

Macro Trends - Transport Impacts

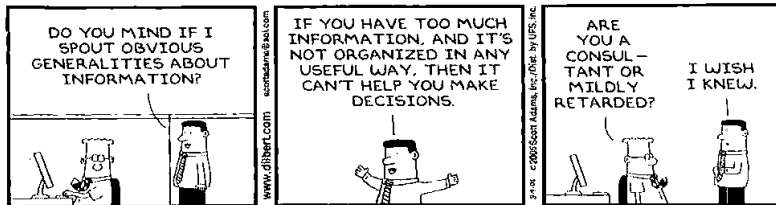
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Major Transport Themes

- 1) A common vision based on emerging trends and real needs;
- 2) Increased transport productivity and competitiveness to promote growth;
- 3) Investments in strategic areas; and
- 4) A more reliable door-to-door transport system for both freight and passengers.

What are the trends?

What should governments do?



Macro Trends

- Ongoing shift of the economic centre of gravity to Asia
- Slow leveling off of world population at 9 billion
- Globally, over 50% living in urban areas and in Asia
- Reduced poverty and increased consumer purchasing in Asia
- Latin America and Africa lag behind Asian development
- Relative decline of economic and political clout of North America and Europe



Implications for Canada

- Too much dependence on the US; overlooking potential in Asian markets
 - Exception is the resource sector
- Hollowing out of industry
 - Low investment in R&D
 - Few international giants and brands
- Too much focus on the resource industry and rural areas
- Shift of Canadian population to urban centres, Ontario, and the West
- Similar shift in representation in the House of Commons
 - 67 % of seats will be from Ontario, Alberta and BC by 2030

Transport Implications

- Transport is a highly productive sector; historically it has been an engine for economic growth
- 1986-2005: transport productivity averaged 2-3% growth per year, versus minus 1% in overall economic productivity
- Rail and truck outperform others; rail passenger and urban transit rank last
- Most growth is in urban areas and the West (ports, airports, rail)
- Bottlenecks continue to grow and plague major corridors and urban areas

Transport Policy Needs

Transport policy should support the need in Canada for more urban-centred, non-resource growth and diversified trade with Asia

Six main areas requiring policy focus:

- 1) Urban Transport
- 2) Intercity Highways
- 3) Intercity Bus
- 4) Rail Passenger
- 5) Air transportation
- 6) Cross Borders and Gateways

Transport Policy Needs

1) Urban Transport

- Give municipalities adequate and stable revenues
- Let municipalities manage most infrastructure needs
- Federal government should focus only on major urban transit systems and only in cities of over 250,000 residents

2) Intercity Highways

- Establish and Invest in a Highway Trust Fund

Transport Policy Needs

3) Intercity Bus

- The neglected mode
- Deregulate; open up all routes to new operators
- Tax and direct capital assistance

4) Rail Passenger

- Break up and commercialize VIA Rail
- Private sector investment in transcon tourist services
- Dedicated federal-provincial company for corridors with urban transit – intercity bus – airport links
- Higher speed rail for the Corridor; true high-speed is unrealistic

Transport Policy Needs

5) Air

- International Open Skies agreements for passenger and cargo
- Eliminate ownership restrictions; allow mergers
- Deal with air sector financial burden of over \$ 1 billion

6) Cross-Border and Gateways

- Continue with Gateway efforts
- Work towards Perimeter Security with the US

Conclusion

- Need to shift primary focus to urban centres and Asia
- Harness transport as an engine for growth again by implementing proposals on:
 - 1) Urban Transit
 - 2) Highway Trust Fund
 - 3) Bus renewal
 - 4) VIA Commercialization
 - 5) International Air and Tax Burden
 - 6) Cross-Border and Gateway efforts
- Ambitious but achievable; has been done before when all stakeholders support and assist
- It is affordable: P3, user charges, fuel taxes and re-allocations