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Speaking Notes

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**SPEAKING NOTES FOR
TRANSPORT MINISTER TONY VALERI
AT THE
HALIFAX CHAMBER OF COMMERCE**

HALIFAX, NOVA SCOTIA

APRIL 13, 2004

Canada

It's great to be in Halifax today.

I'd like to begin by thanking the Halifax Chamber of Commerce for giving me the opportunity to come to Nova Scotia and the Halifax International Airport Authority for sponsoring today's luncheon.

There is something special about port cities. They are unique in that they exist primarily as transportation hubs. And Halifax plays in the big leagues of port cities — along with the likes of Rotterdam, Singapore, Hong Kong, and New York.

Let me start by saying that my fundamental belief is that transportation is one of this country's key economic enablers. Transportation is the third largest economic sector in Canada. It is the engine that drives our economy and makes Canada work. Every year, this system moves more than \$1 trillion worth of goods. It employs one in 15 Canadians. Forty per cent of Canada's GDP is directly linked to trade, much of it in merchandise that is transported between Canada and the United States and markets around the globe.

Despite its importance, it has been said that most Canadians take our transportation system for granted. The investment and expertise it takes to move goods and people to the right place at the right time are sometimes forgotten.

And while Canada has one of the best transportation systems in the world, the challenges facing this sector are daunting.

Challenges presented by increased globalization and North American integration and the need to remain competitive. Challenges that have arisen due to new security requirements post-September 11 — the need to protect people and property while making sure our trade corridors are efficient and competitive. Challenges presented by urbanization, by urban sprawl, by the environmental impacts of transportation. And challenges presented by the infrastructure deficit, as well as by rural and remote access.

Here in Halifax you're dealing with all of these issues, so let me take a few minutes to identify some issues we need to address to make sure we meet those challenges. To make sure we unleash the economic potential of transportation in building a 21st century economy, strengthening our social foundations and ensuring Canada's independent role abroad.

Canada today has a unique opportunity to position transportation policy as a powerful lever for economic growth. The development and investment stimulated by a new transportation policy could assist in raising living standards for Canadians.

But to succeed, governments at all levels will have to take on a new perspective that recognizes the economic potential of our transportation sector.

Our goal should be to unleash the potential of our assets — our ports, airports and other infrastructure — and our people, through new initiatives in the transportation sector. This will require a recognition, for example, that our major ports and airports are economic generators, not merely sources of revenue. That they are critical to creating dynamic urban centres that are magnets for investment and talent.

We need to develop economic frameworks that give service and infrastructure providers the flexibility and the ability to grow while benefiting all users. We will need to ensure that investment decisions and policies deal with transportation as a system, rather than as a collection of individual modes.

Above all, we need to make sure we have a secure transportation system to maintain and improve efficient traffic flows. While the Auditor General has pointed to some areas that need improvement, we are in fact already dealing with a lot of these areas of concern.

For example, Transport Canada now has a memorandum of understanding with the RCMP allowing us to get the information we need to help with background checks on airport workers accessing secure areas. This includes information on criminal associations. This initiative builds on other security initiatives at airports including the random screening of non-passengers program, which involves searches of airport workers and airline personnel when entering a restricted area.

And our progress on security will continue. Just last week I announced proposed new regulations that strengthen security requirements for vessels, marine facilities and ports. We need to ensure our marine transportation is as secure as it can be. We need to ensure that our approach is consistent with our position in an increasingly integrated North American market where security considerations now dominate. At the same time we need to be sure we don't impede trade or the booming cruise industry.

But it's not just government that needs to change. To succeed, I think industry too needs to change its perspective. I would like to see, for example, a greater openness on the part of industry to explore and experiment with intermodalism. We need to create more intermodal connections that make it easier for people and goods to move within our cities and among all regions of Canada.

Transport Canada is currently engaged with a number of stakeholders in studies to better understand intermodal networks and to identify barriers to greater integration of the modes.

