FINAL REPORT

of the

TRANSPORTATION POLICY HARMONIZATION TASK FORCE

to the

TAC MULTI-MODAL COUNCIL

October 27, 1997

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INTRODUCTION

TAC VISION

In 1993, the TAC Board of Directors prepared and endorsed ***A VISION FOR CANADIAN TRANSPORTATION IN 2003***, designed to enhance Canada's competitiveness in the face of rapidly changing continental and global economies. The vision states:

Canada's economy and society are strengthened by a responsive, progressive and competitive transportation system, geared to the needs of shippers and passengers and operated as a sustainable, seamless network providing quality, efficient and affordable services.

The vision is supported by 19 elements. In terms of policy, Vision Element #7 states:

Transportation responsibilities and policies of all levels of government are coordinated and harmonized, for both developed and remote regions of Canada and are consistent with the policies of major trading partners. This supports trade, avoids undue costs to carriers, shippers, and users, and helps improve capital and labour productivity.

PROJECT GOAL AND OBJECTIVES

In October, 1995 the TAC Board approved a three year Multi-Modal Council work program, the overall purpose of which is to work toward achieving the TAC vision. The program consists of several projects, each aimed at one aspect of the vision.

The Transportation Policy Harmonization Project addresses Vision Element #7. Its ***goal*** is *to* ***improve transportation policy harmonization among governments***. Its ***objectives*** are:

a. ***to identify a "long list" of harmonization issues (eg: conflicts and/or inconsistencies in policies, taxation, regulations, standards and practices);***
b. ***to reduce the "long list" to a "short list" of issues suitable for TAC initiatives; and***
c. ***to develop and implement action plans for "short list" items as appropriate.***

PROJECT HISTORY

In February 1996 the Task Force prepared a ***Draft #1 Transportation Policy Harmonization DISCUSSION PAPER***. It proposed four principles which should guide the development and implementation of harmonized, integrated transportation policy in Canada. It also presented a preliminary "long list" of 24 harmonization issues.

In March, 1996 the *Draft #1 DISCUSSION PAPER* was circulated for review and comment to all members of TAC's five councils (Multi-Modal, Urban, Environment, Research & Development and Chief Engineers), the three Multi-Modal Council standing committees, and the CCMTA Board of Directors. By the end of 1996, responses had been received from 37 individuals, and the candidate "long list" of harmonization issues increased to 34. Those results were presented in the ***Draft #2 Transportation Policy Harmonization DISCUSSION PAPER*** of March, 1997.

In April 1997, the Task Force developed a list of five criteria to be used in reducing the "long list" of issues to a "short list". Those criteria were:

1) The issue is of national importance (ie: it affects most jurisdictions).

2) The issue is relevant to more than one mode of transportation.
3) Resolution of the issue would be of significant value to trade, tourism or the mobility of people.
4) Resolution of the issue would advance TAC's VISION FOR CANADIAN TRANSPORTATION IN 2003.
5) The issue is not being adequately addressed by anyone at present.

Using these criteria and a point system, the 34 "long list" issues were reduced to a priority "short list" of 12.

PRIORITY	HARMONIZATION ISSUE*	POINTS
1	Multi-Modal Transportation Taxation	30
2	Cross Jurisdictional Transportation Planning	25
3	Multi-Modal User Pay	24
4	Intermodal Passenger Transportation Integration	22
5	Sustainable Transportation	12
6	Investment Decision Making	11
7	Environmental Protection	7
8	Cost Transparency	6
8	National Commercial Vehicle Data Base	6
9	Commercialization / Privatization	5
10	Airport Land Use	3
none	Urban Truck Routes	0

The four policy harmonization principles and the top six policy issues were presented to the Multi-Modal Council at its June 15, 1997 meeting. Each issue presented a statement, considerations, and possible Council actions. Based on the comments and decisions at that meeting, the Task Force prepared this ***Final Report.***

TASK FORCE MEMBERS

At its inception in March 1995, the Policy Harmonization Task Force consisted of:

Mike Kieran (Chair), Railway Association of Canada

Tom Beckett, Newfoundland Works, Services and Transportation

David Kriger, Delcan Corporation

David Bachynski, BC transportation Financing Authority

In October, 1996 the original Policy Harmonization Task Force was reconstituted. The work was completed by:

