



The Canada UK Colloquia

Into the 21st Century with UK and Canadian Transport

Wiston House, Steyning, West Sussex
26 - 30 November 1995

**Agenda
Participants
Report**

INTO THE 21ST CENTURY WITH UK AND CANADIAN TRANSPORT Programme

Sunday 26 November:

- 11.00 a.m. Canadian visitors depart by coach from Canadian High Commission at 1 Grosvenor Square, London.
- 1.00 p.m. Coach arrives at Wiston House, Steyning, West Sussex.
Light lunch followed by rest period.
- 3.17 p.m. Littlehampton train leaves London Victoria.
- 4.29 p.m. Train arrives at **Shoreham** (about 6 miles by taxi from Wiston House, Steyning) .
- 5.00 p.m. Arrival of British participants at Wiston House and registration.
- 6.30 p.m. Participants meet informally in bar.
- 7.30 p.m. Dinner.



Monday 27 November

9.00 a.m. Welcome & Introduction by Chairman.

9.15 a.m. ***Session 1 : Transport Policy : The Main Issues***

General transport issues, including impact of transport on the environment and the role of transport in industrial competitiveness and economic regeneration; the increasing internationalisation of the transport industry; inter-modal transport developments; the role of liberalisation and privatisation; respective priorities in transport policy and planning in the UK and Canada.

UK: Mr Daniel Instone, Head of Transport Policy Unit, Department of Transport

Canada: Professor Trevor Heaver, Director of Centre for Transportation Studies, University of British Columbia.

11.15 a.m. Coffee

11.30 a.m. ***Session 2 : Factors Affecting Future Travel Patterns***

Factors affecting traffic forecasts generally, including demographic trends, trends in international trade and movement of people, changes in employment patterns, changes in land use, including decentralisation, as well as the impact of information technology on future transport needs.

UK: ***Mr Peter Headicar, Reader in Transport Planning, Oxford Brookes University***

Canada: ***Professor Marc Gaudry, Professor of Economics, University of Montreal.***

1.00 p.m. Lunch

2.00 p.m. ***Session 3: Transportation & Sustainable Development***

The problems of trying to maintain a balance of environmental inputs to transport policy and other considerations, eg economic benefits and freedom of individual choice.

UK: ***Mr Stephen Joseph, Director of Transport 2000***

Canada: ***Mr Kenneth Ogilvie, Executive Coordinator, Ontario Round Table on Environment and Economy***

3.30 p.m. Adjourn for tea.

3.45 p.m. ***Session 4 : The Future of Civil Aviation : (a) Management & Control***

UK: ***Mr R M (Bob) Cotter-ill, Head of Economic Policy, Civil Aviation Authority***

Canada: ***Mr Nick Mulder, Deputy Minister, Transport Canada.***

6.30 p.m. Reception hosted by HE the Hon Royce Frith, Canadian High Commissioner to the UK.

7.30 p.m. Dinner. ***Canadian speaker : Mr Harvey M Romoff.***

***Introduction : The Canadian High Commissioner.
Response : Mr Geoffrey Bacon, Executive Director
Canada-UK Chamber of Commerce.***

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Tuesday 28 November:

8.45 a.m. **Session 4 : *The Future of Civil Aviation : (b) Open Skies & Deregulation***

UK: *Mr Nick Starling, International Civil Aviation Directorate, Dept of Transport*

Canada: *Mr Geoffrey Elliot, Senior Vice President Corporate Affairs & Government Relations, Air Canada.*

10.00 a.m. Coffee

10.15 a.m. **Session 5 : *Whither Rail ?***

(a) *International & Interregional Systems*

UK: *Mr Graham Corbett, Chief Financial Officer, Eurotunnel*

Canada: *Mr Robert Ritchie, President CP Rail System.*

(b) *Privatisation & Deregulation*

UK: *Mr John K Welsby, Chairman & Chief Executive, British Railways Board*

Canada: *Mr Nick Mulder, Deputy Minister, Transport Canada.*

1.00 p.m. Lunch.

2.00 p.m. Session 6: *The Outlook for Maritime Ports and Sea Transport*

UK: *Professor Richard Goss, Lately Professor of Maritime Economics, University of Wales*

Canada: *Mr Raymond Miles, President, CP Ships.*

3.30 p.m. Adjourn for tea.

Tuesday 28 November (continued):

3.45 p.m. ***Session 7: The Cybernet Alternative to Personal Commuting***

UK: *Mr Bill Whyte, BT Laboratories*

Canada: *Ms Jocelyne Côté-O'Hara, President and Chief Executive Officer Stentor Policy Inc.*

6.30 p.m. Reception hosted by Mr Robin Andrew Kealy CMG, Head of Aviation and Maritime Department at the Foreign and Commonwealth Office-

7.30 p.m. Colloquium Dinner.

