TRANSPORTATION KEY TO OUR FUTURE

By Mark Richardson, President
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Federal government decisions over the next few months could well determine whether this community achieves significantly greater prosperity in the near term.

These decisions relate to our transportation infrastructure. Wise decisions will allow our port to grow and prosper, maximizing the competitive advantages inherent in our ice-free location next to the Great Circle Route, and will allow our airport to further stimulate growth for the whole region.

The federal government says it wants communities to control their airports; it wants ports to be under local management and it wants users to pay the real costs of the navigational and ice-breaking services they consume.

The Metropolitan Halifax Chamber of Commerce is encouraged by the fundamental direction of the federal initiatives but is worried about how these initiatives are being applied in practice.

In the case of Halifax International Airport, the development by the airlines of a “hub and spoke” system made HIA Atlantic Canada's airport and the fastest growing major airport in the country.

The result is evident to regular users of Halifax International. Our air terminal building is simply not up to the job demanded of it. By any measure, the check-in area, baggage handling, departures and arrivals areas do not pass the test. In fact, our airport fails abysmally.

Airports with comparable traffic levels, such as Ottawa, Winnipeg and Edmonton, currently have much better facilities than Halifax, even though these three airports were built to the same standards as Halifax and at about the same time.

Negotiators for the federal government argue that each of these four airports has, from a financial infusion perspective, been treated roughly the same. But the proof is in the pudding. Any reasonable person can today see the remarkable difference between, for example, our airport and the Ottawa airport.

Federal negotiators argue that there is no longer any “free ride” and the Halifax International Airport Authority, the local agency (effectively, airport users) must finance the much needed and long overdue capital improvements.

The Metropolitan Halifax Chamber of Commerce does not disagree that, over the longer term, improvements must be paid for by users.

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But, before the community assumes control of Halifax International, the facility must be brought up to standard, either through a direct cash infusion or through financing made possible by long-term rent relief.

As with decisions about the airport, federal choices about the user fees being applied by the Coast Guard have the potential to threaten the future prosperity of our community.

The Port of Halifax is unquestionably Atlantic Canada's gateway to the global marketplace. The prosperity of much of the region depends on the port. Threats to our port are, literally, threats to our economic well-being.

If the Coast Guard approach to cost recovery undermines our competitive advantages, the entire region will suffer. Charges unfairly applied to the Port of Halifax will encourage cargo to move across other ports. Halifax would face the real possibility of being reduced from a mainline port-of-call to a feeder port. Our region’s exporters and importers would lose direct access to the world and many who depend directly on the port for their livelihood would be forced to find work elsewhere.

Relative to the Port of Montreal, for example, the Port of Halifax consumes few Coast Guard services: some navigational aids and no ice-breaking services. We also require no dredging. Our location just off the Great Circle Route, and our deep-water harbour, represent our most significant competitive advantages.

These competitive advantages are vitally important because of our relative distance from major inland markets such as Chicago and Toronto. Some of what we gain by being readily accessible 12 months a year from the Great Circle Route we lose because of the need for long haul rail shipment of cargo to reach major markets.

Although many are not yet used to the idea, CN Rail is now a privately-owned company; it must make a return on investment for its shareholders. Its costs of doing business are not subsidized by the Canadian taxpayer, nor by anyone else. Shippers who use Halifax pay the full cost of moving cargo inland by rail from Halifax.

But the Port of Montreal has water access provided by the Gulf and St. Lawrence River. In effect, the St. Lawrence River is Montreal’s CN Rail connection; alternatively the CN Rail connection is our St. Lawrence River.

But while shippers who use Halifax must pay the full cost of CN Rail services, shippers who use Montreal can take advantage of taxpayer-subsidized services, such as navigational aids and ice-breaking. In other words, our tax dollars are being used to lower the real cost of doing business at these inland ports, encouraging shippers **not** to use our own port.

In response to criticism on this issue, the Coast Guard agreed to consult with commercial stakeholders from this region and established the Maritimes Seacoast Advisory Board (MSAB), a private sector group to work with Coast Guard regional staff to develop fair charges for Maritime ports.

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In July 1997, after much work on the part of these unpaid volunteers, Coast Guard implemented a “zonal” system for the Maritime region whereby, for example, the cost to international shipping calling at Halifax was reduced from 17.6 cents to 9.5 cents per cargo tonne. Coast Guard also promised to continue its work with the MSAB to make further improvements to its cost recovery regime, and to introduce ice-breaking fees in 1998/99.

Earlier this month, the National Maritime and Industrial Coalition called for the Federal Minister of Fisheries to implement an "eastern Canadian" fee approach that will give users of ice-breaking services a "free ride" for three more years. It is important to understand that the Coalition's report was, none the less, a step in the right direction; in that it allows the users to develop a fee solution thereby implementing the "user pay, user say" principles the Chamber has always supported.

However, if this industry-brokered agreement is not accepted by the federal government, we want to be certain that the government will live up to its promise of introducing ice-breaking fees in 1998/99. Fees for navaids should not bear the full burden of federal government cost recovery. This community should prepare itself to fight hard for the principle of fair application of user fees.

Finally, we have been vocal about Bill C-9, a re-introduced piece of legislation which would give our community operational responsibility for the Port of Halifax. Following extensive work on this issue we believe most of our concerns have been largely addressed.

All this may sound confusing but what it boils down to is getting the best terms for the operation of our port, securing comparable airport facilities with other communities and ensuring that we pay only our fair share of the costs of Marine services.

There is real reason for optimism in the Halifax Regional Municipality. After several very difficult years, our economy is increasingly strong and our government deficits are under control.

This community has the capacity to manage its own affairs and, specifically, the all-important transportation infrastructure which could well determine our future levels of prosperity.

The federal government must be encouraged to make the right decisions now so that we can make the best decisions for ourselves in the future.

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