To encourage a more integrated transportation system, the department, in cooperation with the provinces and stakeholders, is working to identify and understand the full economic, social and environmental costs of our transportation system, including those associated with congestion, pollution, noise and accidents.

In creating transportation policy and in making transportation investments, we also need to focus more on the needs of users — the shippers, the forwarders and the travellers — than on maintaining the status quo or protecting market share.

Geography has endowed Canada with great natural assets and Canadians have built on those assets to develop a mature and robust transportation infrastructure that enhances our competitive position.

In Halifax, for example, we have one of the world's great deep seaports. The only one on this side of the continent able to accommodate fully laden, post-Panamax vessels. Even more important than its depth is the seamless intermodal connection from ship to rail and the CN line into the heart of North America. This rail link, combined with some of the most affordable rail freight rates in North America, gives Halifax a considerable competitive advantage over ports on the U.S. east coast. It makes Canada an attractive gateway to the whole continent.

In addition, Canada's trucking sector is highly competitive and efficient, both within Canada and in transborder markets. Canada's expertise in engineering — in our universities and in our world-class consulting firms — is also a key asset in repositioning the transportation sector for the future.

I see our transportation sector as a powerful economic enabler to help us succeed in the world and to help the government meet its broad trade objectives.

To tap into this potential, I believe transportation policy must be founded on four pillars:

- a market-driven policy framework;
- a multimodal infrastructure strategy;
- an efficient and secure trade corridor policy; and
- research and development, to support transportation innovation.

Fundamentally, I think the role of government is to create the conditions for industry — the service and infrastructure providers — to grow and become more competitive so they can provide affordable choices to consumers.

What does that mean in practical terms?

Let's start with the first pillar: a market driven policy framework. In the air sector we need to focus our policy on serving Canadian travellers, shippers and other users while providing a foundation for the health and viability of air carriers. This means pursuing the advantages of air liberalization. It also means having an airport policy that addresses accountability and transparency, and cost burdens on users as well as focussing on the long-term viability of Canada's airports. The overarching objective of our air policy should be to improve the competitiveness of the sector and create opportunities for expanded air services resulting in more choices for consumers.

Halifax airport recently announced new services to New York and Detroit. I would like to see more such developments.

In the marine sector, we need to provide greater flexibility and more economic opportunities for the industry and port authorities in particular. Ports have told us that it is a challenge for them to raise capital. That they need better mechanisms to do it. We also need to make strategic investments in key intermodal linkages and look at options for governance of federally provided marine services.

Short sea shipping — the movement of people and goods by water over relatively short distances along the coasts as well as on inland waterways — is an old idea that's being looked at from a new perspective these days. It could help increase the overall efficiency of the North American transportation system. Transport Canada is following up on the results of a series of workshops held last fall to raise awareness and identify opportunities and challenges for short sea shipping, one of which was held right here in Halifax.

In the freight rail sector, rail lines are at capacity in certain regions of the country and nearing capacity in others, so part of the challenge will be to encourage continued private investment while promoting competition and efficiencies in the rail freight industry.

I'm encouraged by CN's announcement of a \$24 million investment to improve the Halifax–Montreal main line. This is the kind of initiative that will keep Canada competitive.

As for passenger rail, we need to examine whether to continue the traditional cycle of cuts and investments associated with the funding of VIA Rail or to change direction and explore more commercial and sustainable alternatives, all the while recognizing that some remote communities are dependent on rail transportation links.

Turning to the second pillar, a multimodal infrastructure strategy. This strategy would encourage better connections between modes and is fundamental to our success, particularly in the context of an integrated North American market. We all recognize that a productive and competitive economy requires more coordination and integration between the modes. At present, strategic alliances between modes are still the exception rather than the rule. Our consultations across the country have shown us that market-driven modal integration is working well, but there may be a need to work on coordination among governments and between government and the private sector.

Our policy framework needs to support multimodal projects that improve system efficiency and integrate Canada's transportation system. If transportation is to achieve its full potential as an economic enabler, it is important that modal integration be as efficient and seamless as possible.