*Keynote Address by Mr John Watts MP,
Minister of State for Transport.*

*Response: Dr Peter Lyon, Chairman of British Committee,
Canada- United Kingdom Colloquia.*



Wednesday 29 November:

8.45 a.m. ***Conclusions***

(a) Roundup by Rapporteur

(b) Remarks from Chair.

9.45 a.m. (1) Departure of British participants.
(Next train for London Victoria leaves Shoreham at 10.46 a.m.)



(2) Canadian participants travel with British hosts by bus to Eurotunnel's UK Terminal at Folkestone.

12.00 p.m. Lunch at Observatory, Cheriton Parc.

1.00 p.m. Leave Cheriton Parc.

Wednesday 29 November (continued):

- 1.51 p.m. ***Le Shuttle.***
- 2.30 p.m. Arrive French terminal.
1 hour guided tour.
- 3.30 p.m. Report to tolls.
- 3.51 p.m. ***Le Shuttle*** back to UK.
- 4.30 p.m. Arrive UK terminal.
- 7.00 p.m. Back at Wiston House.
- 8.00 p.m. Dinner.

Thursday 30 November

- a.m. Departure of Canadian guests from Wiston House.

LIST OF PARTICIPANTS

CHAIRMAN:

Dr Peter Lyon

British Committee Chair
Canada-United Kingdom Colloquia

RAPPORTEUR:

Dr Alan Williams

Reader, Department of American & Canadian Studies
& Director, Regional Centre of Canadian Studies,
University of Birmingham

KEYNOTE SPEAKER

Mr John Watts MP

Minister of State for Transport

BRITISH SPEAKERS :

Mr Graham Corbett

Chief Financial Officer
Eurotunnel

Mr RM (Bob) Cotterill

Head of Economic Policy
Civil Aviation Authority

Professor Richard Goss,

Latterly Professor of Maritime Economics
Cardiff College,
University of Wales

Mr Peter Headicar

Reader in Transport Planning
Oxford Brookes University.

Mr Daniel Instone

Head of Transport Policy Unit
Department of Transport

Mr Stephen Joseph

Director of Transport 2000 in the United Kingdom

Mr Nick Starling

Head of North & Central America & Caribbean Division
International Aviation Directorate
Department of Transport

Mr John Welsby, CBE

Chairman & Chief Executive
British Railways Board

Mr Bill Whyte

BT Laboratories in Ipswich

CANADIAN SPEAKERS

Ms Jocelyne Côté-O'Hara

President and Chief Executive Officer
Stentor Telecom Policy Inc.

Mr Geoffrey Elliot

Senior Vice-President, Corporate Affairs & Government Relations
Air Canada

Professor Marc Gaudry

Professor of Economics
University of Montreal

Professor Trevor Heaver and Mrs Joan Heaver

Director of Centre for Transportation Studies
University of British Columbia

Mr Raymond Miles

President
CP Ships

Mr Nick Mulder

Deputy Minister, Transport Canada

Mr Kenneth Ogilvie

Executive Coordinator
Ontario Round Table on Environment and Economy

Mr R.J. (Rob) Ritchie & Mrs Tatiana Miloradovich Ritchie

President and Chief Executive Officer, CP Rail System

Harvey Romoff

Former Vice-President, Corporate, of Canadian Pacific Limited

OTHER BRITISH PARTICIPANTS

Mr Geoffrey Bacon

Director, Canada-UK Chamber of Commerce
Treasurer, British Committee, Canada-United Kingdom Colloquia.

Mr John Bridgeman

Director General
Office of Fair Trading.

Professor John H Chesshire

Professorial Fellow
Science Policy Research Unit
University of Sussex

Sir Derek Dav. KCMG

Hon President
British Committee
Canada-UK Colloquia

Mr Allan Hird & Mrs Veronica Ann Luntun Hird

Executive Secretary of the British Committee
Canada-United Kingdom Colloquia.

Mr Andrew Jordan

Regional Business Manager Americas
British Airways

Mr Ernie Manley

Canada Desk Officer
North America Department
Foreign & Commonwealth Office.

Mr William Boyd McCleary

Counsellor (Economic)
British High Commission, Ottawa.

Mr David Richardson

Senior Manager, International Relations
British Airways

Ms José Smith

Lecturer
Department of Geography
University of Salford

OTHER CANADIAN PARTICIPANTS

Mr Serge April

Deputy High Commissioner
Canadian High Commission, London.