Bruce Burrows (Chair), Railway Association of Canada

John Hartman (Secretary), TAC

Brian Collinson, Alliance of Manufactures & Exporters Canada *(resigned on April 29, 1997)*

Rollie Savoie, Manitoba Highways & Transportation

David Stambrook, Transport Canada

TRANSPORTATION POLICY HARMONIZATION PRINCIPLES

Preamble

Transportation policies, regulations, taxation, standards and practices cross modes and government jurisdictions. Their integration and harmonization are critical to enhancing Canadian competitiveness, improve safety, increase efficiency, promote trade and tourism, and help achieve TAC's *New Vision for Canadian Transportation*. Harmonization should be consistent with the public interest and should strive for consistency: across modes; between jurisdictions in Canada; and between Canada, the United States and other trading partners. Harmonization should be based on four principles.

Principle #1 - Market Forces

An integrated policy would respect market forces and focus on competitiveness in trade and transportation.

a. It would promote competitive market behaviour by carriers and users.
b. It would enable rational choices to be made (by governments, carriers and users) that take into account all costs and enable the most effective option to be chosen.
c. It would treat transportation as a business, whose demand is derived from the need to move people and goods.
d. It would safeguard users and the public from unnecessary cost.
e. It would induce viable investment in each mode, which is a prerequisite to competitiveness.

Principle #2 - Comprehensive Approach

An integrated policy would require a comprehensive approach to policy-making that can bring together policies for infrastructure, taxation, regulation and safety.

a. It would provide fair and consistent competition and treatment in terms of regulation and taxation, between governments, carriers and users.
b. It would facilitate the optimal use of each mode of transportation based on all costs.
c. It would remove investment distortions and policy conflicts.
d. A comprehensive approach can only be realized through implementing a coordinated planning process.

Principle #3 - Regulations

An integrated policy should demonstrate the need for regulations so as to insure that the benefits outweigh the costs; regulations amongst jurisdictions should be aligned so that there is a consistent approach to safety and other operating issues.

a. It would reflect the "code of regulatory fairness" which stipulates that governments avoid regulations that limit supply/price or entry/exit, and would ensure that regulation is the best alternative.
b. Regulations should not be an undue cost burden to carriers, and should be easy to interpret and to apply.
c. Safety regulation should reflect two key principles: carriers are allowed to exercise responsibility and accountability for the safety of operations; and regulators have the powers of enforcement to protect transportation workers and the public.

Principle #4 - Sustainability

An integrated policy would promote the development of transportation systems that are environmentally, socially and economically sustainable.

a. It would allow the basic access needs of individuals and societies to be met safely and in a manner consistent with human and ecosystem health, and with equity within and between generations.
b. It would be affordable, operate efficiently, offer choice of transport mode, and support a vibrant economy.
c. It would limit emissions and waste within the planet's ability to absorb, minimize consumption of non-renewable resources, reuse and recycle its components, and minimize the use of land and the production of noise.
   NOTE: *This sustainability principle is based on a definition of "sustainable transportation" published in June 1997 by The Centre for Sustainable Transportation. The definition was reviewed by over 100 knowledgeable Canadians at the draft stage and was endorsed by Canada's National Round Table on the Environment and the Economy in August 1997.*

PRIORITY 1: MULTI-MODAL TRANSPORTATION TAXATION

THE ISSUE

1. TAC's 1993 report on *"Transportation Taxation and Competitiveness"* concluded that: *"the transportation industry and its users are being asked to pay more than their fair share into general revenues; this is not equitable and threatens the viability of Canadian carriers and Canada's international competitiveness".*

2. Since 1993 some adjustments have been made in individual jurisdictions but the overall problem remains. Federal, provincial and municipal taxation of inputs used by transportation beyond fair value for publicly provided infrastructure and services unduly impairs the competitiveness of the affected carriers, depresses trade and works against economic efficiency. The excess taxes inflate the selling price of Canadian exports and reduce sales, thus depressing economic activity in Canada.

3. All jurisdictions need to examine the rationale and level of current taxes applied on transportation inputs for all modes and reduce these taxes to their fair value. If governments need to replace the

tax revenues foregone, they should use other taxes that do not discriminate against specific industries or exports.

