
CANADA TRANSPORTATION ACT REVIEW

British Columbia Submission



**BRITISH
COLUMBIA**

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1 EXECUTIVE SUMMARY

The Province of British Columbia has prepared this submission to the Canada Transportation Act (CTA) Review Panel to identify Provincial positions and document specific Provincial concerns.

In developing positions and identifying issues the Province consulted stakeholders through meetings and an electronic survey. In addition, sections of the submission were circulated for comment.

Recommendations 1 and 2 suggest that a national transportation policy should incorporate a vision and be updated to reflect the intermodal integration of transportation in the global environment.

Recommendation 3 suggests the national transportation policy be supported by a national transportation investment strategy.

Recommendation 4 suggests transportation in Canada must be supported by a national transportation data strategy.

Recommendation 5 recognizes the need to address urban congestion by preserving corridors and integrating the transportation policy and planning of all levels of government.

Recommendations 6 through 8 suggest the federal government retain responsibility for airports and air services. They recommend a national aviation policy be developed that supports rural access, tourism and air cargo services. Regional airports require increased funding, training, business planning and regulatory review. The national airports policy must be revised to address the needs of small national airports and set fair equitable fees at large airports.

Recommendation 9 suggests tourism related air services require review.

Recommendations 10 through 13 suggest port access be federally supported and port competitiveness be increased; the strategic importance of maintaining the northern corridor to Prince Rupert is highlighted, as is the importance of maintaining small ports in BC communities. The Province also recommends that public services such as dredging provided by independent port authorities be removed.

Recommendation 14 calls for cost-effective bridge crossings of navigable water.

Recommendations 15 through 17 suggest the policy respecting passenger rail services be clarified; subsidized scheduled passenger rail service be treated equitably; and the discriminatory pricing against B.C. feed grains be discontinued.

Recommendations 18 through 20 suggest highways be included in the CTA and that where highways are serviced by ferry routes, funding for those services be applied consistently across Canada. The recommendations support a federal role in implementing intelligent transportation systems.

Recommendation 21 suggests the demands of the digital economy on transportation be incorporated into federal policy and legislation.

Recommendation 22 suggests the federal government provide policies and investments for environmentally sustainable transportation and be responsible for establishing data standards for monitoring sustainability.

2 INTRODUCTION

The British Columbia submission to the Canada Transportation Act (CTA) Review Panel has been compiled with the objectives of setting out Provincial positions and ensuring that specific Provincial concerns are documented. The document is not intended to be a comprehensive review, but rather will focus on specific positions and concerns.

The provincial submission has taken into consideration concerns provided by stakeholders. An electronic survey was circulated in December 2000. Sections of the submission were also circulated for comment as a discussion paper. Stakeholder meetings were also held.

As noted in the earlier submission on rail competition, empirical data that would support an analysis of the impact of potential changes is not available. As a result, the Province is taking a cautious approach to positions and recommendations.

3 NATIONAL TRANSPORTATION VISION

The *Canada Transportation Act* Section 5 sets out the principles of a national transportation policy. However, the Section provides no vision for the future of transportation in Canada. A vision statement outlining what an ideal transportation system would look like in 10 to 15 years would allow an analysis of how well existing and future policies support the direction of national transportation policy. A vision statement would also maintain a focus on the importance of transportation to the national economy, Canada's ability to compete globally, and employment.

Recommendation 1

British Columbia supports the incorporation of a vision in the national transportation policy of Canada.

British Columbia believes a national transportation vision must:

- have the ability to lead transportation policy and decisions;
- be useful as a measure of our accomplishments in transportation over time;
- apply consistently across all provinces and territories;
- support equal access to all parts of Canada by all Canadians;
- support a transportation system that bolsters economic activity and social well-being;
- promote a transportation system that enables liberalized trade and keeps Canada globally competitive;
- foster sustainable transportation systems that minimize environmental impacts, and encourage environmentally sustainable development patterns;
- guide development and land use in an economic, healthy, sustainable and socially responsible way.
- promote the resolution of outstanding tenure issues through Indian reserve lands
- support the safe transportation of people and goods;
- promote an equal balance between modes that are seamlessly integrated;
- recognize the role of transportation investment in economic development;

- encourage the application of new technology to transportation; and
- support a multi-modal west-east corridor that supports national movement.

4 NATIONAL TRANSPORTATION POLICY

Section 5 of the *Canada Transportation Act* has established the foundation for a national transportation policy. It speaks to a number of existing concerns such as fairness between modes and balancing commercial viability of transportation “with regional economic development objectives so that the potential economic strengths of each region may be realized.”

However, a number of important elements need to be addressed in revisions to the national transportation policy. In reviewing the national transportation policy, the CTA Review Panel should take the following concerns into consideration.

- A) Transportation in Canada can no longer be separated modally. The Canadian transportation network has matured into an integrated multi-modal market. Furthermore, modal interdependence will grow stronger in Canada as global trade increases.

The CTA does not speak to the interaction between modes. Current economic matters such as licensing, cost allotment, market share and competitive access of individual firms are separated modally by the Act.

The CTA needs to incorporate a comprehensive national transportation policy that is modally integrated and treats the transportation system as a network. The national policy needs to foster the efficiencies that can be gained through the promotion of intermodal transportation. Ongoing changes in the system need to be reviewed with the entire system in mind rather than specific modes.

A strong, well-integrated intermodal transportation system will also support cross-border efficiencies.

- B) Transportation policies and legislation must take into consideration the competitive position of our world trading partners. As trade with the United States increases and the continental integration of transportation evolves, the need for a level playing field on investment, safety standards and environmental regulation will increase in importance. Countries that facilitate and encourage re-investment of capital in terminals, rolling stock and information technology will continue to have a competitive advantage in the future.

Canada's large area, limited population, and remote resources require a disproportionate amount of investment in infrastructure to bring goods to markets. This creates a competitive disadvantage relative to our trading partners. A national transportation policy must recognize the cost and importance of maintaining a large public and private infrastructure while competing in global markets.

The lack of ongoing public infrastructure investment in Canada has been significantly masked by the relatively low value of the Canadian dollar. The wide differential between U.S. and Canadian dollars has meant that Canadian ports have remained attractive to North American importers. However, over the long term, investments made possible at American ports by special tax provisions or the ability to raise outside capital will challenge the ability of Canadian ports to compete for traffic. This will be especially true if the American economy slows and the Canadian dollar strengthens relative to the U.S. dollar.

- C) Canadian trade policy has aggressively pursued global trade and free markets. Reductions in trade barriers, tariffs, duties and subsidies have been the focus of federal policy for more than a decade. Canadian transportation policy must address the resulting shift to north-south trade demand and international markets.

The existing transportation policy has a strong focus on domestic markets. Section 5 makes no reference to trade or international competition. In fact, Section 5 (g) specifically makes reference to competition in the Canadian marketplace. The

Canadian national transportation policy needs to be broadened to be consistent with the trade policies that have pushed transportation into an international context.

- D) Federal policy changes in the 1990s reduced subsidies and commercialized transportation services. In 1994, an argument was developed at the federal level that transportation was subsidized to the tune of \$1.6 billion annually¹, clearly reflecting the philosophy that transportation is a cost, not an economic investment or asset.