Mr Glynn Berry

Counsellor (Economic)
Canadian High Commission, London

Senator the Hon M L Bonnell

Deputy Chairman
Senate Standing Committee on Transport and Communications

Mr Joe Comuzzi MP

Deputy Chairman
House of Commons Standing Committee on Transport & Communications

Mr John Edmonds

Managing Director (Europe)
Canadian National Railways

Mr & Mrs David Flicker

Vice-President Government & Public Affairs
Canadian Pacific

The Hon Royce Frith, OC

Canadian High Commissioner to the United Kingdom.

Ms Vivien Hughes

Canadian Studies Projects Officer
Canadian High Commission London

Mr Denis R Keast

Managing Director, Canadian Pacific (UK) Limited

Mr James Lynch

Deputy Director
North Europe Relations Division
Department of Foreign Affairs and International Trade

Senator Donald Oliver

Chairman
Senate Standing Committee on Transport and Communications

Mr Eme Onuoha

Legislative Assistant to Chairman of House Of Commons
Standing Committee on Transport and Communications

Mr Gilles Rivard.O.C

Chairman
National Transportation Agency of Canada

Ms Tracy Robinson

Assistant to CP President, Robert Ritchie

Mr P J (Rick) Trask

Manager, Marketing and Sales
CP Rail System
London

ABSTRACTS

Session 1: Transport Policy : The Main Issues

Daniel Instone:

An outline of the main factors influencing the formation of transport policy in the UK, including the extent to which these influences may compete with each other and, if taken in isolation, point in different directions - for example the pressures to provide an acceptable level of transport infrastructure to help industrial competitiveness, the pressures to reduce the impact of transport on the environment and the pressures both to encourage and to discourage individual mobility. An outline, too, of the main features of UK transport policy in recent years, and the measures the Government is taking to try to synthesise the competing pressures. Where relevant, an attempt is made to highlight similarities with and differences from Canadian experience.

Trevor D. Heaver

The year 1995 marks the end of an era in Canadian transport policy. This paper places the very dramatic transport initiatives taken this year in the context of prior policy and of the general conditions affecting transport in Canada.

The geographical, political, economic and historical characteristics of Canada result in distinctive priorities in transport policy. These include the role of long-distance transport, notably rail freight and air transport, and the prominent role of government in the promotion and operation of services. However, certain issues which are important across the country but for which responsibility is diffused among provincial and even local governments are not as prominent policy issues as might be expected. This is the case with highway finance, road congestion and urban transit.

Canada has had an explicit statement of national transport policy since 1967. This statement, modified in 1987 to encompass the role of intramodal competition, has provided the framework to which government practice is moving. The initiatives of 1995 are unique in Canadian transport as they involve all of the government's roles in transport and all modes. They should finally result in government practices largely consistent with the policy!

A review of the regulatory, promotional and operational actions makes evident that the current initiatives deal more with government's own promotional and operational activities than with regulation. While there are issues with the latter, particularly in respect of rail freight, the main changes and issues are with the much delayed rationalization of the government's programs. Action has been necessitated by the need to deal with budget deficits and by the increased competition in transport and product markets.

Commercialization of services is associated with various issues. These include : opportunities for users to influence the design of services for which they pay; how to ensure cost

effectiveness in the absence of effective competitive alternatives; tying revenues to facilities used or services consumed.

In spite of transport being treated more like other industries, some distinctions remain. They include : the regulation of rail freight; the influence of inter-governmental relations as in bilateral air agreements, liner shipping and cost recovery; the maintenance of input taxes in transport when taxes have been moved to consumers in other sectors; and the continuation of subsidies for various passenger services.

Outstanding issues on which much progress still waits to be made are highway finance, mainly under provincial jurisdiction, and environmental protection. The treatment of environmental effects and traffic congestion as externalities of transport was considered by the Royal Commission on National Passenger Transportation, but there is still much dispute about how and what standards might be set and what role pricing mechanisms can play. The treatment of “externalities” in transport is a policy issue on which there has been too limited public discussion.

Session 2 : Factors Affecting Future Travel Patterns

Peter Headicar :

Current position of the UK in relation to Canada and other OECD countries on key transport indicators. Long-term trends in UK travel and traffic by purpose, mode and location; by internal, external destination. Underlying determinants of travel demand and Government responses to it :

- i) economic growth public and private investments in transport; increasing mobility and the spatial reorganisation of activities (firms & households);
- ii) social change especially the role of women, household size, car licence holding, issue of personal security;
- iii) environmental constraints local amenity and NIMBY-ism, quality of urban centres, air quality, issue of sustainability - national and global resources;
- iv) transport policy pricing of transport infrastructure, treatment of external costs, role of public sector.