4. While this problem is of concern to ministries of transportation and trade, carriers, users, terminal operators and transportation workers, its resolution rests with revenue ministries. Transport ministries have a responsibility to bring the problem and possible solutions to the attention of revenue ministries, and to argue for change.

CONSIDERATIONS

1. This item deals with a long standing equity issue. "Harmonization" does not mean that an average tax should be applied equally in every jurisdiction.

2. The transportation community must demonstrate that reduced transportation taxes will benefit the economy and increase economic efficiency of the transport system. Impact assessment research is required for this.

3. Provinces where GST has been harmonized with PST may create problems for some carriers, requiring special attention.

4. The Van Horne Institute is conducting a study of aviation fuel taxes (to be completed by Sept. 30/97.

POSSIBLE MMC ACTION

Option 1: Conduct a follow up to the 1993 *"Transportation, Taxation and Competitiveness"* study that will include an impact assessment of carrier viability and competitiveness, and the long term economic benefits to governments from revised federal, provincial and municipal tax structures applied to the transportation sector.

On June 15, 1997 the MMC agreed to proceed with this option, with study terms of reference and study budget by October, 1997.

PRIORITY 2: CROSS JURISDICTIONAL TRANSPORTATION PLANNING

THE ISSUE

1. Transportation infrastructure is a major challenge facing the travel tourism and freight industries today. This challenge will intensify over the next 5 years with continued population, travel and economic growth. Two challenges face governments and industry in planning for adequate transportation infrastructure to accommodate growth.

    a. A process to discuss and identify infrastructure priorities is required.

    b. b) An integrated planning process, cutting across jurisdictional and modal boundaries is also required to ensure that growth and development of infrastructure is complementary, and that bottlenecks do not emerge by virtue of different assumptions, perspectives or lack of attention to jurisdictional interfaces.

2. The importance of this issue is most acute in the large metropolitan areas of Canada which function as transportation gateways to other urban and rural/remote destinations. Some of the transportation challenges include: airport development and complementary linkages to highway system and

downtown core; highway links around major urban areas; intermodal connections; and limitations created by current and growing levels of urban congestion.

3. There is a national interest at stake. Provincial and local governments are not giving sufficient priority to freeways, arteries, or to intermodal facilities at gateways. For example, addressing the infrastructure requirements in the B.C. Lower Mainland (e.g. Highway 99, Trans-Canada) by the year 2021 will require all levels of government to work together.

CONSIDERATIONS

A recent meeting of key transport and tourism industry leaders concluded that infrastructure issues in Vancouver will limit future population growth and visitation. The leaders recognized that:

- the setting of priorities required dealing with various levels of government;
- a long-term vision is needed. Priorities should be derived from a vision and gap analysis;
- final demand (i.e. tourism products and freight movements; along with commuter and resident mobility) should drive transport needs;
- the constituency of transportation is broader than tourism and it is important to consider both tourism and freight.

Resolution of this issue will require participation by transport, economic development and tourism ministries, and Revenue Canada (customs).

In the US, cross jurisdictional planning is mandated through ISTEA legislation. In Canada, we must find another means to achieve the same goals.

POSSIBLE MMC ACTIONS

Option 1: Develop case studies / best practices of successful US and Canadian planning methods that have achieved the desired degree of cross-jurisdictional and multi-modal transportation planning.
On June 15, 1997 the MMC agreed to proceed with this option, with a preliminary report by October, 1997.

Option 2: Develop general principles for infrastructure and service decision-making that acknowledge multi-modal and cross-jurisdictional issues and complexities.

Option 3: Design a "tool box" for cross-jurisdictional transportation planning.

Option 4: Recommend an integrated cross-jurisdictional planning process for large metropolitan regions.

PRIORITY 3: MULTI-MODAL USER PAY

THE ISSUE

1. The concept of "user pay" in which the user is charged based on consumption of infrastructure or service, is becoming firmly entrenched in national and international transportation marketplaces.

There is growing evidence that users are willing to pay these charges provided that the revenues are dedicated to system improvements which the user wants and needs.

2. In Canada this trend is being driven by: government downsizing and outsourcing; devolution of government activities and decision making to private sector supplies and users; reduced departmental budgets at all levels of government; and desires to send pricing signals that will encourage sustainable transportation.

3. Like taxes, user charges should be applied equitably in all modes, so as not to distort modal choice or investment decisions.

