



The Honourable / L'honorable
John P. Manley, P.C., O.C. / C.P., O.C.
President and Chief Executive Officer
Président et chef de la direction

January 14, 2015

The Honourable David L. Emerson
Chair, Canada Transportation Act Review
Canada Transportation Act Review Secretariat
350 Albert Street, Suite 330
Ottawa, Ontario K1A 0N5

Dear Mr. Emerson,

I am writing to express the views of the Canadian Council of Chief Executives on the review of the Canada Transportation Act. This is a timely initiative and extremely important to our economic competitiveness.

Among the key issues that we think the Review should address are:

1. Making the cost of flying more competitive

An efficient air transportation regime is critical to the effective functioning of the Canadian economy. The results of international benchmarking suggest that the Canadian system is a story of contrasts. The 2013 World Economic Forum's *Travel and Tourism Competitiveness Report*, ranked Canada as number 1 in the world in the quality of its air transport infrastructure. However, Canada ranks 136 out of 140 countries on "ticket prices and airport taxes". This suggests that our system delivers top-notch infrastructure that many cannot afford to use. CCCE members are all heavy users of the air transport system but the extremely high cost of flying is a competitive drag on their operations. The CTA Review should recommend ways of bringing down these structural costs to a more reasonable level. The elimination of airport rents as part of a full privatization of airports could be one consideration.

2. Allowing the market to function in the rail sector

Railways have played a central role in the building of Canada, and remain important to its economy today. Over the past 30 years, the Federal Government has moved increasingly to the use of market-based solutions across regulated industries, including

the rail sector. However, at various intervals, the government has reverted back to interventionist measures. The *Fair Rail for Grain Farmers Act* may have laudable objectives in assisting grain farmers with getting their abundant harvest to market. However, this objective could have been achieved short of legislating quotas, and using the legislation to introduce other policy measures such as interswitching limits for all commodities. These seem to be questionable approaches that run counter to spirit of deregulation that has been in play since the 1900's. The *Fair Rail Act* should not be renewed. Moreover, the government should look at its regulatory structure for railways with a view to phasing out price caps and other market-distorting practices.

3. Use public-private partnerships for border infrastructure

Canadians are regarded as world leaders in the use of public-private partnerships which open up numerous financing options through the willingness of parties to share risk and responsibilities. While this approach has been successfully used in a variety of infrastructure projects, it has not been used as extensively for the building of roads, bridges, and customs plazas along the Canada-U.S. border. U.S. Customs was recently authorized to accept payments from private operators, including covering staffing costs. With a greater ability from our American friends to consider P3s, it is becoming possible to experiment with different ways of paying for essential border infrastructure.

I would happy to discuss any of the above further with you. All the best in your deliberations.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Manly". The signature is fluid and cursive, with the first letter of the first name being a large, stylized "J".