Interaction between “planning” and “transport” policies in the UK; effect on evolution of urban form. resulting opportunities and constraints for the future.

National Road Traffic Forecasts : prospective congestion and possible responses. User changes in behaviour, location, mode, including possibilities of substituting travel by telecommunication. Government policy especially in relation to cost of motoring and “rationing” of roadspace; present uncertainties.

Difficulties with longer term forecasting; possible quantum changes in social organisation and attitudes. Links between transport policy and land use planning. Government policy as input or output?

Marc J I Gaudry:

Discussion of the role of various factors in mutually determining the level or spatial distribution of socio-economic activities and the state of the transportation system, itself represented as a multi-layer construct of fixed infrastructure and traffic control, performance and demand mechanisms.

Some evidence of trends and impacts of these externally or internally determined variables, including activities, trade or transport flows, prices and service conditions in transport and communications, government policy frameworks.

Elaboration on the substitution and **complementarity** features among transport and communication modes, and on the increasing importance of full cost transport pricing in the forthcoming **banalization** of transportation.

Session 3: Transportation & Sustainable Development

Stephen Joseph:

Current transport patterns and trends worldwide are not sustainable. Transport industry has tended to claim exemption from sustainability requirements. Yet those involved in transport are increasingly aware that past transport trends are self-defeating, even in their own terms. Britain, as a densely populated country, faces this perhaps more acutely than Canada, but in both countries the urban transport issues are similar. In Britain, trends even outside urban areas imply unacceptable congestion; the 1989 National Road Traffic Forecasts, which predicted traffic growth of 83-142 % from 1988 to 2025, has stimulated considerable debate among transport professionals, with an increasing consensus that such growth cannot be catered for by building more roads.

Coupled with increasing congestion, sustainability is a pressing issue. Now, at least in the UK, there is increasingly a public health dimension, too, with increasing childhood asthma being blamed, at least for its severity, on vehicle pollution. There has also been substantial public resistance to new roads, and with the forecasts in the background this has evolved from “not in my backyard” suggestions of alternative routes to outright opposition to new large scale roads. (It should be noted by contrast opposition to the high speed rail link to the Channel Tunnel has focused on environmental mitigation measures rather than questioning the need for the link). This has indirectly led to a “Great Transport Debate” launched by the last Transport Secretary with a series of speeches; the current Transport Secretary has concluded that this debate has “shifted the centre of gravity”. Concern over roads is now being transferred to concern over traffic levels, ranging from “reclaim the streets” direct action to a “Traffic Reduction Bill” being promoted by Friends of the Earth.

Interesting parallel between transport and energy. In 1970s energy industry, like transport industry now, argued rising GDP depended on increased energy use and that therefore increased energy supply was essential. With the onset of oil price rises and new technologies, the old link between GDP and energy use has been broken in every industrialised country. Standards of living have increased while energy use has stabilised or declined. Challenge to do the same with transport. Royal Commission on Environmental Pollution (set up in 1970) asked by Government to look at transport and the environment. Its report has over 100 recommendations, at the centre of which is a framework of objectives and targets for transport policy, setting limits on pollutants and noise. The main criticisms are :

Competitiveness - opposition from business interests to proposals to cut road programme and double fuel taxes. Transport, however, such a small proportion of total business costs that doubling transport fuel costs (not duties) shown by Heriot-Watt Business School to add just 0.03 % to prices. Also little firm supporting evidence to back oft-repeated business assertion about importance of road building for the economy. New roads seem to move development around rather than create it.

Criticism from economists about Commission not having done enough to put money values on environmental costs of transport, so that motorists might be charged directly, or that they might be included in cost-benefit analysis of infrastructure projects, thus creating market forces for environmental protection. Commission did such an analysis, but found many environmental problems could not be valued (with any consensus); they did suggest a range of values for some problems (eg pollution and noise), but found current taxation more than covered these (except for lorries). Pollution still exists, so clearly overall tax level is not on its own an effective instrument.

Not realistic - a key argument against the Report that its targets are not realistic. Research of consultants Steer Davies Gleave commissioned by Transport 2000 concluded that the Commission's targets were realistic and necessary. SDG proposed a "restraint-plus" package, consisting of various restraint measures (fuel taxes, tolls, distance taxes for lorries, parking taxes and controls etc) and a package of measures to make public transport as a network a more realistic and attractive alternative for car and lorry users.