The United States federal government is spending U.S. \$218 billion on transportation infrastructure over six years. The benefit of this investment to economic development in the U.S. will also make it difficult for Canada to keep pace. Countries using infrastructure investment as an economic driver will create a long-term advantage for themselves over Canada.

Federal transportation policy must treat transportation investment as an economic driver.

- E) When the federal government devolved transportation infrastructure and services in Canada, federal deficit reduction was the overall objective. As national assets were turned over to separate operating authorities, federal rents and fees on those assets were negotiated in the context of addressing the deficit. During devolution the highest and best price was negotiated based on what local conditions would support. This led to inconsistent rents and fees across Canada as well as a void in any policy rationale for setting rents and fees.

A market approach to setting rents and fees that results in inconsistent rates across Canada may be justified; however, there currently is no policy basis for these decisions. The national transportation policy needs to support whatever rationale exists for rents and fees on federal land.

¹ Transport Canada. National Airports Policy. TP12163 E. July, 1994. P.1.

- F) The most significant challenge for a national transportation policy will be maintaining environmental sustainability. Policies that balance the need to keep the economy competitive with the long-term survival of the planet are fundamentally important, particularly given the vulnerabilities of the Canadian north to global climate change. However, the global context of trade and transportation will need to be considered when setting targets or regulating markets. Environmental regulations that force Canadian companies to incur costs that are not faced by their global competitors will make it very difficult for them to compete. For example, it is estimated that new environmental requirements in the forestry industry will cost \$40 million per mill². Developing countries openly court international business investment by not addressing environmental cost. A national policy can set the context for environmental sustainability. The details will need to be addressed in specific sustainable transportation policy and legislation that carefully measure costs and benefits as well as the competitive environment.
- G) National transportation policy should also emphasize the movement of people and the provision of access to all people as much as it emphasizes the movement of goods and the viability of transportation industries. The CTA speaks strongly of the need to ensure access for persons with disabilities only in Section 5. All transportation policy and legislation must be changed to reflect the philosophy espoused in Section 5 regarding accessibility for the disabled.
- H) A high priority should be placed on the interests of the transportation consumer. Transportation policy and legislation places considerable emphasis on carriers and markets. More focus is required on the performance of the transportation system for consumers.

² The Chamber of Shipping of British Columbia. *British Columbia Ports Handbook 2000-2001*, Page 6.

- I) The national transportation policy must take into account the unique needs of rural and remote communities that are transitioning from resource based economies to the new global economy. Healthy transportation infrastructure means rural communities are able to take advantage of new opportunities. Most rural and remote communities have a low tax base from which to support the transportation infrastructure necessary for long-term development and sustainability. As with urban centres, these communities need easy access to the national and global economy. It is therefore imperative that the national transportation policy balance urban and rural transportation needs fairly.

Recommendation 2

British Columbia recommends that revisions be made to the national transportation policy.

These include changes that reflect the:

- ***integration of modal transportation into multi-modal networks;***
- ***need for levels of transportation investment equivalent to those of our trading partners so as to remain globally competitive;***
- ***impact of free trade on transportation patterns;***
- ***importance of transportation investment to economic development;***
- ***need for a consistent policy on rents and fees on federal land;***
- ***long term needs for environmentally sustainable transportation;***
- ***need for accessibility to be included in all transportation policies and legislation;***
- ***needs of transportation consumers***
and
- ***unique position of rural communities as well as the need to balance urban and rural transportation needs fairly.***

4.1 TRANSPORTATION FUNDING

Despite a long-standing policy on national transportation the federal government was able to completely set it aside in the interests of reduced spending in the 1990s. This was possible because the national transportation policy did not outline the role of governments in the provision or management of transportation infrastructure. No principles were established for creating, maintaining or managing public infrastructure, nor were there criteria or guidelines for public investment in transportation.

As the federal devolution of infrastructure was undertaken throughout the 1990s and as intermodal transportation has grown, the financial responsibilities between the public and private sector have become blurred. Some transportation responsibility areas, such as airports or marine ports have been devolved to private or non-profit entities. Others have created entirely new financial responsibilities for government; for example, the shift from rail to road has increased the provincial role in freight transportation. The 1994 federal program review³ increased the financial pressure on provincial and municipal infrastructure. At the same time, provinces also devolved local transportation infrastructure to municipal and regional governments. This reshaping of transportation has created a large infrastructure deficit⁴ that needs to be addressed by all levels of government. Addressing the needs of transportation infrastructure can be better managed if the financial responsibilities, with appropriate revenue streams, can be clearly delineated for all levels of government in national transportation policy and supporting legislation.

A significant reason for the impotence of the national transportation policy is the gap between policy, legislation and implementation. A common method of bridging this gap is the linking of transportation policy and legislation to an investment strategy or program

³ **Transportation Transition Plans. Transport Canada. September 12, 1994.**

⁴ **The Association of Consulting Engineers of Canada. Infrastructure Works! A Pre Budget Submission to the House of Commons Standing Committee on Finance. November, 1999. p.2**

funding⁵. The most familiar example of this is the American model where federal funding is tied to compliance with regulations and policies. For example, highway funding eligibility depends on meeting environmental standards that reflect national policies. Canadian policy is weaker, because no similar links exist between policy and funding.

Linking funding to legislation and policy ensures that standards are adhered to and that the spirit of the national transportation policy has both a legislative and financial foundation. In B.C., overall annual highway expenditures closely reflect the revenue from fuel tax. As well portions of the fuel tax are dedicated to address transportation requirements. In contrast, the federal government collects approximately \$700 million from fuel taxes in B.C. each year with little or none returned to highway investment.

In the context of national economic and social goals, a transportation investment strategy that ties revenues to expenditures would help to ensure that transportation system charges reflect sustainable operating and capital costs. It would help to avoid overbuilt infrastructure, inappropriate management of transportation assets, and the proliferation of regulation. An investment strategy would also support equitable funding allocations between provinces and territories. Revenue streams could be linked to appropriate levels of government.

Recommendation 3

British Columbia recommends that a national transportation policy be supported by a national transportation investment strategy that outlines:

- ***roles of governments in the provision and maintenance of public infrastructure;***
- ***appropriate revenue streams for public investment by governments;***
- ***funding linkages to policy and legislation;***
- ***equitable funding between provinces/territories and transportation modes;***
- ***how transportation revenues and expenditures are balanced; and***
- ***provisions for long term sustainability of operating and capital transportation costs.***

⁵ The TEA21 program in the United States is supported by the National Highway Fund, a dedicated funding program supported primarily by fuel tax.

5 TRANSPORTATION DATA STRATEGY

A national transportation data strategy will benefit transportation vision, policy, funding and the management of infrastructure. It is an essential ingredient in transportation decision making by both the public and private sectors.

A national transportation vision is often justified this way: “how will we know when we get there, if we don’t know where we are going.” Along the same lines, we also need the ability to accurately measure where we are.

