

TRANSPORTATION BULLETIN

May 2004

PRESENTATION BY HON. TONY VALERI, MINISTER OF TRANSPORT TO McMILLAN BINCH LLP

On April 23, 2004, Minister Valeri delivered a presentation to McMillan Binch LLP, its clients, and its friends as part of a roundtable discussion on marine-related issues. This event provided a constructive environment to discuss the challenges and opportunities of shortsea shipping, marine transportation infrastructure, coast guard restructuring, and the status of various other marine-related projects, including ISPS Code implementation. The following comments were made by Minister Valeri during his presentation.

“Good afternoon. Thank you for inviting me to meet with you and providing me with this excellent opportunity to hear the views of so many major marine stakeholders. Geography has endowed Canada with great natural assets and Canadians have built on those assets to develop a mature and robust transportation infrastructure that enhances our competitive position. We need to do more. We need to look for opportunities to leverage our geographic position from a logistics perspective.

I see our transportation sector as a powerful economic enabler to help us succeed in the world and to help the government meet its broad objectives. To tap into this potential, transportation policy must be founded on four pillars:

- a market driven policy framework;
- a multimodal infrastructure strategy;
- an efficient and secure trade corridor policy; and
- research and development, to support transportation innovation.

Fundamentally, I think the role of government is to create the conditions for industry – the service and infrastructure providers – to grow and become more competitive so they can provide affordable choices to consumers.

In the marine sector, we need to provide greater flexibility and more economic opportunities for the industry and port authorities in particular. Ports have told us that it is a challenge for them to raise capital. That they need better mechanisms to do it. We also need to make strategic investments in key intermodal linkages and look at options for governance of federally provided marine services. And clearly, we need to explore further opportunities to work jointly with our US counterparts to make sure that we are using the Seaway to its maximum potential for inland navigation.

Last year, an independent panel produced a report that was tabled in Parliament on a review of the *Canada Marine Act*. Transport Canada officials are looking at infrastructure and financing, major concerns of the ports community, as part of their review of that report. The marine industry is evolving quickly and the issues – security, infrastructure, financing – that have come forward are complex and have an impact beyond just the marine sector alone. The department has commissioned a study from KPMG to assess and compare infrastructure investment issues, including the use of various financing instruments, for selected Canadian and United States ports, and their implications for port competitiveness. An interim report has been received from the consultant and a final report is expected in May 2004.

Another challenge relates to the St. Lawrence Seaway system. The Seaway infrastructure is aging and will require more maintenance. And maintenance costs are rising. But it is worth preserving – for the sake of our economy and the

environment. That is why Transport Canada has signed a memorandum of cooperation with the US Department of Transportation to carry out a comprehensive study of the future infrastructure needs of the navigation system. Industry support is important to the success of this process.

Turning to the second pillar, a multimodal infrastructure strategy. This strategy would certainly encourage better connections between modes and is fundamental to our success, particularly in the context of an integrated North American market. We all recognize that a productive and competitive economy requires more coordination and integration between the modes. At present, strategic alliances between modes are still the exception rather than the rule. Our consultations in the West and across the country, have shown us that market-driven modal integration is working well, but there may be a need to work on coordination among governments and between government and the private sector.

As an example of this, shortsea shipping – the movement of people and goods by water over relatively short distances – is an old idea that's being looked at in a new perspective these days. It, in fact, could help increase the overall efficiency of the North American transportation system. Transport Canada is following up on the results of a series of workshops held last fall to raise awareness and identify opportunities and challenges for shortsea shipping. And I will be watching closely to see how the new ferry service between Toronto and Rochester, to be introduced this spring, succeeds and its impact on reducing congestion on the 401 and the QEW in southern Ontario.

One of the key challenges facing the marine mode today is certainly the security of marine transportation. And there are two drivers behind this – the need to protect people and property in the new security environment and the need to ensure that security questions do not impede Canada's ability to compete and grow through maritime trade.

We have already made substantial progress on strengthening marine security. As you know, last year we committed up to \$172.5 million to further enhance marine security. In addition, Canada is moving forward on implementing the new requirements of the International Maritime Organization for security plans for commercial vessels and the ports they visit.

Of course, another pivotal issue you have identified in the context of new security requirements is the question of financial assistance from the Government of Canada to help you meet various new requirements. The proposed Public Safety Act has been reintroduced in Parliament and is now before the Senate. This Act would give us the legislative authority to make contributions or grants that will enhance security on vessels or at marine facilities.

I believe our transportation sector is key to building the economy of the 21st century, strengthening our social foundations and enhancing Canada's place in the world. Transportation is a key economic enabler and we need to focus on some new directions to tap the potential of this sector. How? By creating the conditions for more affordable transportation choices for consumers. By encouraging strategic investments to alleviate congestion in our urban areas. By creating efficient and secure trade corridors, and by investing in skills and R&D to support innovation.

In closing, I would like to commend the marine industry for the willingness it has shown to participate with Transport Canada in many recent initiatives, including the marine benefits study, the shortsea workshops, and the *Canada Marine Act* review. We all need to work together to allow our transportation system to capitalize on new opportunities and to meet any competitiveness challenges in the North American marketplace – and beyond.”

The foregoing provides only an overview. Readers are cautioned against making any decisions based on this material alone. Rather, a qualified lawyer should be consulted.

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