For shorter journeys, and most journeys are short, cycling and walking can be made attractive alternatives to car use. Networks of routes for these modes, with priority over other traffic, are the best ways of promoting these, to reduce the need to travel and to locate developments where they can be reached on foot, bike or public transport. Some of all this is happening already. There is a UK commitment to increase fuel duty by 5 % per year, at least until 2000. Planning guidance is curbing out-of-centre retail and other developments. Local transport funding by central Government is increasingly focused on packages of measures with clear objectives and (increasingly) targets rather than large scale road schemes. The peculiar tax system on company cars has been reformed, though more needs doing. A cycle strategy is in preparation. Against this, the Government's deregulation of buses has seen a loss of over 25 % of ridership over ten years, while rail privatisation has fragmented the railways so much that many network benefits and investment opportunities are being lost. Public transport funding by Governments was formerly given for social reasons. In the future it must be given for

sustainability reasons. The growth of objectives and targets will help evaluation of this and other policy measures, too.

Ken Ogilvie :

Presentation of the results of the work of the Ontario Transportation and Climate Change Collaborative. The Collaborative's report, titled "A Strategy for Sustainable Transportation in Ontario" due for release to the public in mid-November and tabled by the Ontario Minister of Environment and Energy at a joint meeting of the federal and provincial Ministers of Environment and Energy on November 20th, 1995. Copies of the report are available at the Colloquium.

The Collaborative was a one year long initiative by 32 senior decision-makers in the Ontario transportation sector. The aim was to examine Ontario's transportation options and develop an "implementable strategy" in the context of climate change and the related imperative to reduce carbon dioxide emissions while meeting transportation needs and maintaining economic competitiveness in the transportation sector. The final report contains a recommended strategy for sustainable transportation that was endorsed by 30 of the 32 members of the Collaborative.

Ten research studies were commissioned to inform the discussions by the Collaborative including :

- Climate Change Impacts
- Reducing Greenhouse Gas Emissions From The Automotive Sector
- Transportation Technologies
- Urban Planning/Public Transit
- Full Cost Transportation and Cost-Based pricing Strategies
- Freight Movement (two studies)
- Visioning (including a visioning retreat)
- Policy Instruments
- Sustainability Indicators

Session 4: The Future of Civil Aviation

(a) Management & Control

Bob Cotterill:

Demand for air transport will continue to grow well into the next century, albeit at a slower rate than in the past. Experience with the development of a third London airport shows the difficulty of long-term forecasting. Although 20 years elapsed between the original recommendation to develop Stanstead and its being given the go-ahead in 1988, the decision and BAA's construction of the new terminal were in the event premature.

Physical constraints on capacity, especially at some major airports, have become increasingly serious in recent years. In the EU 80% of the major routes between member states are already seriously affected and it is predicted that as many as 16 major airports may be effectively full by 2000. There should however be scope even at an airport as congested as Heathrow to accommodate, through a combination of continuing incremental growth in runway capacity and the use of larger aircraft, many more passengers than today.

But having scope for growth overall does not guarantee there will be room for new entry and active competition between airlines. The system by which most arrival and departure slots at airports are allocated to large incumbent airlines is in need of improvement. CAA research has shown that the worst frustrations facing prospective new entrants to major routes from congested airports could be overcome without destroying the benefits of the existing system.

Civil aviation within the EU was substantially deregulated nearly three years ago, but intercontinental air transport is still subject to the old restrictive bilateral regime. Aviation is a mature industry and policies based on nationality and an equal division of benefits between airlines are increasingly out of touch with modern economics. However, an early end to bilateralism is unlikely and thus the challenge in the shorter term will be how to make competition between airlines more effective within the bilateral system. Governments should in future widen their sights beyond the traditional calculation of the balance of benefits to each side's airlines in bilateral negotiations.

The CAA has highlighted the adverse effects of price-fixing agreements between IATA airlines. Such agreements increase, often substantially, the fares which many on-demand passengers have to pay, even on the North Atlantic, which ought to be a competitive market. Most of IATA's activities benefit air travellers as well as the airline industry. But the machinery by which airlines still agree their fares on international routes has become increasingly difficult to justify.

Privatisation has been a **clearcut** success in the aviation sector and has not been accompanied by the concerns about public accountability which have sometimes arisen elsewhere. In the UK both British Airways and BAA serve as a testimony to the benefits which privatisation can bring.

The poor financial state of several EU flag carriers has focused attention on the potential distortions to competition of state aid. Liberalisation within the EU has made this a more urgent issue. However, state aid is not simply a matter of financial assistance. Flag carriers' privileged rights at their country's major airport, monopoly handling rights, protective bilateral agreements and the reservation to them of travel by government se-wants, are all forms of state aid. For there to be a truly competitive regime, all of them will have to go.