4. In surface transportation, an issue of interest to all jurisdictions is the allocation of charges for the use of highways, given current highway financing challenges. This suggests the need for a national road pricing and spending strategy, the internalization of external (environmental, social) costs and benefits, and consideration of highway cost allocation.

5. In the air sector, with the devolution of federal airports and the attempts to put systems on a commercial basis, the implementation of new user charges and fees should take place in such a way that they are transparent to the users and do not jeopardize the efficiencies gained through local management, nor threaten the competitiveness of Canada's air navigation system.

6. In the marine sector, the introduction of user charges for marine coast guard and navigational services has implications for the competitiveness of Canada's port and marine shipping businesses.

CONSIDERATIONS

1. Canadian pricing strategies must consider the situation in the United States.

2. Financing cannot be separated from planning.

POSSIBLE MMC ACTIONS

Option 1: Monitor user pay trends in all modes, and publish results.

On June 15, 1997 the MMC agreed to monitor some trends, with help from Transport Canada and the HCAS Sub-Committee of the new Finance & Investment Standing Committee.

Option 2: Based on recent highway cost allocation studies conducted in other jurisdictions, recommend a definitive cost allocation approach with possible financing and pricing options to fit the Canadian context.

Option 3: Sponsor research projects into developing appropriate methodologies to measure the economic impact of the specific taxes and fees now charged to the transportation industry. The methodologies should include models that:

a. demonstrate how carriers and governments incorporate various taxes and fees into fares and rates paid by users;

b. show how the new fares and rates affect the demand for transport services.

c. demonstrate changes in the selling prices of key Canadian goods, especially exports;

d. show how the changes in the selling prices of key Canadian exports affect their sales; and

e. demonstrate how changes in export sales affect the overall Canadian economy.
On June 15, 1997 the MMC agreed to consider this option in the priority 1 TAXATION study Terms of Reference.

Option 4: Sponsor a "User Pay Workshop" at the TAC 1998 Annual Conference.
On June 15, 1997 the MMC agreed to sponsor such a workshop.

PRIORITY 4: INTERMODAL PASSENGER TRANSPORTATION INTEGRATION

THE ISSUE

1. Seamless and efficient "groundside" access (between airport terminals and destinations) is lacking today.

2. Policies, regulations and practices affecting groundside access vary across jurisdictions (federal, provincial, municipal), carriers and airports.

3. The tourism industry has concluded that the lack of seamlessness is a barrier to growth.

CONSIDERATIONS

1. This issue focuses on operating practices, but is closely related to Priority Issue 2 dealing with infrastructure.

2. Transport Canada's *"Best Practices for Intermodal Passenger Transportation."* report and industry meetings sponsored by Minister David Anderson have recently addressed this issue.

POSSIBLE MMC ACTIONS

Option 1: Do nothing.

Option 2: Monitor trends with the help of Council members from Transport Canada and TIAC.
On June 15, 1997 the MMC agreed to proceed with this option, with a status report at the next meeting.

Option 3: Include in any action plan for Priority Issue 2.

Option 4: Select one gateway and inventory all regulations and practices which are barriers to seamless intermodal passenger movements. (as a pilot project)

PRIORITY 5: SUSTAINABLE TRANSPORTATION

THE ISSUE

Today's transportation systems are neither environmentally nor socially nor economically sustainable.

- Transportation is almost totally dependent on non-renewable fossil fuel, and energy demand continues to grow in spite of improved fuel efficiencies.

- Transportation is the fastest growing source of greenhouse gas (GHG) emissions leading to global warming and climate change. It is the largest emitter of carbon dioxide (the most significant GHG) contributing 31% of the total in Canada (compared to 20% for electric power generation).

- Concentrations of ground level ozone and suspended particulate matter from transportation in urban areas, which contribute to smog, continue to rise. Medical research links these air pollutants with increased respiratory illness and (possibly) increased mortality.

- Infrastructure capital and maintenance costs (especially in the road sector) are approaching and in some cases exceeding the limits of public budgets.

Of all the sustainability issues facing the transportation community, the most pressing will probably relate to GHG emissions.

Canada is a signatory nation to the 1992 international Framework Convention on Climate Change. As an Annex I nation, Canada committed to stabilize its greenhouse gas (GHG) emission at 1990 levels by the year 2000. A meeting of federal and provincial energy and environment ministers in December 1996 concluded that Canada will not meet this target. Current forecasts indicate that we will be high by 8% to 13%.