In Canada, a lack of empirical data is a major impediment to our knowledge and understanding of transportation problems and solutions. One of the most graphic examples of this problem was provided when the federal government analyzed the impact of the Kyoto agreement on climate change. Developing a meaningful analysis of transportation’s role in climate change and appropriate measures to respond to international emissions targets was limited by a lack of transportation data. The first recommendation for future work in the Transportation Table’s Climate Change report was to “develop a strategy to improve the quality of transportation data in Canada”⁶.

The ability to link transportation funding to a national policy will depend on credible information about the needs and uses of transportation within Canada and between modes of transportation. Data gathering and reporting needs to be sophisticated enough to capture the use of multiple modes in a single shipment. Where formulas are developed to share benefits, costs and set charges, data will be crucial to fair and balanced apportionments that reflect national policies and provincial/territorial needs.

The ability to share and use data through the Internet has made this data more relevant and valuable. This will likely mean Canadian companies who do not have access to the same level of information as their competitors will be at a disadvantage.

⁶ **Transportation and Climate Change: Options For Action. Transportation Table Report. Page 127.**

A data strategy must provide the legal authority to gather, manage and disseminate information centrally, especially the legal ability to attain proprietary information confidentially. It must also provide the funding for a data management program.

Recommendation 4

British Columbia recommends that a national transportation data strategy be established in legislation and that the federal government provide the financial support and legal ability to gather, manage and disseminate transportation data.

6 URBAN TRANSPORTATION

Human settlement in Canada has created congestion in our economic hubs. In 1996, 82 percent of the population of B.C. lived in Greater Vancouver or Greater Victoria⁷. Because most of the trading economy of the nation flows through these hubs, congestion threatens growth and future economic prosperity. Infrastructure planning and policy has not adequately managed the problem of congestion and its impact on the gateway's competitiveness and efficiency. Some estimates place the cost of foregone economic activity due to congestion at up to \$2 billion per year in B.C. alone⁸.

As Canada grows, the interdependence of land use, transportation and the national economy increases in the urban areas. Urban centres in B.C. have experienced large and rapid population growth, which must be addressed by moving people more efficiently, densifying settlement and establishing mixed land use that reduces reliance on transportation by integrating residential, commercial and industrial activities. The need to integrate federal transportation policy, provincial transportation responsibilities and municipal land use is obvious. Strong integration will provide the best use of limited resources and support environmentally sensitive urban development.

The *Canada Transportation Act* must ensure that the integration of transportation policy and planning between all levels of government is undertaken. In addition, the resources of all levels of government must be coordinated to address the unique challenges of Canadian urban centres. Policy and legislation needs to redefine the federal role in the urban context and include financial support for initiatives such as urban transit.

The importance of preserving and expanding transportation arteries that support development in urban areas is fundamental. The *Canada Transportation Act* must ensure that urban

⁷ BC Stats, <http://www.bcstats.gov.bc.ca/data/pop/pop/ineq.pdf>

⁸ Source: Presentation by Jonathan Hugget, Transport and Infrastructure cluster, BC Business Summit, November 8, 1998, <http://www.bcbusiness-summit.com/reports/report98/infrastructure.htm>

corridors are protected for long-term transportation needs. It must not be possible to compromise existing transportation corridors by segmenting them or by developing abandoned rights-of-way that have future transportation uses.

Recommendation 5

British Columbia recommends the Canada Transportation Act ensure the integration of transportation policy and planning by all levels of government; that unique urban needs are addressed by national policy and investments; and that urban transportation corridors are protected from segmentation and development.

7 AVIATION POLICY AND AIR SERVICES

7.1 NATIONAL AVIATION POLICY

The 1994 National Airports Policy that guided the devolution of airports and air navigational services in Canada had no link to the policy principles of the *Canada Transportation Act*. The fact that as a national policy it dealt exclusively with airports and navigation, without including the context of other air services or other transportation linkages, is testimony to the lack of an integrated approach.

Canada and all levels of government require the guidance of national policies that support a transportation network both modally and intermodally. A national aviation policy would have its roots in the national transportation policy. Accordingly, British Columbia recommends that the *Canada Transportation Act* require the Federal Minister to maintain a national aviation policy. The national aviation policy would outline criteria for levels of service, access to remote areas, funding principles, and the management, maintenance and provision of infrastructure. It would outline the rights and responsibilities of operators, industry suppliers, passengers and all other sectors that intersect with Canadian aviation. As no organization represents the rights of consumers as a group, a national aviation policy would set out a Passenger Bill of Rights.

A Bill of Rights would define: truth in advertised prices, schedules and seat availability; equal access; unbiased comparative travel information; comfortable seats, reasonable space for luggage, and clean sanitary facilities regardless of class of service; assistance in making connections; use of all, part or none of the segments on any ticket purchased; timely, complete and truthful information regarding delays, cancellations and equipment changes; timely and courteous assistance for the disabled and unaccompanied children; and appropriate in-flight medical emergency assistance.

In addition to supporting passenger service the national aviation policy must address the needs of the air cargo industry. Canada does not have an existing or planned network of major air cargo hubs to support and boost high value exports and imports. Federal policies need to encourage the development of air cargo services. International agreements, investment incentives and policies that facilitate trade can all support the development of air cargo.

Federal policy and legislation must support the economic and social needs of B.C.'s rural and remote communities. Improving airline service to rural and smaller airports is a key priority. These communities rely on air services for medical evacuation and other emergency services; airports support forest fire bases that protect local, provincial and national resources. Tourism, particularly eco-tourism, skiing and recreational activities are supported by airports. Tourism is a \$1.9 billion industry in B.C. It directly employs almost 111,000 British Columbians and accounts for approximately one in every 13 jobs in the province. Tourism is the second-largest export industry in B.C., behind only forestry.⁹

Without adequate service, economic and social development in these smaller communities is threatened. Businesses require access to airline service to ship products, access manufactured parts, increase sales, and complete many more business functions. Individuals must be guaranteed access to emergency services as well as regular health care transportation.

Recommendation 6

B.C. recommends that the CTA require the Federal Minister to maintain a national aviation policy that includes a Passenger Bill of Rights. The aviation policy would address the need for rural and remote air access and support the development of tourism and air cargo service.

⁹ Source: Tourism BC, <http://www.tbc.gov.bc.ca/tourism/tourismhome.html>

7.2 REGIONAL AIRPORT VIABILITY

Under the 1994 National Airports Policy, British Columbia had eighteen regional/local airports identified for devolution; sixteen have been transferred to local operation.

Prior to devolution the federal government estimated that British Columbia's regional airports would lose approximately \$10.2 million in 1994/95¹⁰. According to Transport Canada's 1994 ten-year capital plan, the total capital requirement at British Columbia airports was estimated to be \$22.6 million¹¹ when the National Airports Policy was announced. These needs have been partly addressed by the Airports Capital Assistance Program (ACAP) and partly by the capital allocations in the airport transfer process. Capital requirements, particularly for expansion activities at regional airports, remain outstanding. More importantly, operating shortfalls remain a concern at a number of small airports.

The National Airports Policy concluded its transitional funding to devolved airports in April 2000. Now that this funding program is finished, concern is arising that airports will close in British Columbia, as the financial viability of the devolved facilities erodes, particularly if costs are imposed by new federal regulation. There is also a concern that the financial shortfalls at these airports have been shifted to local taxpayers when the responsibility for maintaining a network of airports that provides air access to all Canadians should rest with the federal government.

