

Transport Canada

2004-2005 Estimates

Report on Plans and Priorities

Approved

Minister of Transport

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Acronyms Used

ACAP.....	Airports Capital Assistance Program
ACAT.....	Advisory Committee on Accessible Transportation
BIF.....	Border Infrastructure Fund
CATSA.....	Canadian Air Transport Security Authority
CCG.....	Canadian Coast Guard
CMA.....	<i>Canada Marine Act</i>
CMAC.....	Canadian Marine Advisory Council
CN.....	Canadian National Railway
CPA.....	Canada Port Authority
CSA.....	<i>Canadian Shipping Act</i>
CSIF.....	Canada Strategic Infrastructure Fund
CSMP.....	Contaminated Sites Management Plan
DIAND.....	Department of Indian Affairs and Northern Development
EBP.....	Employee Benefit Plan
ECATS.....	Electronic Collection of Air Transportation Statistics
ECE.....	Economic Commission for Europe
FETI.....	Freight Efficiency and Technology Initiative
GATS.....	General Agreement on Trade in Services
GHG.....	Greenhouse gas
HCoMS.....	Highway Contributions Management System
HRSDC.....	Human Resources and Skills Development Canada
ICAO.....	International Civil Aviation Organization
ITS.....	Intelligent Transportation System
MAI.....	Marine Atlantic inc.
MLA.....	<i>Marine Liability Act</i>
MNS.....	Marine Navigational Services
MOST.....	Moving On Sustainable Transportation Program
MOU.....	Memorandum of Understanding
MVTA.....	<i>Motor Vehicle Transport Act</i>
NAFTA.....	North American Free Trade Agreement
NAS.....	National Airport System
NAP.....	National Airports Policy
NHS.....	National Highway System
NSC.....	National Safety Code
OECD.....	Organization for Economic Co-operation and Development
R&D.....	Research and Development
RPP.....	Report on Plans and Priorities
RSMS.....	Railway Safety Management System
SDS.....	Sustainable Development Strategy
SEA.....	Strategic Environmental Assessment Policy
SHIP.....	Strategic Highway Infrastructure Program
SLSMC.....	St. Lawrence Seaway Management Corporation
SMS.....	Safety Management System
TDG.....	Transportation of Dangerous Goods
TP.....	Transport Canada Publication
UTSP.....	Urban Transportation Showcase Program

1.0 Messages

1.1 Minister's Message

As Canada's Minister of Transport, I am pleased to submit Transport Canada's 2004-2005 *Report on Plans and Priorities*, which outlines the Department's focus over the next few years.

Transportation has always been a vital part of Canada's economy and society. Together Canadians have built a safe and reliable transportation system that supports our prosperity as a nation and contributes to a quality of life that is the envy of people the world over.

Throughout our history, Canada's transportation policies have developed and evolved to respond to new challenges and changing priorities. In order to address the challenges facing our transportation system today, we will need to: become more competitive as a result of increased globalization and integration; strengthen security without disrupting traffic along our vital trade corridors; create innovative solutions to urban sprawl, congestion and the harmful effects of transportation on the environment; and develop adequate infrastructure so that all Canadians have access to a modern, safe and efficient transportation system.

New policies are required to respond to these challenges and unleash the potential of our people and assets in the transportation sector. To do this, we need to ensure our policies maintain and enhance a market-driven system, favour infrastructure investment and approaches that enhance the system as a whole, foster efficient and secure trade corridors, and focus on skills and research that support innovation in the sector. Dedication to the highest levels of safety and security and respect for the environment will guide our policies and outcomes.

As highlighted in this *Report on Plans and Priorities*, Transport Canada will be pursuing a number of initiatives to position the transportation sector as a key economic enabler for the benefit of all Canadians.

The Honourable Jean-C. Lapierre, P.C., M.P.
Minister of Transport

1.2 Management Representation Statement

MANAGEMENT REPRESENTATION STATEMENT	
<p>I submit, for tabling in Parliament, the 2004-2005 <i>Report on Plans and Priorities</i> (RPP) for</p> <p style="text-align: center;">TRANSPORT CANADA</p> <p>This document has been prepared based on the reporting principles and disclosure requirements contained in the guide to the preparation of the 2004-05 Report on Plans and Priorities:</p> <ul style="list-style-type: none">• It accurately portrays the Department's plans and priorities.• The planned spending information in this document is consistent with the directions provided in the Minister of Finance's Budget and by Treasury Board Secretariat.• It is comprehensive and accurate.• It is based on sound underlying departmental information and management systems. <p>The Planning, Reporting and Accountability Structure on which this document is based has been approved by Treasury Board Ministers and is the basis for accountability for the results achieved with the resources and authorities provided.</p>	
Signed:	_____
Name:	Louis Ranger
Title:	Deputy Minister
Date:	_____

2.0 About Transport Canada

Transport Canada is responsible for the transportation policies and programs set by the Government of Canada. The Department works to ensure that all parts of the transportation system work effectively and in an integrated manner to provide Canadians with a sustainable system that is safe and secure, efficient and environmentally responsible.

Our Vision . . .

The best transportation system for Canada and Canadians

Our Mission . . .

To develop and administer policies, regulations and programs for a safe, efficient and environmentally responsible transportation system

2.1 Strategic Outcomes

Transport Canada's strategic outcomes are to:

- Ensure high standards for a safe and secure transportation system.
- Contribute to Canada's economic growth and social development.
- Protect the physical environment.

The outcomes will be achieved through the pursuit of initiatives being carried out under the principles explained in Section 3.1 of this report.

2.2 Legislative Mandate

In Canada, all levels of government have some responsibility for the country's transportation system. Transport Canada delivers its programs and services under numerous legislative and constitutional authorities. Its focus is on developing a modern and relevant legislative framework that will enhance the safety, security, competitiveness and environmental sustainability of Canada's transportation system. A full listing of the legislation administered by Transport Canada can be found on our Web site at www.tc.gc.ca/acts-regulations/listofacts/menu.htm.

Some of our legislation:

- *Aeronautics Act*
- *Canada Marine Act*
- *Canada Shipping Act*
- *Canada Transportation Act*
- *Canadian Air Transport Security Act*
- *Department of Transport Act*
- *Marine Liability Act*
- *Motor Vehicle Safety Act*
- *Motor Vehicle Transport Act, 1987*
- *Railway Safety Act*
- *Transportation of Dangerous Goods Act, 1992*

3.0 Planning Overview

3.1 Strategic Plan

Transport Canada is largely funded through operating expenditures, with authority to spend revenue received during the year. Some of our programs are managed through grants and contributions and we are held to the terms and conditions set out in each individual grant or contribution.