Negotiations are now underway to conclude a post 2000 agreement, to be signed at the third Conference of the Parties in Japan in December 1997. More stringent (and possibly mandated) targets for 2005, 2010 and 2020 are expected.

Canada will soon need a practical strategy to reduce GHG emission from transportation. It will be to the transportation community's advantage to develop and deliver a strategy rather than having one imposed upon it. This will require coordinated polices and actions by all levels of government and the private sector.

CONSIDERATIONS

Urban transportation is a major emitter of GHG and therefore the TAC Urban Transportation Council has a role to play.

On June 17, 1997 the TAC Board will consider TAC's future role in developing sustainable transportation systems in Canada. ***See the discussion paper in APPENDIX 1 to this report***.

POSSIBLE MMC ACTIONS

Option 1: As a Council project, outline a national strategy to reduce GHG emissions from transportation and propose it to the transportation community.

Option 2: Same as Option 1 but in cooperation with the Urban Transportation Council.

Option 3: Recommend to the TAC Board that the Association convene a national "task force" to develop a strategy, with this Council taking a role in the work.
On June 15, 1997 the MMC authorized the Chairman to recommend to the Board "That TAC exercise leadership in developing a national strategy to reduce greenhouse gas emissions from the transport sector, with the Multi-Modal Council playing a role."

PRIORITY 6: MULTI-MODAL TRANSPORTATION INVESTMENT DECISION MAKING

THE ISSUE

1. The TAC *"Primer on Transportation Investment and Economic Development"* was a good start in developing an appreciation for the power of investment analysis and promoting its use. However, much more promotion and education needs to be done among decision makers to ensure there is an understanding of the implications of major transportation investment decisions, particularly the long term impacts on trade and economic development.

2. Some decision makers and the general public remain unfamiliar with the applicability of benefit/cost analysis and the principles on which it is based even though the procedures are well established and the importance of the process well understood among transportation professionals. So, even though the mechanisms which allow intelligent multi-modal transportation investment choices to be made exist, they are not used to their maximum advantage.

3. This situation needs to change and an effort to make transportation investment analysis better understood and more widely accepted would be a primary means of achieving this.

CONSIDERATIONS

1. *"INVESTMENT DECISION MAKING"* has been a major project in the Council's work program for several years. (See the 1994 *"Primer on Transportation Investment and Economic Development"* and the *"Multi-Modal Infrastructure Investment Decision Making Workshop"* at the 1996 TAC Conference).

2. The 1996 Workshop recommended that TAC *"take on the coordinating role for the advancement of benefit/cost analysis in Canada"* by means of a dedicated standing committee with an initial five point action plan. ***For the full set of recommendations, see APPENDIX 2 to this report.***

POSSIBLE MMC ACTIONS

Option 1: Build this into the Council's existing *"INVESTMENT DECISION MAKING"* project, including action on the 1996 workshop recommendations.
On June 15, 1997 the MMC accepted the 1996 workshop recommendations and passed them on to the Finance & Investment Standing Committee for action.

APPENDIX 1
TAC Board of Directors, June 17, 1997

SUSTAINABLE TRANSPORTATION -- A GROWTH MARKET FOR TAC

Growing concern about the environmental, social and economic sustainability of transportation has created a new and exciting opportunity for TAC. The transportation community needs help in building coordinated strategies to meet Canadian sustainability targets. TAC is uniquely positioned to fill that role at a modest cost.

Transportation is Now on the "Sustainability" Agenda

The idea of sustainable development - the blending of environmental sustainability and economic development - originated in the early 1970s. It received global attention in the mid 1980s as a result of the World Commission on the Environment and Development (the Brandtland Commission). The 1992 United Nations Conference on the Environment and Development (the Rio Earth Summit) began to move from theory to practice by creating the Agenda 21 Program and the Framework Convention on Climate Change.

Today, nations and communities around the world are recognizing that our common future depends on successfully balancing: the finite limits of the natural environment, the goals of human societies, and the economic activities we pursue to achieve those goals.