Nick Mulder:

Civil aviation has changed dramatically over the years, both in Canada and around the world. In the past, governments were involved in three key areas of civil aviation: operations, economic regulation, and safety and security. This extensive government intervention was

necessary to further national interests and support an aviation industry in its infancy.

Today, however, the aviation industry has matured. Governments are consequently withdrawing from operations, turning responsibility for airports, airlines and air navigation services over to the private sector. Governments continue to be involved in economic regulation, but increasingly question the value of such regulation in a modern, global economy. Governments continue to place a high priority on ensuring safety and security, and will focus even more intensely on this area as services are commercialised and trade liberalised.

Like other national governments, the Government of Canada is getting out of the business of operating transportation services. It is also taking steps to withdraw from economic regulation. And, like other national governments, the Government of Canada continues to place the highest priority on ensuring safety and security, believing that to be government's proper role for the future management and control of civil aviation.

(b) Open Skies & Deregulation

Nick Starling

The UK has been in the forefront of opening up aviation markets to free and fair competition. Such liberalisation benefits consumers, airlines and airports. As a result the UK has a healthy and internationally competitive aviation industry.

The strength of the airline industry is generally accepted as a good indicator of the condition of the economy as a whole. A healthy airline industry is in itself a reflection of economic growth and well being.

Deregulation means more than simply removing controls, and "open skies" means more than just removing bilateral capacity and designation rules. It is important that competition is fair. For that reason the UK argues for effective rules to deal with anti-competitive behaviour, and the removal of such practices as state subsidy which can distort competition. Without such safeguards, true liberalisation is at risk.

As the next century approaches, and competitive aviation markets spread, it is clear that aviation will continue to grow. This means there are many opportunities for internationally competitive airlines, but there are also challenges to be met as pressures on infrastructure and the environment grow.

The challenge is for governments and the private sector to play their respective roles - governments in setting the regulatory and safety framework, and the private sector in bringing skills and investment - to develop the international aviation market for the benefit of all aviation consumers.

Geoffrey Elliot :

What does it take to negotiate an **Open Skies** agreement? What does it take to make it work? Mr Elliot's background as an air negotiator and an airline executive provides for a unique look at the Canada-US Open Skies agreement.

After years of negotiation, Canada-US bilateral talks really took off in late 1994, when Canada's Minister of Transport appointed Geoffrey Elliot to explore mechanisms for resolving traditional roadblocks and moving the agreement ahead. With the provision of some innovative mechanisms, including a phase-in period at three of Canada's airports, the agreement became reality in February 1995.

A few months later, Mr Elliot became an executive with Canada's largest airline, Air Canada. His perspective thus shifted from negotiator to player in the new North American airline market. With an ambitious head-start approach, Air Canada has the aircraft and the Strategy to maximise Open Skies with 30 new transborder routes planned before March 1996. Achieving financial success will depend largely on the airline's ability to compete with the US mega carriers and tap into the US market for transborder services_

Session 5: Whither Rail ?

(a) International & Interregional Systems

Graham Corbett:

Rail transport has an impact on environmental concerns, **liberalisation** and **privatisation**, and is therefore at the centre of all the issues on the agenda of the Colloquium.

Rail transport, Eurotunnel-style, is also at the centre of a rapidly emerging field of activity -the extent to which private financing has a role to play in providing infrastructure and services.

Canada has already played a role in the project through the provision of loans and rolling stock, and it is hoped many Canadians will use it in revenue-earning service. Eurotunnel's experience as a major rail project will be of interest as the Canadian Government is also planning to privatise where possible and to attract private money into public services

Eurotunnel's contribution to Railways has been, in conjunction with the National Railway companies, to open up the UK to new, modern and efficient international rail traffic modes. In the case of conventional freight wagons the company has replaced an outdated mode, the train ferry, with a modern Fixed Link. For all the other movements new modes have been created for direct passenger and direct freight services.

The Tunnel infrastructure has been funded entirely from private sources, and Eurotunnel must now repay the capital amounts and the interest on them from revenues received*

Eurotunnel's many stakeholders - banks, railways? shareholders, customers and governments

-all have an interest in the current state of the project.

Lessons learned from the project, and the difference it could make to future rail development, will conclude the address.

NOTE : A visit to Eurotunnel took place on 29th November, 1995 to enable delegates to view the project at first hand

Robert Ritchie :

This paper deals in broad terms with where the railways are at the present time and where they seem to be going - the big picture.