Transport Canada's policy framework is focused on allowing the Canadian transportation system to successfully meet the economic, social and environmental needs of the next decade and beyond. The framework provides for the principles identified below that will guide the Government of Canada's transportation decisions in key areas such as marketplace policies, strategic infrastructure investments and security initiatives.

Transportation decisions will contribute to the success of the broader government agenda of strengthening the country's social foundations, building a strong economy for the 21st century and strengthening Canada's place in the world.

PRINCIPLES

- Highest practicable safety and security of life and property, guided by performance-based standards and regulations when necessary.
- Efficient movement of people and goods to support economic prosperity and a sustainable quality of life based on competitive markets and targeted use of regulatory and spending interventions.
- Respect for the environmental legacy for future generations of Canadians, guided by environmental assessment and planning processes in transportation decisions and selective use of regulatory and spending interventions.
- User pricing that better reflects the full costs of transportation activity, and transportation infrastructure decisions that meet user needs, based on governance models that provide for stakeholder involvement and transparency.
- Reasonable access to the national transportation system by Canada's remote regions.
- Accessibility in the national network without undue obstacles for persons with disabilities.
- Coordinated and harmonized actions across all modes of transport in support of inter-modality and to achieve modal neutrality.
- Partnerships and collaboration among governments and with the private sector for an integrated, cohesive transportation policy framework, taking into account the respective jurisdictions, roles and responsibilities of all participants.

3.2 Summary of Plans and Priorities

Strategic outcome: Contribute to Canada's economic growth and social development		
Priorities	2004-05 Resources ¹ \$000's	Type of Priority
Policy Framework initiatives:		
- Air sector activity monitoring	—	Ongoing
- Liberalization of air bilateral agreements	—	Ongoing
- Stakeholder consultations on domestic and international air transportation policies	—	Ongoing
- Air policy development and analysis	—	Ongoing
- Electronic Collection of Air Transportation Statistics	\$747	New
- Third Party War Risk Liability Insurance	\$100	Previous
- Regional and Small Airports Study	\$100	Previous
- Inter-modal policy framework and projects	\$5,000	Ongoing
- Modal choice freight and passenger studies	—	New
- Motor carrier standards	—	Ongoing
- Independent grain monitoring; disposal of grain hopper cars	\$979 3 FTEs	Ongoing
- Shortsea shipping initiatives	—	New
- Bi-annual meetings of the Advisory Committee on Accessible Transportation	—	Ongoing
- Research projects to enhance the accessibility of the transportation network	—	Ongoing
Infrastructure and Efficient, Secure Trade Corridors:		
- Airport Legislation	—	Ongoing
- Airport rent policy review	—	Previous
- Federal space review	—	Ongoing
- Lease management	\$1,600	Ongoing
- Risk management	\$100	Ongoing
- Airports Capital Assistance Program	\$43,300	Ongoing
- Contribution programs in support of Canada's national highway system and other surface infrastructure	\$206,600	Ongoing
- Infrastructure programs for transportation projects in support of highways, transit and borders	\$2,700	Previous
- Governance of federal bridges	\$87,800	Ongoing
- International crossings	\$300	New
- Port divestiture	\$46,800	Ongoing
- Ferry Program	—	Ongoing
- St. Lawrence Seaway surplus lands divestiture	\$1,800	Ongoing
- Marine Navigational Services Study	\$250	Ongoing

(continued on next page)

Summary of Plans and Priorities *(continued)*

Strategic outcome: Contribute to Canada's economic growth and social development		
Priorities	2004-05 Resources¹ \$000's	Type of Priority
Skills and R&D Supporting Innovation:		
– Science and Technology / Research and Development initiatives	\$7,500 23 FTEs	Ongoing
– Canada's Intelligent Transportation Strategic Plan	\$9,974 7 FTEs	Ongoing

Strategic outcome: Ensure high standards for a safe and secure transportation system		
Priorities	2004-05 Resources¹ \$000's	Type of Priority
– Civil Aviation Flight 2005	\$127,000 1,433 FTEs	Ongoing
– Road Safety Vision 2010	\$20,000 101 FTEs	Ongoing
– Rail Safety Direction	\$20,000 146 FTEs	Ongoing
– Marine Safety, The Next Wave	\$35,000 450 FTEs	Ongoing
– Transportation of Dangerous Goods Target 2010	\$10,000 122 FTEs	Ongoing
– Transportation Security	\$34,000 365 FTEs	Ongoing

Strategic outcome: Protect the physical environment		
Priorities	2004-05 Resources¹ \$000's¹	Type of Priority
– 2004-2006 Sustainable Development Strategy	\$500	Ongoing
– Climate Change	\$27,500	Ongoing
– Contaminated sites	\$31,100	Ongoing
– Strategic environmental assessment	\$150	Ongoing
– Clean air initiatives	\$600	Ongoing
– Full costs of transportation	\$400	New

1. This summary lists the priorities addressed in Section 3.3 Detailed Plans and Priorities by Strategic Outcome. Note that the resource figures are estimates only and that it is not possible at this time to provide an estimate of resources for all plans.

3.3 Detailed Plans and Priorities by Strategic Outcome

3.3.1 Contribute to Canada's Economic Growth and Social Development

Policy Framework Initiatives

The role of government should be to create conditions that allow service and infrastructure providers to become more competitive and provide affordable choices to consumers. Government should set the competitive framework and intervene only as a last resort, if at all.

A market-driven policy framework should encourage innovation and investments by transportation service providers through measures that target long-term productivity and economic growth. Competition and market forces will continue to guide the growth and development of the national transportation system. A strong and healthy marketplace encourages existing competitors and new entrants to innovate and provide new services to meet the transportation needs of Canadians. A competitive climate will lead to cost reductions, efficiency gains and service improvements in the transportation system.

At the same time, the marketplace must respond to Canada's social values, demographic trends and geographical challenges. Government intervention may be required to achieve desired outcomes (e.g., correcting for market failures or using pre-emptive market power).