When airports were devolved by the federal government, standard sets of documentation and procedures were used in the transfer process. As most transfers have been completed problems with the "boiler plate" approach have emerged. For example, no provisions were made for training development or certification at regional airports in the transfer process. As experienced, Transport Canada-trained personnel move on or retire the development of new staff will need to be addressed. Given the complexity of environmental regulations on the

¹⁰ B.C. Ministry of Employment and Investment. *National Airports Policy: Overview and General Assessment*. September 1994. Table 1.

¹¹ Paul Levelton. *Summary, Airport Capital Financing Options*. KPMG. May 2, 1995.

operating side, for example, serious accidents increase in likelihood. Little provision has been made for airport planning or management. In addition, Transport Canada's "option to purchase" on airport transfer agreements has led to tenants being unable to secure financing for leasehold improvements, curtailing rather than enhancing new investment.

The Airports Capital Assistance Program is intended to address the capital needs at airports. This program has expanded only marginally as airports have been devolved across Canada, from a budget of approximately \$35 million to a current budget of \$39 million. In the meantime, demands on the program have expanded. The creation of Nunavut has expanded the needs for airport assistance in the north. The devolution process has also expanded the number of airports that rely on this program.

The prioritization for funding under the ACAP program has also raised concerns. Technically, ACAP funding can be used to expand facilities; however, Transport Canada does not consider this a priority. Consequently airports that could benefit by expanding into new markets, thereby increasing their economic viability, are prevented from doing so by a lack of funding.

The lack of strategic and business plans at some regional airports has also been identified as a concern¹². One of the methods of addressing the need for these plans at newly devolved airports would be to require plans prior to being eligible for ACAP funding.

The closure of regional airports would also have significant impacts on small airports. Small airports support many air services important to the entire aviation industry, despite not being part of the regional network of airports that have scheduled flights. Important services include pilot training, aircraft maintenance schools, aircraft repair and restoration, and basic air access for medivac and resource protection. The closure of any airport will result in negative economic impacts on both communities and the air industry.

¹² Intervista. **Getting the Facts: BC Regional Airport Viability Study. March, 2001.**

Regional airports are an important part of the transportation infrastructure for rural and remote communities. The merger of Canadian Airlines and Air Canada has affected the frequency of service and the number of seats available to regional airports. These impacts further challenge the financial viability of regional airports that rely on landing fees and passenger traffic to succeed. Regional airports that have fee structures based on landings have been hurt financially by the reduction in flights. Most airports have adjusted fee structures to passenger-based charges. This has mitigated some, but not all, of the impacts of reduced service. The cost of regional service remains high for consumers.

As part of the devolution process, safety standards at airports were reviewed. As a result of this review, airport fire fighting safety standards were redefined, generating a less costly requirement for emergency staffing and equipment. These lower costs made regional airports more attractive for transfer to local authorities. However, now that many of the facilities have been transferred, the federal government is reviewing safety requirements at airports with a view to increasing requirements. The cost of meeting these standards will now fall to devolved airports.

Strong criticism has been leveled at the federal process used to review changes in safety regulations. The process has not been transparent or clearly understood. The development of the regulations has not undergone a full cost benefit analysis of all tangible and intangible considerations. British Columbia supports implementing a new process for reviewing airport safety that is consultative, transparent and thorough. Any costs associated with changes to regulation must be completely covered by ongoing federal funding. The review of safety regulations must include an assessment of the cost imposed by those changes.

A number of regulatory changes, not including safety, have the ability to arbitrarily add cost to the operation and threaten the long term viability of regional airports. All future regulatory changes must be accompanied by the appropriate level of federal funding.

Recommendation 7

The federal government must remain accountable for airports and air services in Canada.

The following recommendations are made to this end:

- ***In consultation with provinces, territories and stakeholders, minimum levels of air access to all areas of Canada need to be established under the CTA.***
- ***The Airports Capital Assistance Program needs to be expanded.***
- ***Training standards, business planning and management development at regional airports should be federally supported; creating a requirement to meet these needs under the ACAP should be investigated.***
- ***All changes to federal regulation, including safety, must be appropriately supported by federal funding.***

British Columbia would like to point out that the constitutional responsibility for transportation remains with the federal government.

7.3 NATIONAL AIRPORTS

British Columbia has four national airports designated under the 1994 National Airports Policy. Airports in Vancouver, Victoria, Prince George and Kelowna are part of Canada's National Airports System. The transfer of Prince George airport to a Canadian airport authority has not yet been achieved.

National airports, as they are defined in current Transport Canada policy, are leased from the federal government. Lease arrangements are very cumbersome and inappropriate for small airports in the national system. These airports are not eligible for federal Airports Capital Assistance Program (ACAP) funds. As well, national airports are required to pay rent to Transport Canada, which remains the owner of the land and original infrastructure. By contrast, regional airports were transferred via a sale of land and facilities for \$1. With Transport Canada as landlord, land development at national airports is more complicated and requires federal approval, keeping Transport Canada involved in airport operations, contrary

to the intent of the national airports policy. Small national airports, therefore, have limited economic potential while at the same time being subject to rental payments to the federal government for their lease.

British Columbia supports a review of the classification of “national airports” under federal policy. Small national airports must have the ability to become viable. The transfer of ownership at small national airports should be undertaken as part of the review. The requirement for small national airports to operate as Canadian airport authorities, as defined in the current policy, must also be reviewed.

National airports pay fees under the terms of their ground lease agreements (e.g. Vancouver paid approximately \$60 million in 2000). The rationale for rental payments is based on the ability to pay rather than federal transportation policy. The result is inconsistency in ground leases across Canada and impeded expansion and development due to reduced availability of capital funding. Further, money collected by the federal government from national airports is not re-invested in the regional airports that feed national airports or any other Canadian air service.

Fees at national airports across Canada should be fairly and consistently assessed. There should be a cap on the amount of revenue that can be collected at all national airports.

Recommendation 8

British Columbia recommends that the classification of national airports as defined in the National Airports Policy be reviewed and that requirements for Canadian airport authorities be changed at small national airports. Larger national airports must have fair and consistent rents applied nationally and be subject to a cap on the amount of revenue that can be collected by the federal government.

7.4 TOURISM RELATED AIR SERVICES

Affordable, accessible and quality passenger and freight airline service is fundamental to the viability of the tourism industry in British Columbia and across Canada. The recent airline industry restructuring that resulted in a single dominant Canadian air carrier has created concerns that need to be addressed by the CTA.

- Data gathering and reporting to monitor the Canadian airline industry, including average fares and market shares, are required.
- The “rights of establishment” provision that restricts foreign carriers from establishing airlines in Canada must be revised.
- The continuation of regional services by the dominant carrier must be supported.
- The ability to regulate domestic airline pricing when there is insufficient competition needs to be reviewed.

An expanding market of knowledgeable travellers is looking for spectacular and authentic urban and nature experiences. The impacts of reductions in domestic capacity on tourism are primarily in regions “beyond-the-gateways”; this will have a significant effect on B.C.’s ability to remain competitive in the global market. Northern and remote areas of B.C., in particular, are subject to high air transportation costs, higher passenger fares, and may be particularly vulnerable to reduction or even cancellation of airline service in the future as a result of the restructuring of the airline industry.