Because of its critical social and economic importance, and its environmental impacts, transportation is starting to appear on international and domestic sustainability agendas. In Canada this can be seen in: the *National Action Program on Climate Change* and its *Voluntary Challenge and Registry Program*, Transport Canada's *National Framework for Sustainable Transportation*, British Columbia's *Clean Vehicles and Fuels Program*, the *Sustainable Transportation Task Force* of the National Round Table on the Environment and the Economy, TAC's *New Vision for Urban Transportation*, TAC's *Environmental Policy and Code of Ethics*, the Federation of Canadian Municipalities' *20% Club*, the formation of a new *Centre for Sustainable Transportation*, programs of Pollution Probe and the Sierra Club of Canada, and many other activities. It is becoming a hot topic.

Today's Transportation Systems are Not Sustainable

According to one working definition being developed in Canada, a sustainable transportation system is one that:

- limits emissions and waste within the planet's ability to absorb, optimizes the use of renewable energy sources, reuses and recycles its components, and minimizes the use of land.
- Allows the access needs of people and their goods to be met safely and in a manner consistent with human health, well-being and social equity.
- is financially affordable, operates efficiently, offers modal choice, and supports a vibrant economy.

Canadian transportation is a long way from that ideal today and is moving in the wrong direction. For example:

- Transportation is almost totally dependent on non-renewable fossil fuel, and energy demand continues to grow in spite of improved fuel efficiencies.

- Transportation is the fastest growing source of greenhouse gas (GHG) emissions leading to global warming and climate change.

- The transportation sector is the largest emitter of carbon dioxide (the most significant GHG) contributing 31% of the total in Canada (compared to 20% for electric power generation).

- Concentrations of ground level ozone and suspended particulate matter from transportation in urban areas continue to rise. Medical research links these air pollutants with increased respiratory illness and (possibly) increased mortality.

- Infrastructure capital and maintenance costs (especially in the road sector) are approaching and in some cases exceeding the limits of public budgets.

Change is Coming to the Transport Sector

These and other factors are focusing attention on the transportation sector and its role in achieving a sustainable future. The search is on for coordinated, integrated strategies and policy packages which can move transportation in more sustainable directions. This is difficult because:

- Ownership, operation and regulation of transportation is complex, diverse and fragmented between three levels of government, the private sector and individual citizens.

- Understanding of, and reliable information about, sustainable transportation is in its infancy.

- To date, many key players from the transportation community have been absent from the debate.

Nevertheless, a variety of ideas and proposals are beginning to emerge. They cover a wide spectrum of possible actions: public education campaigns; new technologies in communications, alternate fuels and propulsion systems; mandatory vehicle emissions testing; enhanced transit; transportation demand management and other measures to reduce demand; total cost accounting and pricing; carbon taxes on fuel and other economic instruments based on a "polluter pay" principle; etc.

It is not clear what will emerge from all this. What is clear is that transportation will come under increasing pressure to provide cleaner, healthier, safer, and more sustainable services in the future.

"Climate Change" will be a Driving Force

Much of the sustainable transportation agenda in Canada today is being driven by the climate change issue and the international agreements Canada has signed (and will sign) to limit emissions of greenhouse gasses (carbon dioxide, methane, nitrous oxide).

Prevailing scientific opinion states that greenhouse gas emissions (notably carbon dioxide) from human activities are causing global warming which in turn may change climate patterns with potentially disastrous results. This issue is being taken very seriously by the North American property insurance industry, which has seen damage claims from severe storms rise dramatically over the past two decades.

As an Annex I signatory to the 1992 international Framework Convention on Climate Change, Canada has committed to stabilize its greenhouse gas emissions at 1990 levels by the year 2000. A meeting of federal and provincial energy and environment ministers in December 1996 concluded that Canada will not meet this target. Current forecasts indicate that we will be high by 8% to 13%.

Negotiations are now underway to conclude a post 2000 agreement, to be signed at the third Conference of the Parties in Japan in December 1997. More stringent (and possibly mandated) targets for 2005, 2010 and 2020 are expected.

There is an Opportunity for TAC

Canada will soon need a strategy to reduce greenhouse gas emission from transportation. How will that strategy be created and delivered? Will the transportation community be party to policy decisions? How will realistic and practical actions on other sustainable transportation issues be developed? Will the transportation community control its own destiny or react to outside forces?

National leadership is required. A neutral facilitator is needed who can cross jurisdictions, modes and disciplines - who can assemble all key players and help them cooperate toward common goals. This is a new challenge in the history of Canadian transportation and no one has stepped forward to accept it.