1. Air Transportation

Air Sector Monitoring

Transport Canada is closely monitoring Air Canada's restructuring initiative — which is being carried out under the protection of the *Companies Creditors Arrangements Act* — to ensure that the Government of Canada is ready to address policy or regulatory issues that might arise and initiate any necessary legislative or regulatory adjustments. This is a key component of the Department's monitoring of the air industry as a whole (airports, airlines, air navigation systems), to determine whether federal policies are achieving their objectives respecting the performance of the sector and its contribution to the economic strength of the country.

Liberalisation of Air Bilateral Agreements

As reported in the 2003-04 Report on Plans and Priorities (RPP), Transport Canada will continue to liberalize Canada's bilateral air agreements, which give Canadian carriers scheduled international air service access to foreign air markets and allow foreign carriers to operate such services to Canada. Canada has over 70 bilateral air agreements, and the Department participates in 10 to 12 rounds of air negotiations each year to conclude new agreements or liberalize existing ones. As part of the Government of Canada's plan to enhance and strengthen bilateral relations with the U.S., Transport Canada will be consulting with stakeholders to assess the merits of a possible further liberalization of the bilateral air agreement with the U.S. While

the 1995 Canada-U.S. Air Agreement is one of Canada's most liberal, there remain a number of areas where agreement was not possible at that time.

International Air Transportation Policies

On March 31, 2004, the Government of Canada signed the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment. These instruments will establish a harmonized international asset-based financing framework for aircraft. The Convention and Protocol will also replace national registry systems for aircraft with a single international registry that would record rights and determine their order of priority for use in the purchase and financing of aircraft. Ratification of the Convention and Protocol will provide increased certainty to creditors, which is expected to translate into larger amounts of credit available to airlines and aircraft manufacturers at lower cost.

Electronic Collection of Air Transportation Statistics

Following a ten-month pilot project, Transport Canada initiated the Electronic Collection of Air Transportation Statistics (ECATS) program to improve the quality, scope and timeliness of air transportation statistics for policy formulation, planning and decision-making. To date, the ECATS initiative has mainly focused on data collection from Canadian carriers. During the next calendar year, the list of data providers will be expanded to include foreign carriers serving Canada, and the technology underlying the transmission process will continue to be refined. The ECATS initiative is scheduled for completion at the end of March 2005.

Third Party War Risk Liability Insurance

One of the consequences of the events of September 11, 2001 was the cancellation of certain types of aviation insurance. Most classes of insurance were eventually reinstated, albeit at a higher cost, but third party war risk insurance was not available on realistic terms and at commercially reasonable rates. Canada's air transportation industry cannot operate without full insurance coverage and, for this reason, the Minister of Transport was authorized to provide an indemnity to Canadian air transportation companies for third party aviation war risk liability coverage. As noted in its last RPP, Transport Canada will continue to provide this coverage to contribute to business continuity for the aviation industry, and will do so until reasonable and practical alternatives became available on the commercial insurance market. At present, the Government of Canada has elected to continue the indemnity program until December 31, 2004. Transport Canada will continue to monitor developments in the global aviation and insurance fields to provide updates on progress and available options.

Regional and Small Airports Study

Also as noted in its last RPP, Transport Canada is conducting a study to analyze the financial viability of regional and small airports that have been transferred by the Department since the introduction of the National Airports Policy (NAP) in 1994. The NAP provides a framework that defines the Government of Canada's role

regarding airports. The study was launched following the decision to continue the divestiture initiative; it will help the Department understand the impact of federal government divestitures on affected communities. Over ninety airports across the country were approached to participate in the study. Of these, approximately 70 per cent have responded in full or in part to the survey sent to them in the summer of 2003. The study will be completed in 2004-2005.

2. Surface Transportation

Inter-modal Policy Framework and Projects

Transport Canada recognizes the growing importance of modal integration to the efficient movement of goods. To better understand modal freight connections, the Department is consulting with provinces and stakeholders to identify impediments to modal integration, including physical and institutional barriers. Analysis of the available information and the results of the consultations will support the development of a national inter-modal policy framework in 2004, to identify areas of potential action for both public and private sector interests.

Modal Choice Freight and Passenger Studies

To develop a better understanding of modal choice preferences by both shippers and passengers, a series of research studies are planned. These studies will include the development of predictive models, data collection through surveys and analysis of trends in, and impacts of, modal preferences. These studies will help improve policy analysis on modal demand and help shape future decisions on modal supply and the impact of investment decisions on the various modes.

Motor Carrier Standards

To promote domestic motor carrier safety and trade, Transport Canada will enhance carrier safety harmonization and compatibility across Canada. On the international front, the Department co-chairs a formal mechanism for harmonizing surface transport standards among NAFTA countries. For further information, visit www.tc.gc.ca/pol/en/truck_bus/mcpolicy_e.htm. The Department is also committed to maintaining the existing national standard for truck conditions of carriage. To this end, the Department will use the regulatory authority of the *Motor Vehicle Transport Act, 1987* to achieve these objectives. Progress will be monitored through consultations with provinces and stakeholders through the Councils of Transportation Ministers and Deputies, and in particular through the Canadian Council of Motor Transport Administrators and its sub-committees.

As noted in the previous Report on Plans and Priorities, Transport Canada is reviewing the December 2002 recommendations of the Senate Standing Committee on Transportation and Communications respecting the liberalization of national bus industry entry standards, a subsidy program for rural bus service, reappraisal of accessibility and safety standards, and greater public information on the environmental advantages of buses. Consultations with provinces and stakeholders on these recommendations are ongoing. The federal government is concerned about

inconsistencies among the provincial regulatory regimes, some of which are already liberalized while others are not. As the *Motor Vehicle Transport Act, 1987* allows provinces to apply these regimes to carriers in federal jurisdiction — effectively most of the intercity and charter bus industry — there is currently no consistent national marketplace framework for this transportation mode. One objective of the consultations is to determine whether there is consensus on the incremental approach to liberalization recommended by the Senate Committee.

Independent Grain Monitoring; Disposal of Grain Hopper Cars

Changes in grain transportation and handling policies (i.e., expanded tendering for Canadian Wheat Board shipments to port, a cap on railways' annual grain revenues, and improved branch line rationalization) are resulting in a more efficient and effective system. System performance will continue to be monitored for another two years by the independent monitor, Quorum Corporation, to assist in the identification of issues that may require further government action. For further information, visit the Web site at www.quorumcorp.net. To meet a commitment from the 1996 federal budget, and to continue the move toward a more commercial system for the movement of grain, the Government of Canada will assess options for disposing of its fleet of grain hopper cars.