The viewpoint is primarily that of a freight railroader operating a conventional railway, with an interest in passenger trains. It is also that of a businessman employed by an investor-owned, profit-motivated enterprise that has been in business for 115 years and intends to remain in business for many more years to come.

Transportation is, of course, a very big business - a key factor in any nation's economic well-being. Economic activity generates transportation demand and transportation helps the economy grow. It is a synergistic relationship. In this context, railways, no longer monopolies, are needed as part of a transportation infrastructure that provides safe and efficient mobility of people and freight.

With the above in mind, the simple answer to the question "Whither Rail?" is that railways can and must be renewed and revitalized. However, it will be vitally important that certain conditions are met appropriately and in a timely fashion.

(b) Privatisation & Deregulation

John K Welsby :

The British railway industry has been restructured in preparation for privatisation. Ownership of infrastructure has been separated from train operation, 25 passenger companies have been set up for franchising, track maintenance is being contracted out, and contracts are being established between operators and support services.

The previous vertically-integrated "command" structure has been replaced by a contractual one, with binding agreements between participants. The restructured railway is differently financed from the old, with operators paying track access charges to Railtrack, the infrastructure owner, and leasing charges to the rolling stock companies.

Railtrack is being prepared for stock market flotation in Spring 1996, and initial bids for the three passenger rolling stock companies are being evaluated.

European Passenger Services (which runs Eurostar trains) and Union Railways (the project development company for the Channel Tunnel link) are now separate from BR and will join with a private consortium to build the high-speed link from London to the Channel Tunnel.

The 25 domestic passenger businesses will be taken over by franchise operators. The franchising process is managed by the Office of the Passenger Rail Franchising Director, a non-ministerial government body. Final bids for the first three franchises are currently being assessed.

Operators' licences are issued by the Rail Regulator, who also looks after passengers' interests, including levels of fares.

Five freight companies are being sold individually, while the Red Star express parcels business has already been sold to a management buy-out team. Other rail businesses are being prepared for individual sale, and several have already been sold.

Nick Mulder:

Highlights of the sweeping policy changes which have been taking place in the transportation sector in Canada. The paper focuses on the deregulation of the rail sector, currently under way through a re-vamping of the regulatory framework for the rail sector. The close linkage between the Government's decision to privatise a national railway and the need for other changes in the sector to help make the privatisation a success are explored.

Session 6: The Outlook for Maritime Ports and Sea Transport

Richard Goss

One of the remarkable things about seaports is that, although the physical activities carried on within them are rather similar around the world, policies and practices vary according to whether they are under national or local control, whether there is a public port authority which directly performs all these functions or acts as a landlord and their financial aims and objectives.

Despite much historical and cultural similarity, these contrasts exist between Canada and the UK.

In the UK there is no national port plan, nor any planning machinery. With rare exceptions, the ports of the UK are under private, or at least local control. The planning machinery of the National Ports Council, established in 1964, never produced anything resembling a national plan for ports; and partly because no one could indicate the planned levels or structures of imports and exports. All the indications are that, if they had, they would seriously have underestimated the scope for technological development, eg in containers.

In Canada ports are constitutionally a federal matter, but with at least three parallel forms of organisation. There is Ports Canada, covering the major ports and some smaller ones; there are the Harbour Commissions, appointed by and responsible to Transport Canada in Ottawa -but to a different part of it; and there are the public harbours, which are controlled through the Canadian Coastguard, again by Transport Canada. The existence of Federal control does not, however, mean that there is, or ever has been, any nationwide, co-ordinated plan: rather, each organisation, and each port, has tended to deal with matters piecemeal.

A recent Report from the House of Commons Select Committee in Ottawa has tended to favour the expansion of the Harbour Commission pattern at the expense of the others, especially of Ports Canada, even though the latter have, in recent years, been establishing Local Port Corporations possessing a large measure of autonomy and rather resembling the Harbour Commissions. However, this Committee failed to consider what might be the proper objectives for ports, and how they might be achieved in circumstances of spatial and natural monopoly.

One contrast between Canadian and British ports is that whilst the former have had numerous reports, the legislature has done very little, being too busy elsewhere or having low prospects of agreement. The UK has had one report in 1962 but several statutes, creating and abolishing the National Ports Council and the National Dock Labour Board and much direct statutory action, eg on privatisation. The last seems to have been based more on a desire to extend this policy than on any particular knowledge of ports or their problems. It has failed to distinguish between the public functions of a port authority (analogous to a town council) and the activities carried on within ports, like working cargo on and off ships.

Worst British ports have been, essentially, sold to the highest bidder. Leaving aside the undoubted fact that, nevertheless, some prices have been much too low, this enables the private sector to maximise profits, taking the economic rent of the site. Although Britain has many ports and a good internal transport system, there are always advantages in possessing a good location. Ports are no exception to this.

