

Getting There

the modes

More than how we get to work

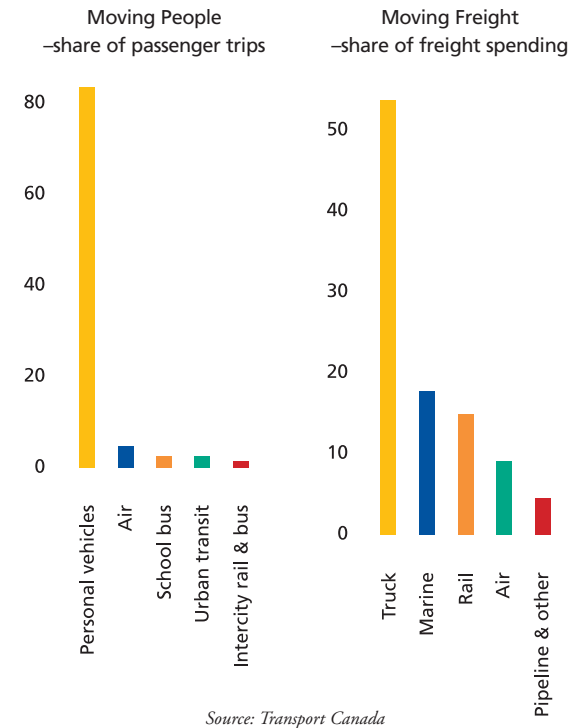
There are two basic types of passenger transportation – personal, in which we operate our own vehicles, and commercial, in which we pay to ride on public modes, including planes, railways, ferries, buses and taxis.

We travel mainly in our own cars, because they are convenient and often the most practical way of getting around.

Road Travel

Road travel generally takes place within and between cities. Since World War II, Canada's population has become increasingly urbanized; sprawling suburban communities have grown out around our city cores. And as jobs have moved to the suburbs and beyond, travel between suburbs has grown too: it is now growing faster than travel to and from the city core, creating diffuse travel patterns. This has created difficulties for public transit, which is best suited to corridors that support high volumes of rider traffic. For cities spanning a large geographic area, the result is a continued dependence on personal vehicles.

It's not surprising, therefore, that public transit ridership in Canada is low – only one in 10 trips – on average. Recent figures show that ridership is growing at about one-third the rate of automobile use. In many densely populated European and Asian cities, typically half of travel is by public transportation.



What people are talking about

- *air and noise pollution*
- *road safety*
- *the need for sustainable transportation that won't harm our economic well-being and way of life*
- *deteriorating roads and the need to upgrade the National Highway System*
- *traffic congestion and how to encourage people to use public transit*
- *how local governments can afford to pay for road upkeep*
- *charging tolls for road use*
- *fuel prices*



Motor coaches

Luxury buses have changed with the times. Many new models provide a range of amenities and are equipped with the same seats found in the business class sections of airplanes and trains. New motor coaches may even offer work stations with fax machines and laptop computer hookups.

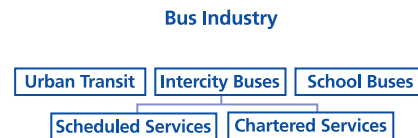
Canadian cities hope to solve some of their urban transportation problems by:

- reducing the number of vehicles, particularly single-occupant vehicles, on our roads, through ride-sharing programs, express lanes for multi-occupant vehicles, improved transit services, higher parking charges, and encouraging people to work from home, and
- making better use of the existing transportation system, through traffic management systems, and encouraging non-rush hour travel.

Solving the people-moving problems within our cities is also critical for goods distribution, which has to share the same road network. The distribution system depends on efficient links to ports, airports, rail intermodal terminals, warehouses and

other facilities, so unclogging the roads is a priority.

Inter-city travel is also important. Commercial buses operate scheduled inter-city services in many parts of the country, but this type of travel has declined steadily since the 1980s – cars are more convenient for shorter trips, and airplanes are faster and increasingly affordable for longer ones. To meet changing demands, the bus industry has therefore created new services, including emergency services, scheduled airport-downtown links for airline passengers, commuter and transit service, and bus tours.



Charter bus services have also increased for sports, entertainment and business events, and holiday excursions.

Where it is available, light rapid transit (LRT) offers an alternative to bus travel within cities, but LRT vehicles can cost five times as much as an average bus. Buses have lower operating costs and use existing roads – yet there are challenges there, too. The Ontario Motor Coach Association has proposed an Airport Corridor Coachway in Toronto as an alternative to LRT. Running between downtown and the airport, the Coachway would be a dedicated expressway built along an existing rail corridor, and integrated into the highway system.