3. Marine Transportation

Canada Marine Act Review

In 2002, a review was carried out by a panel of marine industry experts to address the implementation issues that have arisen in the four years since the passage of the *Canada Marine Act* (CMA). The panel's report, which was tabled in June 2003, contained two general recommendations and 28 specific recommendations concerning the Canada Port Authorities (CPAs), the St. Lawrence Seaway, public ports, pilotage, and ferries. The report also contains ten observations considered by the panel as important to the objectives of the National Marine Policy and the CMA. In 2004, Transport Canada will continue to undertake several studies concerning competitiveness and financial issues related to the CPAs, as well as studies on the economic impact of the marine industry benefits and trends. The results of these studies, in conjunction with the panel recommendations and observations, will guide the Department's considerations regarding amendments to the CMA, future marine policy direction, and the use of alternative mechanisms to promote a more efficient and effective marine industry.

General Agreement on Trade in Services

A new round of negotiations on the World Trade Organization's General Agreement on Trade in Services (GATS) started in 2002. Maritime services are part of the negotiations and Canada has put forward an offer of commitments based on two specific principles: market access (removal of trade barriers), and national treatment (removal of government bias toward domestic industries). Successful conclusion of these negotiations will allow for greater access to foreign markets for our transportation industry.

Shortsea Shipping Initiatives

Further use of the marine mode can help alleviate surface congestion, enhance modal integration and contribute to reducing greenhouse gas emissions. To this end, shortsea shipping generally defined as the movement of cargo and passengers by water between points within close proximity without crossing an ocean, covers domestic coastal and inland shipping as well as that between Canada, the U.S. and Mexico. Memoranda of Cooperation have been signed with the U.S. and Mexico to share information and experience, and Transport Canada will explore opportunities with stakeholders to enhance the use of marine capacity and improve modal integration and efficiencies. As a result of a series of workshops attended by many modal stakeholders, a Departmental strategy regarding shortsea shipping will be developed during 2004. More information on shortsea shipping can be found at www.tc.gc.ca/POL/EN/Marine/shortseaS/menu_e.htm.

4. Accessible Transportation

People with disabilities have traditionally had difficulty making full use of the transportation system to get to work, travel and visit friends and relatives. Obstacles in the system have prevented these citizens from participating fully in activities that others take for granted and it is an accepted fact that the number of persons with disabilities will continue to grow as the Canadian population ages. As such, Transport Canada will pursue a number of initiatives that will lead to the development of a long-term multimodal federal strategy for enhancing access to the transportation system in Canada.

Bi-annual Meetings of the Advisory Committee on Accessible Transportation

As noted in the previous RPP, Transport Canada has committed to work with the voluntary sector to achieve better accessible transportation policies for Canadians. The Department will continue to support bi-annual meetings of the Minister's Advisory Committee on Accessible Transportation (ACAT) and work to further modernize ACAT consistent with the principles outlined in the Government of Canada's Voluntary Sector Accord. A more focused ACAT should result in the identification of a number of new measures for improving access to all modes of transport, and permit seamless transport for people with disabilities. The success of ACAT's modernization will be assessed in relation to its consistency with the Voluntary Sector Accord, the applicability of the committee's advice and recommendations submitted to the Minister, and the ability of ACAT members to better serve all citizens.

Research Projects

Transport Canada will also undertake a number of research projects that will contribute to the development of a strategic plan to deliver a long-term federal strategy for enhancing the accessibility of the national transportation system, including:

- Evaluating the results of the Intercity Bus Code of Practice Awareness Campaign on the Voluntary Provision of Accessible Transportation Services towards providing better information on the level of awareness of accessibility within the bus industry, various levels of governments and the targeted travellers.
- Following up on the outcome of the 2003 Service Animals Workshop with industry and travellers to ensure that the requirements are well known and to provide a comprehensive awareness of available services to users. This will provide needed information to carriers, service providers and manufacturers on the requirements to facilitate the transport of service animals that accompany travellers with disabilities.

Infrastructure and Efficient, Secure Trade Corridors

A productive and competitive economy requires effective coordination and integration among all modes. This is fundamental to our success, particularly in the context of an integrated North American market. It is also essential if we are to achieve our goals for a more environmentally sustainable future. Given transportation's key role as an economic enabler, and in light of the increasing pressures placed on transportation infrastructure, investments need to be strategic and consistent with the North American economic context.

A multimodal infrastructure strategy and sustainable funding mechanisms are required to support projects that improve system efficiency and the integration of the various modes as part of a holistic approach to transportation choices. Such a strategy would place resources where they are most needed from a competitiveness perspective as well as in support of our environmental agenda. We must ensure that our most strategic ports, rail lines and trucking corridors interconnect efficiently with each other. The seamless flow of people and goods needs to be one of the central criteria in determining infrastructure funding.

The future of our economy depends on efficient trade corridors that allow all modes of transport to capitalize on Canada's competitive advantage as a gateway between North American and other global markets. But while we need to continue to make investments to improve the smooth and efficient flow of goods and people across the Canada-U.S. border, trade flows and tourism are increasingly dependent on concerns about the security of the transportation system. Addressing these concerns involves the development of a multi-jurisdictional approach to border issues and specific interdepartmental strategies.

Transport Canada is committed to completing the divestiture of operations, fine-tuning the governance regimes based on recent experience, and exploring new avenues for the commercial development of transportation infrastructure and services. In collaboration with Infrastructure Canada, provincial and territorial

governments and other stakeholders, the Department will continue to promote strategic investments in Canada's transportation system.

1. Air Transportation

Airport Legislation

To strengthen governance, transparency and accountability at Canada's major airports, primarily those that are operated by airport authorities, further work will be carried out on a possible legislative framework as previously outlined in the proposed Canada Airports Act. This will include additional consultations with key stakeholders (e.g., affected airports and airlines and other interested parties). In addition to a formal declaration of national airports policy, possible elements of a legislative framework could cover the roles and responsibilities of the Government of Canada and the airports, obligations respecting transparency and accountability, the governance regime for airport authorities, mechanisms for users' input, competition issues related to access to facilities and slots, charging principles and a process for the setting of user charges, airport authorities' ancillary activities and enforcement mechanisms.