Whilst, therefore, the expansion of the private sector in British ports is welcome, the outright abolition of the port authorities themselves is to be deplored, and it will become necessary to take some steps to ensure that contestability is restored.

Raymond Miles :

Can Canada expect to have competitive shipping service to and from Europe ?

What is happening in the bigger world that will affect this ?

What Canadian ports can learn from Europe, including the UK.

Session 7 : The Cybernet Alternative to Personal Commuting ?

Bill Whyte - The Information Wave

The next major wave of IT development, beyond digital transmission and switching, network management software and applications, and mobility, will be the delivery of information itself. The realisation of a global information network presents the next major challenge. Its impact will span education, medicine, care leisure, entertainment, business and commerce through to shopping. The move to the information society presents major problems for all industries as the ideal is to deliver information on demand, in the right form, at the right time, at the right price to a **fixed** or mobile terminal anywhere, Looking at today's industry, with its multiplicity of hardware, software and interfaces, it is clear this presents an immediate challenge. To date a combination of technophobia, natural inability and bad interface design has frozen out over **80 %** of the human race from using the technology. The move away from MS DOS towards GUI (graphical user interface), mouse-based systems has seen the latent ability and demand beginning to be realised. Perhaps the most important next step will be the advent of the Personal Digital Assistant (PDA) with pen based inputs, soon to be followed by voice IO systems that will allow greater numbers of people access.

Finding the information you require when you have no idea where it is located is going to require new technology. Software agents that launch into networks and search out, correlate, assemble, translate and return with information for your abstraction will play a vital role. Also the sheer volume of information available will require a means of browsing, testing and sampling so that a selection can be made. Selecting 1 out of 100 television channels on a cable system is a daunting enough task and one that is forecast to be extended to 500 channels. However, Video On Demand (VOD) promises to deliver a choice of over 10,000 videos! Similarly the library of congress in Washington requires the equivalent of 35km of shelving each year to accommodate new books. In Europe alone there are over 6 million photographs of church windows available. How do you browse through such an immense amount of information? One promising technology is that of virtual reality and telepresence. here the humanisation of data in the form of shopping arcades and representations adopted from everyday life releases our innate ability to access data.

A further major challenge is that of providing information to any fixed or mobile terminal through a suitable translation from some far off data bank that is also just one of a multiplicity provided by different manufacturers operating on at least the same number of operating systems and protocols. Information engineering therefore poses the next challenge. For the next 10 to 20 years we can see that the established development trajectory of hardware for computers and communications continuing. They will continue to deliver twice as much every year whilst consuming less raw material, less power at a reducing price. Although the trajectory for software is not yet so well defined, recent developments in artificial intelligence and artificial life are giving a glimmer of direction that will be sustainable for at least the next 10 to 15 years. In contrast we have not yet started to develop data worlds or the technology for **cataloguing**, locating and assessing information in all its varied forms. But perhaps most exciting of all we have yet to discover just what we can do with this information when it is available. Apart from physical travel, finding the information you require when required

probably represents the biggest waste of human energy. Removing that search and locate activity, so we can move on to manipulation and exploitation should see a tremendous gain for all societies. In Europe and North America there is already the realisation that information will not only drive the industry of the future, but it is likely to drive whole economies and be a major contributor to the wealth of nations.

Jocelyne Cote-O'Hara:

Many people have noted that in the industrial age, the ties that bound countries, business and communities together and made them successful were transportation links. In my own country, the completion of a railroad - from sea to sea - was one of the definitive moments in Canada's history. Despite enormous distances and hardship, we had a transportation link that began the flow of goods from east to west and west to east.

But today, we are at the dawn of a new age, the Information Age, and most countries are scrambling to invest in what some have dubbed the "infrastructure" in order to keep their countries business and communities at the leading edge of global development. Now the ties that bind us together are made of fibre optics and coaxial cable and in many cases, investment in the traditional transportation infrastructure is no longer seen as important or more realistically, affordable for countries where deficits are making government newly fiscally responsible.

For the transportation industry, the dawn of the information age is, therefore, a mixed blessing. It may be taking investment away from transportation companies and more specifically, from the infrastructure that you need. But today, I would like to explore three other facets of the impact of the information age on transportation : the extent to which telecommunications, the movement of information from one place to another, will replace traditional movement of people from one place to another; some examples of how the transportation industry is using telecommunications to vastly improve its traditional efficiency, and finally, some interesting comparisons between the regulatory climate you face and the issues we face.