Solving urban transportation problems in general – and addressing the critical need for road improvements, in particular – is a pressing challenge in Canada. Most public-sector budgets are static or shrinking, and other needs often take priority. For many local and provincial governments, solutions may include more public-private partnerships, or user fees (e.g., tolls) to fund improvements.



Transportation investments mean economic growth

Research shows that highway investments can provide returns to society of 10% to 40% of their costs each year. Studies have linked the upgrading of Canada's National Highway System to huge benefits in travel time savings, highway safety improvements, and reduced vehicle operating costs.

Source: Council of Ministers Responsible for Transportation and Highway Safety, 1998.

The condition of our roads has deteriorated in many areas, particularly in the Prairies. It's a growing concern, not just for provincial and local governments, but for all road users. Improvement is also a compelling issue for our National Highway System. This important artery carries 30% of the vehicle travel in the country, but there are serious questions about its condition and reliability, and its ability to support trade. Despite annual average spending by the provinces and territories of \$1.4 billion between 1992 and 1997, the cost of upgrading is estimated at \$15 billion to \$17 billion.²

There is debate over who should be responsible for improving the National Highway System, and with what funds. Some say that the federal government should be responsible, putting more revenues from federal fuel taxes back into roads. Others maintain that federal spending priorities should continue to be on social programs such as health care, pensions, employment insurance, and education, leaving other jurisdictions and the private sector to find road-improvement monies elsewhere.

In sum, there is universal agreement that Canada's highway system is in need of major improvements. What hasn't been determined is where the money will come from. Failure to address this question will seriously jeopardize the country's ability to successfully compete in international trade.

² *Council of Ministers Responsible for Transportation and Highway Safety, "National Highway System Condition and Investment Needs Update 1997" (1998). Refers to the costs of correcting the identified deficiencies and upgrading to a set of agreed standards.*



Rail Travel

Travel by passenger rail makes sense in large metropolitan areas, where the urban population base helps support the costs of the system. Toronto and Montreal have subway systems, and Vancouver uses an elevated SkyTrain system. Montreal, Toronto and Vancouver also have commuter rail systems that share busy tracks with freight railways. Calgary and Edmonton have LRT systems that use tracks dedicated to passenger trains.

Canada's major inter-city passenger rail carrier is VIA Rail, which became a federal Crown

What people are talking about

Urban rail:

- *developing affordable and practical alternatives to today's cars*

Inter-city rail:

- *the long-term viability of VIA Rail*
- *passenger train access to the lines of freight railways*
- *the feasibility and cost of high-speed rail in densely populated corridors*

corporation in 1978 after being sold by Canadian National Railways and Canadian Pacific Railway Company.

It is very costly to provide inter-city rail service in many parts of our sparsely populated country, and with the cutback in government subsidies in the early 1990s, VIA's services were sharply reduced. VIA continues to serve two main markets: between cities in Ontario and Quebec (where services are designed to provide frequent

downtown-to-downtown service), and on two transcontinental routes that cater to tourists. It also serves remote areas such as Churchill, Manitoba.

With its magnificent wilderness vistas, parts of Canada are suited to rail tourism – and it's growing. In addition to VIA, other carriers are providing innovative services, such as BC Rail's Whistler Explorer and Royal Hudson Steam Train, and Rocky Mountaineer's package tours to Jasper/Edmonton and Banff/Calgary from Vancouver. These are proving to be very popular.

High-speed passenger rail has been considered as an alternative to building highways and airports, but it requires high population density, similar to that in parts of Japan or France. The Quebec City-to-Windsor corridor has been discussed as a high-speed rail route, because it has roughly half of Canada's population and is in need of an environmentally friendly mode of travel. But the massive cost of high-speed rail has ruled it out for the present.



Air Travel

Air travel today is cheaper than ever. Forty years ago, the cost of flying from Toronto to Germany was 30% of the price of a new Mercedes-Benz car – today it costs no more than 2%. In real terms, the average world airfare has declined by about 1% per year over the last two decades.³

Travellers who live in small communities, however, may still face high airfares. With fewer passengers to cover costs such as fuel, aircraft maintenance, crew, and landing fees, airlines often charge more for serving less-travelled routes. Airlines try to meet the demand by offering more frequent service and by scheduling different sizes of aircraft according to anticipated volumes of passengers and freight.

³ Boeing Commercial Airplane Group, "1997 Current Market Outlook" (Seattle).