Airport Rent Policy Review

A review of the policy respecting the rent collected by the Government of Canada from airport authorities should be completed over the planning period. The review has been examining issues such as the quantum and equity of rents paid and the broader impact of these rental costs on the viability of the domestic air sector. The review is seeking to develop an approach that will ensure airport authorities are paying reasonable rents for the lands, facilities and business opportunities that they lease from the Government of Canada. Final decisions will be implemented through amendments to the appropriate clauses in the leases signed between the airport authorities and Transport Canada.

Federal Space Review

A review of the space occupied by federal departments and agencies at key airports across the country was launched in 2003. Numerous federal entities require space at airports to carry out their mandates, including the inspection agencies and Transport Canada. Since September 11, 2001, there has been a need to increase the federal presence at airports to fulfill the safety and security roles of the Government of Canada related to the processing of passengers and cargo. The additional demands on free space have created new cost challenges for the airport authorities and this has led to the decision to review the needs and the manner in which the authorities are expected to accommodate them. As a result of this review, which will be completed in 2004, the Government of Canada will be in a better position to determine whether its existing policies require adjustment.

Lease Management

The health of Canada's air transportation industry relies heavily on the ongoing viability and efficiency of National Airport System (NAS) airports. Twenty-one airport authorities operate 22 of the 26 NAS airports. In its role as landlord of these airports, Transport Canada will continue to ensure that airport authorities are in compliance with all the requirements of their ground leases, including the payment of rent. The Department will continue to serve as custodian of the government assets, while recognizing the arms length commercial arrangements with the airport authorities.

No significant change to NAS airport operations arising from lease management is anticipated in 2004, with the exception of the insurance provisions of the ground lease.

The ground leases require the airport authority to maintain insurance to indemnify the Crown from risk and to ensure the ongoing operation of airport authorities in the event of significant loss. The existing insurance provisions were developed prior to the first airport transfers in 1992; since that time, insurance markets and anticipated risks have changed and there appears to be an opportunity for some combination of improved coverage and cost effectiveness.

A study was commenced in 2003 with the assistance of independent expert consultants and the active support of the airport authorities. As a result, the Department expects to introduce new provisions into the airport authority ground leases in 2004, thereby providing the airport authorities the opportunity for more flexible and cost-effective risk management. Airport authorities will be able to better tailor their risk management plans and insurances to their needs.

Through the government's custodian role, the Department is able to monitor airport activities in relation to the following areas:

- Ongoing maintenance and protection of the world-class infrastructure.
- Compliance with all applicable laws (e.g., safety, security, environment).
- Insurance for ongoing operation in the event of loss and to provide indemnity against such losses to the Crown.

Lease management is a due diligence function that ensures the interests and investments of Canadian taxpayers in airport infrastructure are protected over the term of the lease and that, at the end of the lease, the assets remain in good order. Lease monitoring forms an integral part of lease management and results in a well-maintained infrastructure that complies with safety, security and environmental laws and provides the Crown — and ultimately the taxpayer — with protection against major losses. Reports to senior management provide feedback on

monitoring activities, lease compliance findings, and the general state of the airport and its finances.

The intermediate results of the lease management function will continue to be monitored through audits. In fact, successive audits have confirmed the Department's effectiveness in ensuring the collection of rent, but the Department has seen the need to improve the delivery of other custodian activities. The 2003 lease year is the third year of planned upgrades involving staff training, independent review and incremental improvements. The planned upgrades will result in an annual review for 2003 that demonstrates clear progress on, or final resolution of, any issues identified in prior annual reviews, and also provides a corrective action plan for any issues that arose in 2003. Rent will continue to be collected in accordance with the terms of the ground leases.

Airports Capital Assistance Program

The Airports Capital Assistance Program (ACAP) was established in 1995 and is an integral part of the National Airports Policy. ACAP assists eligible airports with the financing of capital projects related to safety, asset protection and operating cost reduction. The current program commitment is \$190 million over a five-year period, from April 2000 to March 2005. Over the medium term, it is expected that the program will help maintain or enhance airport safety levels, increase the life of assets, reduce operating costs and, where possible, increase the use of environmental sustainable practices at airports. Over the longer term, it is expected that ACAP will contribute to environmental sustainability and the continuation of the operation of safe feeder airports to the national airports system.

Progress towards these results will be assessed every five years at the time of program renewal. An evaluation of ACAP is currently underway in preparation for renewal of the program (expected prior to April 2005) for another five years. The evaluation will determine whether ACAP continues to be relevant, whether its objectives have been achieved, and whether there are other more cost-effective ways to deliver the program.

Divestiture of Non-NAS Airports

In May 2002, a three-year extension was approved to continue the divestiture of small airports (non-National Airport System) to local community interests. As of December 1, 2002, 61 regional/local and 28 small airports had been transferred, leaving 10 regional/local and three small airports to be transferred. The divestiture of airports is intended to foster more commercial and locally accountable airport management, increase airport viability, and more closely match airport facilities with the needs of users and communities. The divestiture of the small airports is expected to be completed by the end of March 2005.

Transport Canada expects to complete a review of the federal government's long-term role in the 13 remote airports it currently funds or operates. The review will

examine the most appropriate transportation strategy for these airports and provide policy recommendations for consideration by the government.

2. Surface Transportation

Contribution Programs in Support of Canada's National Highway System and Other Surface Infrastructure

As provided for in the 2000 federal budget, a \$600 million Strategic Highway Infrastructure Program (SHIP) was established to enhance the efficiency and safety of the national highway system over five years. The program includes \$500 million for highway construction and \$100 million for national system integration initiatives, which include improvements at border crossings, transportation planning and modal integration studies/projects and the deployment of intelligent transportation systems.

SHIP – Highways Component

Federal funding for highways is now largely targeted over 24,000 kilometres of highways that form the National Highway System (NHS). Created by federal-provincial-territorial Ministers of Transportation in 1988, it includes primary routes that provide for inter-provincial and international connections to major population and commercial centres, major land border crossings, and other transportation modes served directly by highways. As a result of SHIP, Transport Canada is working with the provinces and territories in providing funding to identify those parts of the NHS that need immediate attention because of growing traffic and increasing trade. These projects are being submitted by the respective provinces and territories.

Transport Canada will continue to administer the thirteen contribution agreements that have been signed under SHIP. Sixty-four construction projects have been announced and approved for funding. The highway improvement projects primarily consist of twinning highways, constructing interchanges and bypasses, and upgrading roads to improve safety and capacity. Over the next three years, approximately 370 kilometres of the NHS will be improved.

