensions regulations across western Canada. Premiers should direct existing working groups to continue their efforts and report to the western Transport Ministers.**
- 2. Further work on joint western initiatives to promote transparent borders for trucking should be pursued by western Transport Ministers, without requiring review and approval by Western Premiers.** However, Premiers may wish to be apprised if joint trucking initiatives have policy implications beyond the immediate transportation area. For example, development of a regional permit system would require involvement from the Finance Departments and Treasury Boards of each province.

## CTA COMPREHENSIVE REVIEW

(Prepared by Province of Alberta)

### ISSUE

**At their May, 1997 annual conference, western Premiers directed their Ministers of Transportation to cooperate in monitoring the effects of the *Canada Transportation Act* on western shippers, and to develop strategies that meet the needs of shippers for competitive access while maintaining the commercial viability of carriers.**

### PROGRESS

- A project team of representatives from all western jurisdictions has been established with the Alberta representative designated as the team leader.
- A draft workplan has been prepared to identify the objectives, work tasks and proposed approach for securing information and conducting analysis on developments under the *Canada Transportation Act*. The primary objective is to secure necessary information to allow an assessment of the operation of the Act, and the development of recommendations for submission to the federal comprehensive review of the Act to be initiated in the year 2000.
- The workplan will be revised to incorporate a proposed process whereby the western jurisdictions work jointly with various industry organizations in the collection of information and undertaking of analysis on shipper experiences under the Act.
- Provincial representatives on the project team met with several industry organizations on June 9, 1998 to discuss the proposed joint project. Industry attendees included representatives from the following organizations with the potential for more organizations becoming involved in the future:
  - Canadian Chemical Producers' Association
  - Canadian Fertilizer Institute
  - Canadian Pulp and Paper Association
  - Prairie Pools Inc.
  - Western Canadian Shippers' Coalition
  - Western Grain Elevators Association
- Industry response to the proposal for a joint government/industry project was very positive. The government team will be preparing detailed terms of reference for this portion of the overall project and circulating back to industry for review and comment.

## **IMPLICATIONS**

The primary objective of the western jurisdictions is to ensure that western shippers have access to a competitive rail system for rates and service. An efficient and cost-effective rail system will allow western shippers to competitively provide their projects to customers in important world markets and will support economic development in the western region.

The monitoring of the impact of the current *Canada Transportation Act* on western shippers and identification of issues and problems under the Act, will lead to the develop of recommendations for any necessary change to the legislation during the federal comprehensive review process.

## **RECOMMENDATIONS**

- 1. Western Premiers should direct their Ministers of Transportation to proceed with a joint monitoring study on a cost share basis for necessary resources, and to solicit industry participation and commitment to the study.**
- 2. Western ministers should be directed to examine options for developing a cooperative government/industry strategy, including legislative and regulatory reforms that could increase effective competition, which can be brought forward for consideration during the comprehensive review of the CTA.**