Further, our multimodal infrastructure strategy needs to find ways to ensure a consistent, nation-wide approach to funding for transportation infrastructure, in particular, our National Highway System. Although highways are not a federal responsibility, there have been ad hoc federal-provincial cost-shared programs for highways over the past 80 years. Recent programs, such as the Strategic Highway Infrastructure Program — SHIP — and the Canada Strategic Infrastructure Fund have focused on the National Highway System.

In fact, this morning I was pleased to join Nova Scotia Minister of Transportation and Public Works, Ron Russell, and Scott Brison, Member of Parliament for Kings-Hants, and Parliamentary Secretary to the Prime Minister, to announce the completion of the twinning of Highway 101 between Mount Uniacke and Ellershouse — built with SHIP financing.

Our multimodal infrastructure strategy also needs to have a coherent approach to address urban transportation issues so we make the right choices about investments to support the government's broader agenda for cities. We all know the frustration of being stuck in traffic jams and the economic and social costs of gridlock. And I understand that road congestion in Halifax is a major concern for port users. But we can't solve gridlock just by spending more money on transit and highways.

For example, in Canada, we drive 18 kilometres in our cars and SUVs for every kilometre we travel on public transit. We need to find ways to make people want to leave their cars at home or to make more efficient use of them. In this regard, I look forward to seeing the results of the rapid transit project your regional municipality is spearheading under Transport Canada's Urban Transportation Showcase Program.

We also need to find ways to help carriers pick up and deliver goods efficiently in urban areas. It's important to recognize that people and freight share the same roadways at the same time and that improving the efficiency of one also helps the other.

As for the third pillar, an efficient and secure trade policy, I would argue that the future of our economy depends on creating efficient and secure trade corridors that allow all modes of transport to capitalize on Canada's competitive advantage as a gateway to North American markets. The federal government, with its partners, the provinces and bridge authorities, has announced joint investments of more than \$1 billion over the last year to improve the efficiency and security of key border crossings across Canada, including those in Atlantic Canada.

So we need to continue our progress in addressing gaps in security while working with the U.S. government to build on our Smart Borders Action Plan. In this regard, Transport Canada is continuing to work with the U.S. Departments of Homeland Security and Transportation and other agencies to develop a balanced approach to security. We are also working with the relevant government officials in both countries toward the establishment of a bi-national intelligent transportation systems architecture to ensure that different technologies at the border can work together.

We know that security costs money. We need to make sure our security policies and programs are well funded. In the budget tabled on March 23, the government committed a further \$605 million to address security issues. These funds will be used to focus on security priorities, including marine security, critical for Atlantic Canada. The marine security enhancements at ports and port facilities are a priority for the Government of Canada.

The fourth pillar: we need to put more emphasis on research and development to support improvements in transportation productivity and competitiveness. We need to build more partnerships in the areas of research, technological applications and assistance in commercialization of transportation technologies and science. We need a steady flow of new ideas to advance technologies and science to support intermodal integration, improved infrastructure design, congestion management, supply chain logistics and environmental initiatives.

We also need to analyze and collect data that will illustrate where the trade corridors are developing. This should steer our approach to transportation policy. Our transportation policy cannot just be about meeting capacity – it needs to be about positioning Canada as a global trader. Transportation policy can and will either facilitate or act as a barrier to achieving our trade objectives.

As well, we need to focus on skills development to ensure we have the people and the capacity to continue to operate and improve the system.

Of course, underpinning all of our progress in addressing the issues I've mentioned today must be our unfailing commitment to the safety of Canada's transportation system in a North American context.

I believe our transportation sector is key to building the economy of the 21st century, strengthening our social foundations and enhancing Canada's place in the world. Transportation is a key economic enabler and we need to focus on some new directions to tap the potential of this sector. How? By creating the conditions for more affordable transportation choices for consumers. By encouraging strategic investments to alleviate congestion in our urban areas. By creating efficient and secure trade corridors, and by investing in skills and R&D to support innovation.

I look forward to hearing your thoughts and ideas and to working with you in making progress on some of the issues I've talked about today.

Thank you.