

Chapter 1

The Panel’s Mandate and the Review Process

Good transportation is central to maintaining Canada’s place among the world’s most advanced economies. Canadians need to know that the transportation network — roadways of steel and asphalt, waterways and airborne highways — is just as critical to their economic well-being as the currently more fashionable information highway.

Canada was built on transportation. Our history is filled with examples of how transportation brought settlement, development and even political integration. But the role of transportation has shifted in recent years, from that of a public policy instrument to a vehicle that plays a narrower though still vital role as a key driver in the economy. Transportation is an ‘enabler’ of economic activity, both in the ‘new’ economy and in the ‘old’ one.

The title of this report reflects the two thematic threads running through the Panel’s deliberations. One of the most common threads in submissions to the Panel was the perceived need for a vision to guide national transportation policy and the mechanisms to realize it. But in a world of rapid technological, economic and global change, it is difficult for government and industry alike to know where change will lead. What is needed is a transportation system that is efficient and responsive to changing demands from users, one that can stimulate and take advantage of technological and operational innovation by transportation suppliers. In this respect the Panel believes that an underlying theme — or vision — has in fact guided national transportation policy for more than three decades.

That vision, and its implications for public policy, were first articulated by the MacPherson Royal Commission on Transportation (1959–1961) and made national policy in the *National Transportation Act* of 1967. The vision expected transportation to be guided by the preferences of shippers and travellers, rather than government directives, and the vision relied on competitive market choices to produce an efficient transportation system.

An efficient system was the principal goal guiding federal transportation legislation and policy in the latter part of the twentieth century. The Panel

believes this is still the correct objective for the new century. Canadians' economic well-being is best served by an efficient, competitive transportation system.

The transportation network's economic performance is a central objective of a national transportation policy, but there is more to transportation than economics. 'Balance' is the second major theme that arose repeatedly in the Panel's consultations and research. A balance is required between maximizing economic performance and ensuring that desirable social outcomes are also achieved. Searching for the right balance between economic efficiency and other goals is a central challenge for public policy generally and for this Panel in particular. We take up this challenge in the coming chapters.

The mandate of the Canada Transportation Act Review Panel stems from the *Canada Transportation Act* of 1996. The Act requires a comprehensive review, commencing no later than July 1, 2000, of the operation of the Act and certain other acts pertaining to the economic regulation of transportation. On June 30, 2000, the Minister of Transport, the Honourable David Collenette, appointed the Panel, with a one-year mandate to

- assess whether these acts provide Canadians with an efficient, effective, flexible and affordable transportation system, and
- where necessary or desirable, to recommend amendments to the acts, including the national transportation policy set out in section 5 of the *Canada Transportation Act*.

In setting the terms of reference, the Minister also took the opportunity to ask the Panel to suggest a resolution to the thorny and long-standing issue of competitive rail access. The Panel's interim report, submitted to the Minister in December 2000 and released publicly in January 2001, discussed the issues surrounding competitive rail access.

Finally, the Minister asked the Panel to consider several additional issues, in particular whether the current framework of transportation legislation and policy is effective in:

- sustaining expenditures to enhance productivity and promote innovation across the transportation sector,
- supporting the efforts of Canadian transportation players to adapt to the e-business environment and the demands of global logistics,

- dealing with public policy issues arising from newly emerging industry structures, and
- giving the government the necessary powers to support sustainable development objectives.

The Minister also asked the Panel to advise him on whether specific steps should be taken to preserve urban rail corridors for future mass transit use.

The full text of the Panel's terms of reference is presented in Appendix 1.

Carrying Out the Mandate

The Panel's mandate was thus extremely broad, encompassing all modes of transportation essential to the national economy. Coupled with a tight one-year time frame, the Panel faced a daunting task: designing a work plan, coming to grips with the issues, consulting broadly, developing principles and criteria as a basis for formulating and testing recommendations, and drafting a report to reflect this process and the conclusions emerging from it.

To complete the work in the time allotted, the Panel adopted an ambitious plan, launching activities on several fronts concurrently:

- Over a period of nine months, the Panel held consultations and conducted public meetings in 16 cities, from Vancouver to St. John's, Whitehorse to Iqaluit, travelling thousands of kilometres by plane, train, automobile and bus. Panel members made it their goal to visit every province and territory, to speak directly with interested parties, and to learn how the transportation system deals with Canada's vast distances, variable climate, and diverse urban, rural and remote transportation needs.
- After issuing a call for submissions and, part-way through its mandate, a paper entitled *Issues under Consideration*, the Panel received more than 200 formal papers from industry groups, producer co-operatives, labour organizations, transport companies, provincial, territorial, and municipal governments, federal departments and agencies, and individuals. Submissions were available for review on the Panel's web site (unless the authors requested confidentiality).
- The Panel launched a research program, commissioning or conducting some 50 studies. These run the gamut of transportation issues and, together with the submissions and consultations, make up the knowledge base the Panel used to draw conclusions and formulate recommendations.