Bilateral air services agreements should be revised to remove restrictions on foreign carriers servicing Canadian gateways and to increase access to “beyond-the-gateway” markets for foreign carriers. For the time being, Air Canada has agreed not to end service to regional communities for three years. However, when that period has ended, it would be reasonable to assume that some northern and remote communities will lose Air Canada services.

Decreases in connectivity or capacity of regional markets to main gateway airports may also result in greater difficulty attracting price-sensitive tourists to areas “beyond-the-gateway.” As well, to attract the non-auto traveller, there is a need to promote and enhance passenger transfer linkages between all modes of transportation including bus, air, ferry and rail. It

must be kept in mind that B.C. is emerging as a global destination for eco-tourism, which injected an estimated \$808 million into our economy in 1999¹³.

Air services for tourism means more than the ability of tourists to access markets. Air services also support tourism activities. The use of aircraft for viewing wildlife and marine mammals is becoming increasingly popular as a tourist activity. Tourism businesses have begun offering custom air tours, heli-hiking, heli-skiing and flight seeing vacations. However, this is a very new industry.

There is concern among wildlife managers, tour operators and outdoor recreation enthusiasts that flight seeing may be having a detrimental, if not irreversible, impact on marine mammals and wildlife populations. As a result of these concerns, the Ministry of Environment Lands and Parks is developing guidelines that regulate fly-over heights and seasonal restrictions on low-level fly-overs for certain species such as caribou and mountain goats. Cooperation and support from the federal government is fundamental to maintain appropriate protection.

Air safety requirements for these operations have also been raised as a concern. In addition to questions around regulation, there are concerns regarding enforcement in remote locations.

These new types of air services require careful management so that the benefits of tourism activity are balanced with the preservation of the very asset that makes them possible. The federal government has an important role in maintaining this balance, however a better understanding of the industry and its future are required. As a result British Columbia is recommending that this issue be included in a review of tourism-related air services.

¹³ BC Stats, Tourism BC <http://www.tbc.gov.bc.ca/tourism/tourismhome.html>

Recommendation 9

British Columbia recommends the CTA Panel support a review of tourism-related air services to ensure:

- ***regional air services to remote areas of B.C. will continue without interruption;***
- ***improved data gathering and reporting to monitor the Canadian airline industry, including average fares and market share, will be included in the national transportation data strategy;***
- ***the “rights of establishment” provision that enables foreign carriers to establish airlines in Canada is revised;***
- ***the ability to regulate domestic airline pricing when there is insufficient competition is reviewed;***
- ***flight seeing activities are safe; and***
- ***marine mammals and wildlife are protected.***

8 PORTS IN BRITISH COLUMBIA

8.1 MAJOR PORTS

British Columbia's major ports support a northern and a southern corridor across the province. The Lower Mainland Corridor includes the Vancouver Port Authority, the Fraser River Port Authority and the North Fraser Port Authority. The Northwest Corridor includes the deep sea ports of Stewart, Kitimat and Prince Rupert. It is the position of the Province of British Columbia that together these corridors comprise a transportation resource that serves to protect Canadian trade through the Pacific. Two full service corridors have the ability to ensure a secure route for Canadian trade is always available. Furthermore, as trade expands, a second Canadian corridor with available capacity provides an alternative to traffic moving south to U.S. ports.

On the southern corridor, the Lower Mainland ports have been successful in attracting trade from Canadian and international shippers. Over 100 million tonnes of cargo move through these ports every year. The ports handle cargoes ranging from bulk commodities, such as lumber, to containers and automobiles. However, success has been accompanied with challenges.

Congestion is affecting the ability of the port to operate at peak performance. A single rail bridge that services all rail carriers to Lower Mainland ports from the east is currently a serious bottleneck. The bridge is owned by the federal government. It requires significant capital investment to meet demand. In addition, road congestion around ports has also compromised port performance. However, no federal policy addresses port access, unlike the United States.

Competition from American West Coast ports such as Seattle-Tacoma, Portland and Long Beach is a major concern for B.C.'s southern ports. Canadian ports' ability to compete with other North American ports is affected by the operating environment dictated through legislation in each jurisdiction.

The expansion of infrastructure and technology to attract traffic is more difficult in Canada than at U.S. ports. This is important because the size of ships is increasing and the use of containers is expanding. In the U.S., investment in ports and the rail and highway networks that support them is viewed as a generator of economic activity. U.S. ports have the ability to raise investment capital and have significant federal and state government funding support. In Canada, port facilities are viewed as revenue generators. There are no funding programs to support access to ports. For example, the federal funding program for grade separations was phased out of existence several years ago. This provides American ports with a competitive advantage over Canadian ports.

In addition, U.S. ports are protected by federal legislation regarding to the amount of tax paid to state or municipal/regional levels of government. In Canada, tax rates are not regulated at ports. Therefore, a large tax burden can limit a port's ability to reinvest in infrastructure or expand.

Port and rail transportation has moved from a national undertaking to a North American industry. As a result, continental harmonization of operating costs and investment capital directly affects the ability of a port to be competitive.

Railway partnerships, with or without mergers, will contribute to greater accessibility to ports in competition with facilities in the Lower Mainland. The CTA needs to support east-west movement of Canadian goods and encourage strong port-rail linkages.

Recommendation 10

British Columbia recommends that the federal government adopt a policy to address port access at major ports. It is further recommended that taxation, stipends, dividends and similar payments be equalized with other North American ports to ensure Canadian ports have the ability to meet ongoing capital requirements and compete globally. The economic impact of using federal port revenues to invest in major port access needs to be assessed.

The national transportation policy should emphasize support for east-west movement of Canadian cargo to British Columbia ports.

8.2 NORTHWEST CORRIDOR

In the Northwest Corridor, an average of 18 million tonnes is shipped through the ports annually. In 1999, shipments declined approximately 10 percent and are expected to continue to come under pressure as coal mining in Tumbler Ridge comes to a close.

The Northwest Corridor is congestion free and is supported by excellent road and rail transportation. There is unused capacity at the facilities in this corridor. Ports and the railway operate at approximately twenty percent capacity. The proximity of these northern British Columbia ports to Pacific Rim markets and connections to North American rail and highway networks makes them an attractive location for shipping. The port facilities are capable of handling a wide range of commodities including coal, lumber, pulp, paper, fish, grains, copper concentrate, petrochemicals, aluminum, steel, and sulphur.

Recommendation 11

British Columbia supports the continued development and marketing of the Northwest Corridor. The CTA should incorporate policies that support the full utilization of this corridor and ensure it is protected as an important strategic transportation resource.

8.3 SMALL PORTS AND MARINE FACILITIES

Since 1995, federal marine policy has been eliminating the federal role in the provision of marine services, including the ownership and maintenance of ports and marine facilities.

Both the Department of Fisheries and Oceans (DFO) and Transport Canada have been divesting marine facilities throughout B.C. For example, the number of recreational harbours once operated by DFO has decreased by 36, a 55 percent reduction since 1995. Nationwide, the number of recreational harbours has decreased by 489 harbours (approximately

58 percent) over the same time period¹⁴. Transport Canada has devolved, or is in the process of devolving, 75 facilities in B.C. It is obvious that the federal marine policy has met with some success.