Transport Canada ensures that all highway projects meet the requirements of the *Canadian Environmental Assessment Act*. The Department will continue to undertake cost benefit studies and economic and safety analyses for each highway project. The Department will also continue to participate as a member of both the World Road Association and the Transportation Association of Canada to ensure that highway guidelines for design, operation and utilization continue to be appropriate. Research will continue to be conducted to update guidelines and to ensure that new and old highways are utilizing the latest technologies to improve capacity.

Improvements to the NHS are expected to contribute to increasing mobility and transportation efficiencies, improving trade and economic development, and enhancing safety performance. There are two important monitoring instruments that are being used to track progress towards the expected results. The first is the Management Committee, on which both federal and provincial/territorial parties are represented. The committee, which meets semi-annually, oversees the progress achieved by the funding recipient and ensures compliance with the objectives and criteria of the agreement. The committee also ensures that construction and engineering guidelines for conducting highway projects and studies are applied consistently and that any required environmental measures are taken. The second method of monitoring progress is through the Highway Contributions Management System (HCoMS), which is designed to manage approved contributions to provincial and territorial highway programs. The HCoMS outlines each program, manages the projects, contracts and claims, and controls financial data for each program. The database is shared with provinces, territories and municipalities. Furthermore, departmental officials ensure that all projects comply with financial policies established by Treasury Board prior to making a payment to the funding recipient. For further information visit www.tc.gc.ca/SHIP/menu.htm.

SHIP – National System Integration Component — Border Crossings and Studies.

The main objectives of these two initiatives are to support tourism, trade and traffic flows on north-south and east-west surface transportation corridors across the Canada-U.S. land border and to improve mobility and transportation, efficiency, productivity, safety and security for passengers and freight, including connections between modes. Funding is reserved for land border crossings identified by the Canada Border Services Agency as Designated Commercial Offices (commercial facilities open 24 hours a day). Transport Canada will manage the implementation of the approved border improvement projects announced in previous years, including a \$14.1 million federal investment targeted at the four crossings in the British Columbia Lower Mainland, \$440,000 for improvements to Huron Church Road in Windsor, Ontario; and \$29.5 million for the Lacolle, Quebec–Champlain, New York crossing. In May 2004, \$5.6 million was announced for a new international truck route in Sault Ste. Marie, Ontario. These projects will enhance safety and relieve traffic congestion and are scheduled for completion by 2006. Under this component of the SHIP, Transport Canada also selects innovative initiatives to improve surface infrastructure (road, rail, bridges and tunnels), border services and technology. Results are expected to help address capacity and congestion problems at border crossings and support the implementation of the Smart Border Declaration, enhance safety and security at border crossings and include financial participation of other public and private sector partners.

Transport Canada will continue to work closely with provinces/territories, municipalities, First Nations, private enterprises, academia, public or private transportation authorities/agencies and not-for-profit organizations to identify projects that are eligible for funding under this component of the SHIP. The

Department will also continue to administer and manage the contribution agreements that are established in the same manner as the highway component.

Transport Canada has funded several transportation planning/modal integration studies in British Columbia, Ontario and Alberta related to rapid transit links, rail corridors and higher speed passenger rail systems. Transport Canada subsequently issued a call for proposals in February 2004 for transportation planning/modal integration initiatives. Applications were received in May 2004 and are currently being evaluated.

Transport Canada will monitor progress towards expected results by ensuring that funding recipients comply with the terms and conditions of agreements, and that national standards for conducting these projects and studies are applied consistently.

SHIP – National System Integration Component — Intelligent Transportation Systems .

In March 2001, Treasury Board approved approximately \$30 million of SHIP funds to promote the application of Intelligent Transportation Systems (ITS) technologies across Canada. Canada's ITS Strategic Plan, *En Route to Intelligent Mobility*, guides the disbursement of ITS funds. The plan sets out the Government of Canada's strategy for stimulating the development and deployment of ITS innovations across urban and rural Canada. Electronic tolling, transit smart cards, and centralized traffic management are examples of ITS innovation. ITS offers an opportunity to improve the efficiency and competitiveness of the transportation system. In some instances, the application of ITS technology can help address congestion problems in cities or at border crossings.

Infrastructure Programs for Transportation Projects in Support of Highways, Transit and Borders

As noted in the last three federal budgets, the Government of Canada places a high priority on highway and transit infrastructure improvements that meet environmental, social and economic goals and ultimately improve Canadians' quality of life. In the 2001 and 2003 federal budgets, the Government of Canada announced \$4 billion for the Canada Strategic Infrastructure Fund (CSIF), Phase 1 and 2, and \$600 million for the Border Infrastructure Fund (BIF).

Transport Canada is working closely with Infrastructure Canada on the transportation projects to be funded under CSIF and BIF; projects include highways, transit and border projects. The funding resides with Infrastructure Canada, which has overall responsibility and accountability for the programs, while Transport Canada provides technical input, analysis and advice on the selection of transportation projects, jointly negotiates and seeks Treasury Board approval of the contribution agreements and is responsible for implementing the projects. It is expected that these projects will increase efficiency and safety of the surface

transportation system, improve sustainable transportation and improve the flow of trade and traffic to the Canada-U.S. border. As of December 2003, twenty transportation projects with total federal funding of \$2.2 billion have been announced. While Infrastructure Canada is responsible for measuring progress towards the expected results of these funding programs, Transport Canada will contribute to results monitoring by assessing the results of specific projects and ensuring that funding recipients complete projects according to the objectives and criteria outlined in the agreement. For more information, visit www.infrastructure.gc.ca.

CSIF was created following the Budget 2001, which provided \$2 billion in funding for large, strategic infrastructure projects across Canada. Budget 2003 provided an additional \$2 billion for future projects that will focus on water quality and access, trade corridors, connectivity, sustainable urban growth and northern infrastructure. Negotiations are ongoing with provinces and territories for additional projects to be funded under this program. Negotiations are underway with the provinces and municipalities to conclude agreements on two urban transportation projects announced in 2003 under CSIF — improvements to GO Transit's rail network in the extended Greater Toronto Area (\$385 million federal funding); and the Richmond-Airport-Vancouver Rapid Transit project (\$300 million federal funding). An agreement has been signed for a third transit project, announced in 2003, with the Regional Municipality of York for the Quick Start phase of the York Region Rapid Transit Plan (\$50 million federal funding). Once concluded, the agreements will be administered by Transport Canada to ensure compliance with the terms and conditions. The Department is working closely with Infrastructure Canada on reviewing urban transportation proposals submitted for funding consideration under CSIF.