What people are talking about

Airlines:

- *how many major airlines Canada's market is large enough to support*
- *the need for competitive ticket prices and viable airlines*
- *the high cost of air travel and the degree of competition on less-busy routes*
- *how international routes are assigned to airlines and whether more than one carrier should be permitted to serve a route*
- *competition from US airlines, which could persuade Canadians to embark from a US airport*

Airports:

- *airport improvements and whether they should be paid for by users, governments or airlines*
- *the ability of travellers to support the number of airports*
- *investing in improved facilities*
- *the appropriate level of airport lease payments to the federal government for facilities paid for by the public purse*
- *the survival of small airports that have been transferred to local operators*
- *the cost of the air navigation system and funding of improvements*

The federal government has long endorsed a competitive airline system within Canada, to promote lower fares and better services. Air Canada and Canadian Airlines International, our two principal domestic carriers, provide domestic and international flights using networks of regional affiliates. These affiliates serve smaller communities and connect with the main airline at hub airports such as Toronto, Vancouver and Halifax. Together with their affiliates, the two carriers account for 72% of revenues earned by all domestic airlines.

Since the domestic industry was deregulated in 1987, carriers such as Air Transat, Canada 3000, Royal Airlines, and WestJet have provided competition in the domestic and international scheduled and charter air travel market.

The 1995 Canada-US “Open Skies” agreement gave our airlines improved access to US markets and removed restrictions on some existing routes. In return, US airlines were granted greater access to Canadian cities. Canada is now served by more than 40 airlines on transborder (i.e., US) and international routes.



Providing air service to a foreign country requires a bilateral agreement between Canada and that country, to establish which carriers will operate services, what destinations in each country will be served, the frequency of flights, and other conditions. Canada continues to negotiate and update its bilateral air agreements, because the potential benefits are significant: a daily service to Asia from Canada may create as many as 1,000 new jobs in Canada for each new route. At the same time, these agreements commit our airlines to operations in a fiercely competitive world market.

In order to compete globally, Canada's major airlines are participating in international alliances with foreign carriers. This

competitive tool permits airlines to expand their route networks, increase traffic and reduce costs without expanding their aircraft fleet. One example is a Toronto-Copenhagen-Stockholm flight, in which Air Canada issues the complete ticket and services the first leg, and Scandinavian Airlines the second. Customers benefit in several ways: they have more destination choices, can book through a single airline, and don't need to worry about coordinating flight schedules.

There are 631 airports in Canada that handle commercial aviation. Most are small, regional airports or remote sites serving isolated communities. Smaller airports are important because they provide essential services to regional communities, create local jobs and connect smaller centres to larger airports. Twenty-six airports – mainly the very large ones, and those in our provincial capitals – are classed as National Airports System airports. They handle 95% of the passengers and 98% of the cargo carried each year.

Although the federal government has reduced its direct involvement in airports, its policies continue to govern airports and airlines. In recent years, the government has leased its major airports to local public authorities that operate them as airport businesses on a not-for-profit basis. Airport authorities submit lease payments to the federal government for the use of airport lands and facilities. Airport improvements are financed by landing fees and by user fees levied on the passengers and businesses that use the airports. It is not clear yet whether all of these transferred airports will be viable.

The federal government also previously owned and operated the air navigation system. It was privatized in 1996 as NAV Canada, which is paid for by user fees.



Travel by Water

Inland and coastal ferry services are a small but vital part of passenger transportation in Canada. Some were developed as an extension of the highway system, to link isolated communities that depend entirely on ferry service for their connection with the mainland. For example, the ferry link operated by Marine Atlantic Inc. between North Sydney, Nova Scotia, and Port aux Basques, Newfoundland, is a service

What people are talking about

Ferries:

- *concern that fares are too high, and yet they don't always cover the cost of providing the service*
- *ferry service as both a major transportation link and an historical right*

Cruise:

- *the need for additional cruise berth facilities*
- *developing seamless road and air connections*

guaranteed under Canada's Constitution. On the Pacific coast, British Columbia Ferry Corporation, the largest ferry system in North America, serves 24 routes and 42 ferry terminals.

Historically, governments have taken a lead role in developing and funding ferry services. Several provinces and the territories operate cable ferries and other small vessels on interior lakes and rivers, and some local governments operate commuter ferries. In parts of the country, ferry services also support tourism.

Cruises, while not a distinct mode, are an increasingly popular way to vacation; cruise traffic at Canadian ports has more than doubled since 1990. Vancouver leads the way, serving some 900,000 revenue passengers per year, followed by Halifax, with 50,000 passengers. Domestic cruises on canals and rivers are also seeing a resurgence along the Great Lakes/St. Lawrence Seaway. Rail and motor coach tours are a popular add-on, providing valuable business for tour operators. Even before they set sail, cruise ships are a destination in themselves, and they depend on seamless air, road, and, to a lesser extent, rail connections.

Vancouver caters to the Alaska cruise market – the third most popular cruise region in the world after the Caribbean and Europe. Every time a vessel docks in Vancouver, it generates \$1 million worth of business in things like ship supplies, port fees, and hotel and restaurant receipts. Approximately 90% of all Vancouver cruise passengers start their journey in the US.