At the same time, the importance of marine facilities has increased, for the following reasons:

- The cruise ship industry, whale watching tours, eco-tourism, and fishing lodges increasingly rely on marine service support.
- Municipal legislation in B.C. has been changed to provide greater flexibility to local government for developing local resources that benefit from marine access.
- Primary resource economies have declined while the services sector of B.C.'s economy has been expanding; the service sector relies more heavily on these facilities.

Marine facilities provide communities with important opportunities for recreation, tourism, alternate transportation and emergency services. The federal government should not arbitrarily transfer the cost of maintaining these facilities to local taxpayers.

Recommendation 12

British Columbia recommends marine facilities be maintained by the federal government in order to support healthy local communities.

8.4 DREDGING

Just before the federal government created Canadian Port Authorities under the *Canada Marine Act*, the Canadian Coast Guard dropped responsibility for navigational dredging at ports. The annual in-fill of sediment makes dredging necessary for the operation of some ports.

¹⁴ Source: Transport Canada <http://www.tc.gc.ca/pol/en/anre1999/tc9910de.htm>

The Province has concerns that the Coast Guard abandonment of channel maintenance dredging may place some ports in the untenable situation of not being able to refuse responsibility, but not having the financial resources to undertake the work.

Dredging supports the operation of the port; however, it is also necessary for flood control and marine safety. Clearly, it is not the responsibility of the port to provide these services to the general public at their expense. Furthermore, British Columbia is concerned that there can be negative environmental impacts associated with dredging; the sustainability of the environment must be fully accounted for in undertaking these activities.

Recommendation 13

British Columbia recommends that the Canada Transportation Act and the Canada Marine Act clearly indicate that responsibilities for public services such as dredging are separate from the operations of port authorities. The full environmental impact of dredging must be accounted for when it is undertaken.

9 NAVIGABLE WATERS

In British Columbia, provision of an efficient and effective transportation system often involves construction, rehabilitation or replacement of bridges spanning lakes and rivers.

Some of these structures span navigable waters. In order to conduct works over navigable waters, federal legislation requires that the Minister responsible for the *Navigable Waters Protection Act* (the Minister responsible for Fisheries and Oceans) approve “all work to be built, placed in, on, over, under, through or across any navigable waters.”

Navigable waters are defined to “include a canal and any other body created or altered as a result of the construction of any work.” However, the significance of each waterway in relation to volume and type of marine traffic is not considered. For each crossing in British Columbia, maximum clearance and channel depth are applied. As a result, the Ministry of Fisheries and Oceans has a significant impact on the cost of bridge construction in British Columbia.

Increased construction costs impact planning, design, delivery and affordability of bridge projects across the province, often delaying much needed investments and offsetting others.

Recommendation 14

British Columbia recommends the CTA Review Panel propose the Navigable Waters Protection Act be modified to promote a process where the significance of navigable waters is assessed to determine a cost-effective approach to crossings of navigable water.

10 RAIL

In addition to the Provincial submission on rail competition, British Columbia would like to raise the following issues.

10.1 PASSENGER RAIL POLICY

The CTA does not adequately address passenger rail services. Furthermore, most federal policy on passenger rail has been developed in the context of VIA Rail. This has left a policy gap on other passenger rail services in Canada.

Besides VIA Rail, there are several passenger rail services operating in British Columbia. These include the Rocky Mountaineer service between Vancouver and Calgary, Amtrak service from Seattle, British Columbia Rail passenger services to Prince George, as well as the Pacific Wilderness Railway service on Vancouver Island.

Federal legislation needs to clarify how passenger rail services are governed in Canada. Policy on passenger rail service is required to support strong scheduled passenger service while promoting private excursion services in Canada. There is strong tourism potential for rail in British Columbia. The success of the Rocky Mountaineer is one example; however, many opportunities for tourist-based rail passenger services exist in British Columbia. Some of this potential is in intermodal combinations of tourist travel. There could also be a future in combined scheduled and unscheduled passenger rail service. However, strong policies are required to capitalize on these opportunities.

Recommendation 15

British Columbia recommends that passenger rail legislation and policy be clearly delineated in the CTA.

10.2 SUBSIDIZED SCHEDULED PASSENGER SERVICE

Regular year round scheduled passenger services throughout the world are subsidized. They are operated as a public benefit and address a number of contemporary challenges including assisting regional economic and social development (e.g. access to rural communities), inter-city transportation, urban and regional growth management, greenhouse gas reductions, alleviating road system congestion, and provision of mobility for diverse purposes.

In British Columbia, Amtrak passenger rail service between Vancouver and Seattle across the international border provides a viable alternative to the automobile, reduces congestion at border crossings, and brings international visitors to Canada on a daily basis. Expanded Amtrak passenger rail service in this highly congested corridor is currently constrained by a lack of funding and a lack of legislation and policy support for transborder north-south passenger rail service. Support in this area would help facilitate expanded passenger rail service in the corridor.

Likewise, VIA Rail service in B.C. provides fundamental access to rural communities in the north, to the urban Lower Mainland, and on Vancouver Island. B.C. is concerned that the Province's VIA Rail services be treated equitably to those of the rest of Canada, including Central Canada. Modernization of equipment, improved scheduling and effective marketing of VIA Rail's services will result in lower operating costs, higher usage and increased revenues. This benefits B.C.'s travelers and inter-regional and inter-city access.

Recommendation 16

British Columbia recommends that federal policies on subsidized passenger service require equitable service and funding across provinces, territories and international boundaries.

10.3 BRITISH COLUMBIA'S GRAIN USERS

In its December 2000 Rail Submission to the Review Panel, the Ministry of Transportation and Highways requested amendments to the CTA in order to ensure that British Columbia's

feed grain users are treated in an equitable manner. The subject is of sufficient importance to the Province and stakeholders that it is again included in the Province's interim submission to the Review Panel.

Since 1995, the Province and the British Columbia livestock feeding industry have been asking federal Agriculture and Transport Ministers to end the discrimination against British Columbia's feed grain users by extending the maximum rate scale provisions of the CTA to the carriage of grain into British Columbia for domestic use.

There is a significant differential between export and domestic rates that is not justified by a similar differential in cost. Recent changes to the CTA regarding grain shipments require railways to significantly reduce export grain freight rates. However, the federal government has extended no rate protection whatsoever to users of prairie feed grains in British Columbia. Without regulation of domestic movements into British Columbia, the differential between these export rates and domestic rates will increase significantly.

With the recent changes to the CTA, the federal government is continuing to regulate all grain shipments eastward by rail including grain bound for eastern Canadian domestic markets as well as western shipments for export. The legislation is discriminating against, and effectively imposing a levy restricting inter-provincial trade in, feed grains for use in British Columbia. The Province believes that this is contrary to the principles of the Agreement on Internal Trade.

Further amendments to the CTA are required to ensure equity for British Columbia users of prairie feed grains and to end the discrimination against value-added agri-food production in British Columbia.

Recommendation 17

British Columbia recommends that the CTA apply a revenue cap that treats all Canadian grain users equally.