Key Milestones	
July 2000	The Panel begins its work.
August 2000	Initial notice about the Panel process published. Web site up and running.
September 2000	The Panel issues a call for submissions, and publishes notices in daily newspapers and trade publications. Consultations begin.
December 29, 2000	The Panel submits its interim report on competitive rail access to the Minister of Transport. The Minister releases the report on January 10, 2001.
January 18, 2001	The Panel publishes <i>Issues under Consideration</i> , detailing other issues under review.
February 26–27, 2001	The Panel’s Winnipeg symposium on rail issues brings together more than 150 participants.
March–April 2001	The Panel holds workshops on airline competition, infrastructure and road financing, urban transit and urban rail corridors.
June 2001	The Panel submits its report to the Minister of Transport.

Public Input

The goal was to receive input from the broadest possible spectrum of interested parties. The process was designed to be transparent and open about the Panel’s approach to the work, the issues under consideration, and the opportunities to contribute.

Consultations took a variety of formats and attracted a broad range of participants who presented and often debated views before the Panel in public meetings and workshops, in formal and less formal settings, in open sessions and at by-invitation meetings.

Panel members met with each provincial and territorial government at the ministerial or officials level, and all governments submitted written briefs. This process helped raise the profile of the Panel’s work, as provinces’ and territories’ meetings with the Panel often triggered further consultation processes as each prepared to meet the Panel or draft a submission. Provincial consultations in preparation for these meetings took these interests into account, giving Panel members the benefit of a broad range of views.

The Panel also consulted groups of industry participants through a series of issue-specific round tables, organized and facilitated by WESTAC (the

Western Transportation Advisory Council) and the Van Horne Institute — regional organizations based in Vancouver and Calgary respectively — and by the Institute for Research on Public Policy, an independent research body based in Montreal.

The academic community also played an essential role in advising the Panel. Academics from a broad range of post-secondary institutions across Canada shared their research and expertise at round tables with the Panel focusing on specific areas of the mandate.

Another information source was the Panel's survey of shippers using transportation services. The purpose of the survey, conducted during January and February 2001, was to review the operation of the *Canada Transportation Act* from the perspective of shippers and their experience with the availability, use, cost and quality of transport services.

The perspective offered by this survey was important for several reasons. Transport Canada's annual report looks at the state of transportation from the perspective of its contribution to regional and national economies, government spending on transportation, the state of infrastructure, industry productivity, energy use and environmental issues. Surveying shippers added an important dimension to this overview. Shippers' responses are discussed where relevant throughout this report; the complete survey results are available on the CD-ROM accompanying the report.

Finally, two documents prepared during the Panel's mandate — the *Interim Report on Competitive Rail Access and Issues under Consideration* — served as catalysts for further discussion among industry participants and observers. The interim report received considerable attention at the Panel's February symposium on rail issues in Winnipeg, while *Issues under Consideration* helped refocus the Panel's deliberations on the other issues in its mandate.

Consultation Results

On reflection, several of the Panel's decisions about how to conduct consultations proved advantageous. The decision to travel to every province and territory, for instance, gave the Panel first-hand experience with the daily challenges of keeping the transportation system moving despite weather, congestion and distance.

Hearing from interested parties in all parts of the country also exposed Panel members to the regional and local flavour of many transportation issues,

highlighting once again the diversity of Canadian communities and the issues facing them.

Launching a web site proved highly beneficial. The Panel had anticipated the benefits in terms of facilitating logistics and promoting transparency and openness in the Panel's process. An added — and perhaps unanticipated — benefit was that the web site promoted interaction *among* industry participants in a way that has seldom been possible in the past but will now be a benchmark for future consultation processes. Even before groups met with the Panel, they could read and reflect on others' submissions posted on the web site. They could review research findings, as well as opinions and positions advanced by other interveners, and have an opportunity to weigh them in articulating their own concerns. Although it was designed to solicit and generate feedback on the Panel's mandate, the web site also became a means for communities of interest to exchange information and participate in the Panel's process to an extent not possible in the past.

Before turning to the substantive issues, a brief review of the backdrop to the Panel's work is in order. The next chapter traces the development of Canadian transportation policy and legislation, the jurisdictional landscape, and the trends influencing the current state and future development of the transportation industry.