TAC could fill this role. Our mission statement gives us the mandate. We have credibility in the transportation community. We have a proven track record of accomplishment with: our *Environmental Policy and Code of Ethics*; our *New Vision for Canadian Transportation*; our *New Vision for Urban Transportation*; and our work with the National Round Table on the Environment and the Economy, Transport Canada, Environment Canada, Natural Resources Canada, Health Canada, the Canadian Urban Transit Association and others. Sustainable transportation has been on the agendas of the Urban Transportation Council and the Environment Council more than a year. The Multi-Modal Council has recently identified it as one of the top six transportation policy harmonization issues in Canada.

This is a unique opportunity. It is not often that an entirely new policy area becomes available. The initial price could be modest, of the order of one Council. That is, 1/3 person year and $50,000 to $75,000 per annum.

John Hartman
Director of Transportation Forums
May 15, 1997

APPENDIX 2

RECOMMENDATIONS FROM THE MULTI-MODAL INFRASTRUCTURE INVESTMENT DECISION-MAKING WORKSHOP

October,1996 in Charlottetown, PEI

1. **TAC should take on the coordinating role for the advancement of benefit-cost analysis in Canada.** This takes advantage of TAC's pivotal role in the Canadian transportation community, among all sectors and levels of governments.

2. **A possible organizational set-up for TAC's coordinating role could be the following: Under the sponsorship of MMC, a committee could be established, dedicated to benefit-cost analysis.** The committee chair would report to, and be a member of, MMC. Committee membership would be limited (say to 20 people), but should include representatives ('champions') from Transport Canada and each province and territory, as a minimum. The advantage of this structure is that it brings together the key governmental players in benefit-cost analysis; as well as the key potential funding agencies for possible benefit-cost activities. A 'home' for this committee under TAC's roof can also build upon, and in turn enhance, TAC's pre-eminent role in the Canadian transportation community. Additional members could include a rotating selection of municipal governments, consultants, transportation suppliers / carriers and academics.

3. **As practical next steps, the committee should:**

   3.1 -- Develop guidelines on the use of benefit-cost analysis, for practical applications throughout Canada at all levels of government. These could expand upon the material presented in this Workshop, and upon existing guidelines and manuals that have been developed or used by some provinces. They should use case studies and post-audits for illustrations. Although they should be focused upon techniques and applications, the guidelines also should address the role of benefit-cost analysis in decision-making, and the broader nature of decision-making processes. The guidelines should form a practical, 'how-to' manual developed specifically for common use in Canadian applications, similar in approach to the MUTCD. The guidelines should be developed and sold on a cost-recovery basis.

   3.2 -- Promote acceptance, as policy and practice, of the use of benefit-cost analysis by member governments. This has the benefit of promoting the use of benefit-cost analysis while generating, at the same time, the necessary profile and attention among senior decision-makers. This approach is similar to that used to promote the New Vision among Canadian governments. It requires, therefore, the development of a statement of principles regarding the use of benefit-cost analysis in Canadian transportation practice. The committee, either through the initiative of individual members of via such TAC councils as the Council of Ministers, should promote the formal adaptation of the statement of principles by TAC members.

   3.3-- Develop a seminar series on the sue of benefit-cost analysis, for conduct across Canada. This could be in the form of lectures, focused upon the techniques and applications of benefit-cost analysis in Canada. One or two experts could conduct the seminars, complemented by local case study presentations. A summary report would be produced and distributed through TAC. Both the seminar series and the summary report would be developed on a cost-recovery basis.

   3.4 -- Promote courses on benefit-cost analysis in university engineering, business and administration curricula. The committee should work with academics and other experts in the

field, in order to build upon existing course material, ensure adherence to academic standards and provide a practical perspective and insight to benefit-cost analysis. Committee members could serve as guest lecturers in existing university courses. It is expected that the combined efforts of committee members, academics and other experts should identify promising initiatives for further research in benefit-cost analysis.

3.5 -- Serve as a central clearing house for information on benefit-cost analysis. This information could range from a list of academics, consultants, government contacts. etc., who are active in the field, to the development (at TAC's Library) of reports and texts on benefit-cost analysis. A Website should be developed, under TAC auspices, as a key means of disseminating the above information.