

A National Plan for Canada's Transportation Sector

Issue

Canada's transportation networks play a vital role in the competitiveness of our economy. Our transportation systems connect our communities, allow us to move people and goods across the country and employ thousands of Canadians. Transportation is an economic enabler that provides the framework necessary for economic growth and ultimately our success.

The Canadian government understands the importance of modern and efficient transportation systems and has undertaken several helpful initiatives over the past couple of years. The investments made through the two Building Canada Plans, the expansion of our foreign trade zone-like policies and efforts to invest in our transit systems are all steps in the right direction.

While these initiatives are welcome advancements, they remain ad hoc and without a clear vision. The lack of overarching, long-term and transparent objectives for the development of our transportation sector is hindering Canada's economic growth.

Background

Canada is a trade dependent country. One out of every five jobs in Canada depends on international trade. We are currently pursuing the most ambitious trade agenda in Canadian history with over 12 FTA negotiations currently underway. However, the successful movement of people and goods depends on an efficient, predictable and reliable multimodal transportation network. Furthermore, our close connection with the United States puts us in a good position to be a major entry point for the North American market. To fully leverage this advantage we need a transportation sector that is as seamless as possible. Our ports of entry must be able to compete on a global scale and our border should be treated as part of the supply chain.

The Beyond the Borders Agreement between Canada and the U.S. is an important step in this direction. Under this agreement both countries committed to making the shared border more trade friendly. Unfortunately, progress is slow and a number of deadlines have been missed. More needs to be done to improve the benefits to the trade community and to limit the costs of cross-border trade and travel. For example, the creation of a single window portal for reporting requirements, the harmonization of trusted trader programs and the negotiation of preclearance agreements.

Modern and efficient transportation infrastructure is vital to the success of our economy yet Canada's transportation infrastructure needs investment. Major roads and highways are crumbling and the supporting infrastructure of our ports of entry need continued investment to remain competitive. Canada's multimodal transportation sector is also responsible for the movement of people. Unfortunately, Canadian public transit systems remain badly underfunded by provinces and municipalities and unable to keep up with expanding demand. Congestion has become a major problem in many Canadian cities with a significant impact on our productivity. According to the C.D. Howe institute, congestion costs the GTA's economy between \$1.5 billion and \$5 billion annually.¹

Canada faces growing international competition from jurisdictions that are investing heavily in their transportation networks. Many developed countries around the world have recognized that their success is closely tied to the efficiency of their transportation sectors and have developed dedicated strategies to modernize their existing systems.

While Canada has not yet adopted a dedicated plan for its transportation sector, the Federal government has undertaken several helpful initiatives over the years. Since 2007, the Gateways and Border Crossings Fund has led to 39 strategic infrastructure investments in 9 provinces. Similarly through two subsequent Building Canada Plans the government will have invested about \$80 billion in infrastructure across Canada. While the New Building Canada Plan does not include specific funding for Gateways and corridors, key transportation assets will be eligible for funding under the \$4 billion National Infrastructure Component which may lead to better national planning.

¹ The C.D. Howe Institute. Cars, Congestion and Costs: A New Approach to Evaluating Government Infrastructure Investment. Commentary #385. July 2013 Accessed online at: http://www.cdhowe.org/pdf/Commentary_385.pdf

The Canadian government has also instituted some policy changes which have helped make the sector more productive. One example is the Transit Without Visa Program (TWOV) which allows certain foreign nationals to transit through participating Canadian airports without requiring visas. Such programs are critical to development of Canadian airports as Gateways between Asia, Europe and the Americas. Similarly, the 2013 Federal Budget contained commitments to promote Canada's Foreign Trade Zone advantages by reducing costs, streamlining programs and improved marketing.

While these initiatives have been helpful, they have not been guided by a long-term and predictable vision to make our transportation sector more competitive. Canada's transportation networks need significant investments, our regulatory policies need to be streamlined, our supply chains strengthened and our environmental footprint reduced. Making these changes in an efficient manner will require long-term vision and a dedicated, predictable plan.

A National Transportation Plan must be an integral part of Canada's Economic Action Plan. It must facilitate cooperation and accountability between the various levels of government, stakeholders and the relevant government departments. It needs to take into account Canada's vast geography, trade agenda priorities, as well as forecasted increases in demand for transportation services.

One of the primary goals of a National Transportation Plan would be to ensure that Canadian citizens and Canadian businesses have access to a cost-effective, efficient and safe multimodal transportation system. This system should be free from artificially imposed barriers caused by unnecessary government policies.

Such a plan should have clearly defined goals and contain five guiding principles:

- Ensure that Canada's multimodal transportation is safe and cost effective by integrating policies concerned with the movement of goods and people in marine, air and land transportation, urban transit, border services and related transportation services
- Maintain Canada's competitive edge as Asia's gateway into and out of North America by ensuring that our transportation networks are adaptable, reliable and responsive to changing economic conditions
- Include a targeted infrastructure investment strategy that recognizes the importance of transportation as an economic enabler
- Measure progress based on a set number of indicators
- Adopt a globally competitive regulatory and fiscal environment which is aligned across jurisdictions
- Ensure that Canada's transportation networks are developed in socially, economically and environmentally sustainable manner

Recommendations

That the federal government:

1. By 2016-17, develop a national transportation plan that aims to improve Canada's land, air, and marine transportation infrastructure.
2. View the Canadian transportation sector as a single multimodal system which includes a strong North American transportation vision that:
 - Maintains a secure and trade efficient border which facilitates the movement of legitimate goods and people
 - Establishes a cooperative framework to efficiently utilize and enhance current levels of border capacity and integrate our transportation systems
3. Develop a priority-based multimodal transportation infrastructure investment plan that builds on existing policies or funding programs such as the Building Canada Plan and compliments the previous work done through the Gateway and Trade Corridors initiatives. The investment plan should:
 - Encourage collaboration and alignment

- Promote the use of public-private partnerships, wherever appropriate and feasible, to maximize efficiency in maintaining and developing transportation infrastructure
 - Recognize and formalize the key role that the federal government plays in urban mobility and public transit
4. Develop a national, non-discriminatory and market-based regulatory and fiscal environment that fosters competition in the transportation system. This system must recognize the multimodal nature of the transportation system and the distinct advantages and competitive situations of each mode of transportation.
 5. Ensure going forward that there is sufficient infrastructure to support new markets (including as a result of all the Free Trade Agreements being signed and negotiated), particularly as trade flows move beyond North - South to East - West.
 6. Analyze all transportation infrastructure and regulatory projects and weigh these against the economic, social, and environmental axes of sustainable development. This includes:
 - Building public awareness of the importance of transportation in relation to the quality of life enjoyed by all Canadians and sustainability of Canada's economy
 - Taking a leadership role to address community impacts and environmental concerns
 - Attracting skilled people to meet the needs of the transportation infrastructure sector
 - Encourage policies and research initiatives that drive transparency across the supply chain and containing a research initiative tied to the objectives of the *National Transportation Plan*