11 NATIONAL HIGHWAYS

11.1 NATIONAL HIGHWAY SYSTEM

Each year international trade grows in importance to the economies of British Columbia and Canada. British Columbia's natural ports, its geographic location and supporting transportation infrastructure provide excellent access to North American and Pacific Rim markets. British Columbia's transportation sector has aggressively and successfully marketed its facilities and intermodal links in the very competitive domestic and international shipping industries.

Canada's National Highway System (NHS) is an important component of British Columbia's infrastructure. However, the provincial budget has not been able to keep pace with the intermodal demand at gateways. Spending by the federal government on British Columbia's portion of the NHS has been negligible in recent years. The CTA needs to support coordinated spending on the NHS and distribute this spending equitably across all provinces and territories.

Between 1987 and 1992, federal, provincial and territorial governments defined Canada's NHS. A total of 24,449 km of existing routes were identified as facilitating interprovincial and international trade and travel. British Columbia has 4,525 km (18.5 percent) of the NHS. According to the national standards developed for the NHS, British Columbia requires \$2.94 billion in improvements to its portion of the NHS¹⁵.

One of the goals of the National Highway Policy was agreement on a funding formula for federal and provincial cost-sharing on the highway system. To date, a funding formula for the NHS has not been established.

¹⁵ National Highway Policy Update Project Steering Committee. *The National Highway System: Condition and Investment Needs Update 1997*. September, 1998. P.28.

The current review of the CTA provides an excellent opportunity to incorporate a national highway policy into the Act. A national highway component in the Act would require consistency with the principles of a National Transportation Policy and a national transportation investment strategy. The cost-sharing of highway expenditures between governments would also need to be incorporated into a national investment strategy.

The federal government has long under-financed British Columbia's portion of the NHS. During the period 1987/88 to 1999/2000, Transport Canada (TC) invested \$52 million in British Columbia highways. This amounted to 2.7 percent of TC highway expenditures nationwide. British Columbia invested \$1.2 billion on its highways in 1999/2000 alone. Annual federal fuel tax revenues in British Columbia are approximately \$700 million/year.

No new federal highway funds will be available to British Columbia until 2002/03 as part of the recently announced Federal Infrastructure Program¹⁶. Even then, the federal portion of this cost-shared program will not exceed \$20 million per year for four years.

The federal government's reluctance to contribute to a coordinated highway funding strategy may have a negative impact on British Columbia's competitiveness in the intermodal shipping industry. A potential result is increased transportation and final product costs for all Canadian industries competing in global markets accessed through British Columbia. In addition, the result of federal reluctance to invest in British Columbia's portion of the NHS may be exacerbated by developments in the U.S. and other G7 countries.

Canada is the only G7 nation that does not have a national highway investment program. The U.S. will invest \$177 billion in its highway infrastructure over the next six years (a further \$41 billion is allocated to infrastructure for other modes). U.S. shippers and ports are the primary competition for the Canadian and British Columbian transportation sectors. Given that Canadian and American businesses have the choice of importing and exporting through either Canadian or American transportation infrastructure, an improvement in

¹⁶ "Highways Take a Back Seat". Canadian Corporate News. February 28, 2000.

American highway accessibility coupled with continued under-funding of the British Columbia's portion of the NHS could result in direct economic losses for the British Columbia and, by extension, Canadian economies. A program that supports investment in highway infrastructure at border crossings can be integrated with American funding programs. Joint planning and implementation will create efficiencies on both sides of the border.

Recommendation 18

The National Transportation Policy (Section 5 of the Act) should be expanded to include a federal role in support of highways.

11.2 NATIONAL HIGHWAY SYSTEM – FERRY ROUTES

Across Canada, the National Highway System has a number of locations that are covered by ferry routes. Ferry services have been financially supported by the federal government as a confirmation of support for coastal communities. Maintaining transportation links to all provinces and territories, particularly capital cities, is a priority. However the financial support for ferry services on the national highway system are not consistent. BC Ferries receives a far smaller contribution than services provided in Atlantic Canada.

Recommendation 19

Ferry routes on the national highway system should be provided a consistent level of financial support across Canada and be recognized as an important link to communities.

11.3 INTELLIGENT TRANSPORTATION SYSTEMS

Intelligent transportation systems (ITS) have the ability to increase the efficiency of transportation infrastructure and travel. The application of ITS takes on various forms. For example, ITS can:

- Collect and transmit information on traffic conditions and transit schedules for travellers before and during their trips. Alerted to bad weather, hazards and delays, travellers can change their plans to minimize risk, inconvenience and additional strain on the system.
- Decrease congestion by reducing the number of traffic incidents, clearing them more quickly when they occur and rerouting traffic flow around them.
- Automatically collect tolls.
- Improve the productivity of commercial, transit, and public fleets by using automated tracking, dispatch and load monitoring.
- Speed vehicles through regulatory and safety processes through weigh-in-motion and automatic-vehicle-identification systems.
- Assist drivers in reaching a desired destination with navigation systems enhanced with pathfinding or route guidance.

As transportation technology applications grow it becomes increasingly important to develop protocols that create standards for technology. For example, the lack of an established standard on vehicle transponders in the United States meant that two competing technologies developed; the equivalent of Beta and VHS technology in VCRs. Over time the technology was made compatible. However, in the meantime, users made risky (if they bought one) or expensive (if they bought two) choices. Without protocols and standards, losses are incurred by those who buy the system that does not prevail and by those who choose to wait. This effect has an overall reduction in transportation efficiency.

In October 2000, the federal government released an ITS architecture protocol. The objective of the architecture is to ensure systems can be used “interoperably.” This means that all technology applications can be used amongst each other.

However, no incentive exists to support compliance with the architecture protocol. In the U.S., this problem has been addressed by linking deployment funding for ITS to compliance with the architecture. In other words, there is no financial support from government for ITS

that does not respect national protocols and standards. This protects the integrity of the architecture and reduces the need to audit for compliance.

Establishing a role for the Transport Minister to set architecture protocols for ITS interoperability under the CTA would have several benefits:

- It would provide a legal foundation for linking the ITS protocol to transportation funding.
- As federal legislation, it would ensure a national application of ITS protocol between all provinces and territories.
- It would assist in the development of trade corridors and promote trade mobility.
- It would support private sector development and investment in Canadian transportation technology.

ITS has excellent prospects for increasing intermodal efficiency. Since federal legislation needs to move away from modally specific approaches, incorporating ITS will support both an integrated transportation network and the deployment necessary to make it a reality.

Recommendation 20

British Columbia recommends that the CTA give the Transport Minister a role in establishing ITS architecture protocols. The legislation should be drafted to ensure that deployment funding could be contingent on meeting ITS architecture protocols.

12 ELECTRONIC COMMERCE

Although the high technology industry currently generates only 3 percent of the province's gross domestic product, it is growing at approximately twenty times the provincial average¹⁷. Employment in British Columbia's high technology sector grew 10 percent in 1999 when all other industries grew by 0.1 percent.

The impact of electronic commerce on the demand for transportation services will be significant. The commerce conducted electronically will be supported by the transportation system. Transportation service providers, logistics and warehousing will all be affected by the speed and convenience of electronic commerce.