Most of the \$600 million BIF funding is targeted at the six busiest commercial land border crossings with the United States, as well as important regional border crossings. Over \$440 million in federal contributions have already been announced for transportation projects at Canada's busiest border crossings — St. Stephen, New Brunswick (\$45 million); Niagara, Sarnia and Fort Erie, Ontario (\$155 million); Windsor, Ontario (\$150 million); North Portal, Saskatchewan (\$5 million); and Lower Mainland in British Columbia (\$90 million).

Transport Canada will continue to promote secure and efficient Canada-U.S. trade and transportation flows and land border operations. The Department plays a key role with respect to the Smart Border Declaration, a 30-point action plan identifying and addressing security risks in expediting the flow of people and goods, which was concluded in December 2001 between Canada and the United States. Border improvement projects, such as the deployment of advance traveller information systems or building dedicated approach lanes for low-risk travellers and commercial carriers, will enhance security while improving the cross-border flow of legitimate goods and people. For information on the Action Plan for Creating a Secure and Smart Border, visit www.dfait-maeci.gc.ca/can-am.

As existing 'smart border' initiatives are implemented and new border initiatives are advanced, Transport Canada's activities will:

- Promote both border-wide and regional, bi-national transportation planning through mechanisms such as the Canada-U.S. Transportation Border Working Group and the British Columbia/Washington state-based International Mobility and Trade Corridor.
- Improve border infrastructure capacity, through both infrastructure improvements that support enhanced border processes and the effective use of technologies such as intelligent transportation systems.
- Track U.S. border security measures and assess their impact on Canadian carriers and transportation efficiency through: monitoring developments and announcements with respect to U.S. laws and regulations and associated implementation issues; the analysis of reports and feedback from other government departments, the Canadian Embassy and consulates; and ongoing information exchange and communication with other jurisdictions and stakeholders.

In the Windsor-Detroit area, Transport Canada and its partners (Province of Ontario, U.S. Federal Highway Administration, and the State of Michigan) are developing a 30-year Bi-National Transportation Strategy that will lead to additional cross-border capacity. Details are available at www.partnershipborderstudy.com. In addition, the Government of Canada and the Province of Ontario have committed \$300 million to improve access to the existing Windsor border crossings. On March 11, 2004, Canada, Ontario and Windsor announced the first phase of projects to be built under the commitment.

Transport Canada will continue to contribute funds to the province of Quebec under the Outaouais Road Development Agreement. Signed in 1972, the objective of the program is to improve the road system in the Quebec portion of the National Capital Region and to provide a level of service adequate to the needs of the region. The expected results of projects funded under this agreement are to improve the National Capital transportation system by reducing congestion and improving safety. Transport Canada will monitor progress towards expected results by ensuring that funding recipients comply with the objectives and criteria of the agreement. A retrospective analysis of specific projects on efficiency, safety and socio-economic aspects of the Outaouais transportation system will be undertaken as soon as the projects are completed.

The completion of a southern by-pass around Montreal (Autoroute 30) is a priority for the Government of Canada. Transport Canada and Infrastructure Canada are working with the Government of Quebec on this project. The two governments announced that funding from the Canada Strategic Infrastructure Fund would be used to build the western section of the Autoroute 30 extension, in partnership with

Quebec and the private sector. This undertaking is intended to reduce congestion and improve the movement of people and goods in the Montreal area, as well as improve access to markets in Ontario and the U.S. for Atlantic Canada and Quebec.

Urban issues continue to be at the forefront of the Government of Canada's priorities. Transport Canada will work towards the development of a federal urban transportation strategy in support of sustainable cities. The Department will continue to provide advice to relevant federal institutions, initiate research and support programs and activities in respect of sustainable urban transportation.

Transport Canada has selected Union Pearson AirLink Group (UPAG) to design, finance, construct, operate and maintain the air-rail link between Toronto's Union Station and the Lester B. Pearson International Airport. The link will provide a reliable, fast, direct connection between downtown Toronto and the airport, thereby improving service to travellers and helping to alleviate congestion problems. The Department will continue to facilitate this project by working with stakeholders and UPAG to ensure the successful implementation of the service.

Governance of Federal Bridges

Transport Canada will continue to oversee the sound management of federally owned bridges. Effective bridge management contributes to safe, secure and efficient movement of people, goods and services, and to international trade development. In collaboration with Crown corporations, the private sector and international bridge authorities, the Department will continue to exercise a monitoring and oversight role with respect to the following major bridges: Confederation, St. John Harbour, Jacques-Cartier, Champlain, Honoré-Mercier Seaway International, Thousand Islands, Peace, Blue Water, and Sault Ste. Marie. These bridges are major transportation links and components of the National Highway System. In terms of monitoring, bridges that are operated by Crown corporations are required to submit, for government approval, annual corporate plans that include operating and capital budgets and performance of the corporation compared to previously approved objectives; a summary is also submitted to Parliament. Transport Canada also meets regularly with non-Crown corporation bridge authorities to monitor their progress.

Finally, the Department will also seek approval of a funding strategy for continuation of remote passenger rail services provided by VIA Rail or supported by the Department.

3. Marine Transportation

Port Divestiture

Transport Canada continues to implement its well-advanced Port Divestiture Program to transfer the ownership and operation of regional/local ports and remote ports to other federal departments, provincial, municipal and local interests. As of

December 31, 2003, the Department had divested 450 of its original 549 ports. The program is designed to place port operations in the hands of those best suited to respond to the local circumstances of these ports and thus contribute to a more effective and efficient transportation system. By the end of fiscal year 2003-04, transfers to date will have resulted in estimated net savings to the Canadian taxpayer of \$142 million.

A performance measurement strategy has been implemented to assess the results of the Port Divestiture Program. Some of the activities in the strategy include post-transfer evaluations that identify issues requiring policy revisions and evaluate the elements of port transfer transactions to ensure compliance with delegated authorities and departmental policy. Another part of the performance measurement strategy is the post-divestiture audits, which will ensure that new port owners are abiding by the terms and conditions outlined in the transfer agreements. A Port Monitoring Database System has been developed to facilitate monitoring activities.

The Government of Canada has announced a three-year extension to the program, to March 31, 2006. This will provide the Department with the time it requires to divest the remaining 69 regional/local ports and 30 remote ports (where there is an interest) under its administration. The February 2003 budget allotted \$50 million for the next two fiscal years; any additional funding requirements will be addressed in future budget exercises.

