



# Staying ahead of the Curve: Public Policy Choices for the Future

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# Staying ahead of the Curve: Public Policy Choices for the Future

- Predicting transportation system requirements is becoming increasingly complicated by shifts in global trade patterns, changes in technology and environmental factors.
- Today, both global **marketplace integration and world trade** are now driving the distribution of economic activity and supporting transportation networks.
- Staying ahead of the curve – requires us to examine macro-economic trends and patterns in national and regional economies, commodities and currency exchanges in order to provide good public policy advice.
- In an increasingly connected world, the key for governments will be an integrated approach to ***physical and policy infrastructure***.



# Key Driver: *Globalization*

- Emergence of complex, integrated Global Value Chains.
  - Driven by businesses taking advantage of lower trade barriers and the power of IT applications to distribute production around the world through
  - Use of outsourcing and off-shoring to maximize efficiency and reduce production costs.
- While Canada's major trading partner is and will continue to be the United States, Asia-Pacific trade has grown steadily.
- In addition to China, other emerging markets such as Brazil, Russia, and India are also presenting significant new trade opportunities and competition for Canada.
  - Growing demand for commodities fueling increases in commodity prices.
  - Impact on transportation system is complex (e.g. higher oil prices have a dampening effect on imports, but increasing demand for Canadian bulk resources).
- ❖ How Canada responds could have significant implications for the future prosperity of all Canadians.

The *National Policy Framework for Strategic Gateways and Trade Corridors* is a significant new policy to help align Canada's transportation infrastructure with new trade patterns and international commerce strategies:

- Asia-Pacific Gateway and Corridor Initiative,
- Ontario-Quebec Continental Gateway, and
- Atlantic Gateway.

Ongoing search for productivity improvements driving innovation to further lower transportation costs.



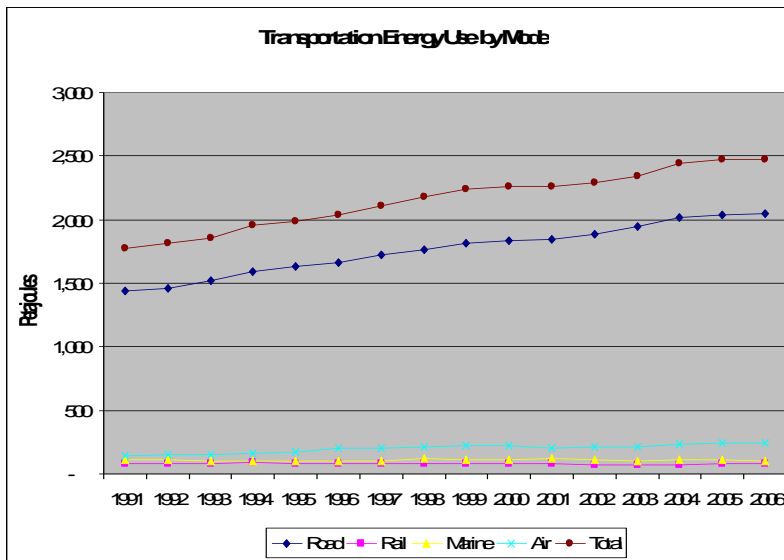
# Canada's Intermodal System: Reaching into North America's Heartland



# Key Driver: *The Environment*

- Transportation accounts for approximately 25% of total greenhouse gas emissions and has impacts on air, water, and land quality.
- Done well in decreasing the intensity of fuel use, but environmental dividends remain elusive as a result of congestion and increase use.

• With key initiatives such as the ecoTRANSPORT Strategy and the country's first motor vehicle fuel consumption regulations for light duty vehicles, the government is providing real leadership in fostering clean transportation.



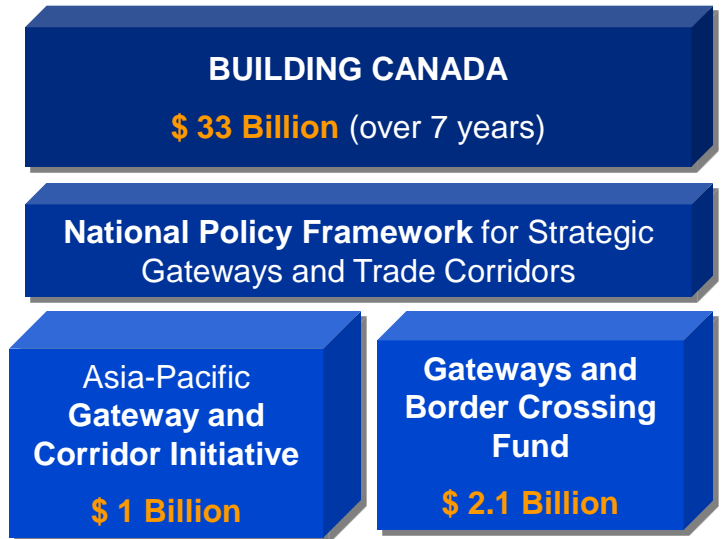
- Traffic management technologies and road pricing systems can produce meaningful effects on vehicle emissions, congestion, and assist with the public costs of infrastructure.
- Other policy options like emissions trading (Cap-and-Trade) and carbon taxes becoming more attractive.

Price of oil signaling need for innovative/technological solutions to vehicle fuel efficiency.



# Key Driver: Transportation Infrastructure

- Value of all roads and highways in Canada is estimated at \$170 billion and average age is 53 percent of its useful life.
- It's expected that alternative financing options for major infrastructure investments will grow in popularity.
  - PPP Canada Inc.
  - \$1.25 billion Public-Private Partnership Fund



- Canada's transportation infrastructure will continue having to adapt to new trade realities, notably trade with Asia-Pacific and other emerging economies.

Availability of mature Intelligent Transportation Systems technology providing opportunity for innovative funding arrangements (e.g. "user pay" models).



# Key Questions

- How to come to terms with governance and infrastructure funding requirements (both increased capacity as well and replacement/maintenance costs)?
- What are the opportunities to Green transportation policy in Canada?
- What other trends/impacts do we need to be mindful of?