British Columbia has a very strong transportation technology sector that is growing rapidly. Two Internet companies, Worldbid.com in British Columbia and Freightquote.com in the U.S., recently signed a strategic agreement to provide online freight services across North America. These services incorporate real-time shipping quotes, automated documents and traffic management. The digital economy will affect both the demand for transportation and how it is delivered.

Recommendation 21

British Columbia recommends the demands of the digital economy be reflected in transportation policy and legislation. A process for monitoring the impact of electronic commerce on transportation demand should be incorporated into federal policy analysis and development.

¹⁷ Martin Monkman. Profile of the British Columbia High Technology Sector, 2000 Edition. BC Stats. June 2000. P. iii.

13 TRANSPORTATION AND A SUSTAINABLE ENVIRONMENT

Transportation's share of greenhouse gas emissions has been calculated to be 27 percent of total greenhouse gas emissions in Canada¹⁸. In British Columbia, transportation emissions represent 42 percent of total emissions and this is expected to rise to 50 percent in the next few years. Clearly the status quo cannot be maintained.

British Columbia believes part of the solution to sustainable transportation can be achieved through vehicle efficiency. Since Canada is part of the much larger North American market, it is necessary to develop continental standards. British Columbia therefore supports a U.S./Canada review of corporate average fuel economy (CAFÉ) standards.

Innovation in technology will also be part of the solution to sustainable transportation. Federal support for developments in Ballard fuel cell technology will help promote the adoption of the technology and its application in public transit systems.

Sustainable transportation will be achieved through a variety of changes, behavioral, cultural, technical and regulatory. B.C. believes a balance of these approaches will be required. However, better information is needed to determine the most effective tools and applications.

Greater analysis of environmental impacts is required to guide transportation policy and investment decisions for transportation.

Full cost accounting that captures external cost needs to be developed and endorsed for each transportation mode and combination of transportation modes. This analysis needs to capture all environmental impacts including air emissions, wildlife, habitat, wetlands, marine life, etc.

¹⁸ **Transportation Table: National Climate Change Process. Foundation Paper on Climate Change. December 1998. P. 5.**

Baseline data is required on the overall system efficiency of modes so that the impact of expanding infrastructure on demand can be measured. This will provide the ability to incorporate environmental considerations into transportation policies, legislation and investment.

Recommendation 22

British Columbia recommends that the Federal Minister make policies and investments that support behavioral, cultural, technical and regulatory changes that ensure environmental sustainability; and further, that national data standards are established for monitoring transportation sustainability.

14 CONCLUSION

British Columbia makes the following recommendations to the Canada Transportation Act Review Panel.

Recommendation 1

British Columbia supports the incorporation of a vision in the national transportation policy of Canada.

Recommendation 2

British Columbia recommends that revisions be made to the national transportation policy.

These include changes that reflect the:

- integration of modal transportation into multi-modal networks;
- need for levels of transportation investment equivalent to those of our trading partners so as to remain globally competitive;
- impact of free trade on transportation patterns;
- importance of transportation investment to economic development;
- need for a consistent policy on rents and fees on federal land;
- long term needs for environmentally sustainable transportation;
- need for accessibility to be included in all transportation policies and legislation;
- needs of transportation consumers; and
- unique position of rural communities as well as the need to balance urban and rural transportation needs fairly.

Recommendation 3

British Columbia recommends that a national transportation policy be supported by a national transportation investment strategy that outlines:

- roles of governments in the provision and maintenance of public infrastructure;
- appropriate revenue streams for public investment by governments;
- funding linkages to policy and legislation;

- equitable funding between provinces/territories and transportation modes;
- how transportation revenues and expenditures are balanced; and
- provisions for long term sustainability of operating and capital transportation costs.

Recommendation 4

British Columbia recommends that a national transportation data strategy be established in legislation and that the federal government provide the financial support and legal ability to gather, manage and disseminate transportation data.

Recommendation 5

British Columbia recommends the Canada Transportation Act ensure the integration of transportation policy and planning by all levels of government; that unique urban needs are addressed by national policy and investments; and that urban transportation corridors are protected from segmentation and development.

Recommendation 6

B.C. recommends that the CTA require the Federal Minister to maintain a national aviation policy that includes a Passenger Bill of Rights. The aviation policy would address the need for rural and remote air access and support the development of tourism and air cargo service.

Recommendation 7

The federal government must remain accountable for airports and air services in Canada.

The following recommendations are made to this end:

- In consultation with provinces, territories and stakeholders, minimum levels of air access to all areas of Canada need to be established under the CTA.
- The Airports Capital Assistance Program needs to be expanded.
- Training standards, business planning and management development at regional airports should be federally supported; creating a requirement to meet these needs under the ACAP should be investigated.
- All changes to federal regulation, including safety, must be appropriately supported by federal funding.

Recommendation 8

British Columbia recommends that the classification of national airports as defined in the National Airports Policy be reviewed and that requirements for Canadian airport authorities be changed at small national airports. Larger national airports must have fair and consistent rents applied nationally and be subject to a cap on the amount of revenue that can be collected by the federal government.

Recommendation 9

British Columbia recommends the CTA Panel support a review of tourism-related air services to ensure:

- regional air services to remote areas of B.C. will continue without interruption;
- improved data gathering and reporting to monitor the Canadian airline industry, including average fares and market share, will be included in the national transportation data strategy;
- the “rights of establishment” provision that enables foreign carriers to establish airlines in Canada is revised;
- the ability to regulate domestic airline pricing when there is insufficient competition is reviewed;
- flight seeing activities are safe; and
- marine mammals and wildlife are protected.

Recommendation 10

British Columbia recommends that the federal government adopt a policy to address port access at major ports. It is further recommended that taxation, stipends, dividends and similar payments be equalized with other North American ports to ensure ports have the ability to meet ongoing capital requirements and compete globally. The economic impact of using federal port revenues to invest in major port access needs to be assessed.

The national transportation policy should emphasize support for east-west movement of Canadian cargo to British Columbia ports.

Recommendation 11

British Columbia supports the continued development and marketing of the Northwest Corridor. The CTA should incorporate policies that support the full utilization of this corridor and ensure it is protected as an important strategic transportation resource.

Recommendation 12

British Columbia recommends marine facilities be maintained by the federal government in order to support healthy local communities.

Recommendation 13

British Columbia recommends that the *Canada Transportation Act* and the *Canada Marine Act* clearly indicate that responsibilities for public services such as dredging are separate from the operations of port authorities. The full environmental impact of dredging must be accounted for when it is undertaken.

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Recommendation 15

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Recommendation 20

British Columbia recommends that the CTA give the Transport Minister a role in establishing ITS architecture protocols. The legislation should be drafted to ensure that deployment funding could be contingent on meeting ITS architecture protocols.

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British Columbia recommends the demands of the digital economy be reflected in transportation policy and legislation. A process for monitoring the impact of electronic commerce on transportation demand should be incorporated into federal policy analysis and development.

Recommendation 22

British Columbia recommends that the Federal Minister make policies and investments that support behavioral, cultural, technical and regulatory changes that ensure environmental sustainability; and further, that national data standards are established for monitoring transportation sustainability.