Several issues, such as Aboriginal concerns, provincial consent and funding, have hampered progress on divestiture. These issues will continue to be addressed over the next two years. In British Columbia and Ontario, First Nations' concerns were very prominent, prompting the development of a consultation model to guide divestiture under these unique circumstances. While the model does prolong the process for divestiture, it has been successful and has brought consensus among parties in numerous cases. The requirement to obtain provincial consent in Newfoundland and Labrador and Quebec has also slowed the divestiture process. For further information, visit www.tc.gc.ca/programs/ports/menu.htm.

CPA Compliance Monitoring

Transport Canada is responsible for ensuring that all Canada Port Authorities (CPAs) conduct their affairs in accordance with the provisions of the *Canada Marine Act* (CMA), the associated management regulations and their Letters Patent.

Accordingly, departmental officials developed the CPA Compliance Monitoring Framework and related procedures, to ensure national consistency in legislative monitoring, reporting methodologies and documentary evidence gathering. In order to facilitate these monitoring activities, a national Port Monitoring Database was launched in December, 2003 providing departmental officials, in both the regions and in headquarters, with the means of facilitating the recording and reporting on significant information related to the administration of CPAs.

In February 2004, an audit was conducted in order to determine whether an effective system of compliance monitoring and oversight had been instituted by Transport Canada. The auditors concluded that the Department's mandate with respect to CPAs had been clearly defined, and that a satisfactory framework had been established to exercise oversight responsibilities.

CPA Property Issues

Transport Canada is responsible for approving real property transactions at Canada Port Authorities. Intrinsicly, this involves ensuring that strategic port development is consistent with the *Canada Marine Act*, and takes into consideration environmental concerns as well as urban planning, to ensure that issues related to city congestion and intermodal connections are addressed. In addition, Transport Canada is responsible for consulting First Nations where an aboriginal right or title exists with respect to property managed by a CPA.

CPA Gross Revenue Charges/Public Port Tariffs

Transport Canada is responsible for collecting Gross Revenue Charges from Canada Port Authorities, including any associated interest. Once paid, Transport Canada issues a Certificate of Good Standing to CPAs, which forms an integral part of their financing process.

For public ports that Transport Canada continues to operate directly, Transport Canada establishes a national public port tariff system. These funds help to offset costs associated with their ongoing operation, maintenance and long-term capital needs.

Ferry Program

Since the introduction of the National Marine Policy in 1995, the ferry program's main policy objective has been to establish a commercial framework for the provision of marine transportation services, with greater reliance on the private sector to operate ferry services. Transport Canada will continue to evaluate options to this end in relation to the remaining subsidy programs, as well as the future of its ferry terminal sites and vessels in Atlantic Canada.

The ferry program also supports the services provided by Marine Atlantic Inc. (MAI), that fulfil Canada's constitutional obligations to the Province of Newfoundland and Labrador. MAI's mission is to provide customers with a safe, environmentally responsible and quality Newfoundland-to-mainland ferry service in a reliable, courteous and cost-effective manner. Efforts remain focused on increasing MAI's financial performance while taking Canada's constitutional obligations into account.

Canada Marine Act Review

The previously noted review of the *Canada Marine Act* resulted in very specific recommendations regarding infrastructure and funding related to Canada Port Authorities (CPAs). To understand these issues, and to best address them,

Transport Canada is undertaking studies, considering various options and consulting with central agencies in the context of marine infrastructure realities. More specifically, issues such as investment, access to government program funding (such as SHIP and CSIF, which are currently not available to the marine industry), borrowing limits and other financial issues, are being examined with the objective of promoting a marine industry that is flexible and able to attain or maintain economic competitiveness and respond effectively to changing market demands. The CPAs' ability to compete in current and emerging markets, make infrastructure investments and respond to market changes is being assessed through regular interaction with port stakeholders.

Great Lakes - St. Lawrence Seaway Study

The St. Lawrence Seaway, which serves 15 major international ports and approximately 50 regional ports on both sides of the Canada-U.S. border, provides a key source of competitive advantage to a wide range of industries within North America's heartland. The Seaway system is aging and the costs associated with maintaining the existing infrastructure are rising. Detailed cost targets have been negotiated for the current five-year business plan (which began April 1, 2003). The final proposal agreed by the Department and the St. Lawrence Seaway Management Corporation (SLSMC) included an increase in the Asset Renewal Plan (regular, major and capital maintenance) by 36 per cent to a five-year total of \$170 million.

As the owner of all fixed assets of the Canadian portion of the Seaway, the Government of Canada must develop a realistic profile of the system. This means looking at the ongoing maintenance and evaluating the relative benefits and costs of sustaining and optimizing the existing infrastructure. It is important that the seaway continues to be economically maintained as a safe, efficient and reliable transportation artery. Future Canadian investment in maintaining the infrastructure needs to be well-planned to respond to market opportunities and facilitate trade.

Since two U.S. locks are an integral component of the seaway, the inclusion of the U.S. in the development of long-term plans is essential. Accordingly, the Department is participating with the U.S. Department of Transportation, the U.S. Army Corps of Engineers and the SLSMC on a joint Canada-U.S. study on future infrastructure needs of the Great Lakes/St. Lawrence Seaway system. This initiative reflects the high priority Transport Canada places on studies in support of strategic investment towards an integrated transportation system. The overall study will analyze the socio-economic costs and benefits of the system over the long term, particularly the maintenance and rehabilitation costs of the existing infrastructure, as the future level of these costs will have a major impact on the economics of the system and ultimately on the development of government policy. While the focus of the study is navigational, environmental factors will also be considered.

St. Lawrence Seaway Surplus Lands Divestiture

When the St. Lawrence Seaway was commercialized in October 1998, all Seaway lands located between Longueuil, Quebec, and Port Colborne, Ontario, were

transferred to Transport Canada, which is now responsible for the Management Asset Agreement with the SLSMC for non-navigational assets. The Department is in the process of selling 177 surplus Seaway properties to the Canada Lands Company (CLC). The sale of these properties will allow the Government of Canada to save Canadian taxpayers money that would otherwise have been spent to operate and maintain these lands. Moreover, CLC will seek to optimize the financial value of the lands by working with communities and stakeholders to make the future use of the properties more responsive to local needs. The properties are expected to be sold by the end of fiscal year 2005-06.

Marine Navigational Services Study

In partnership with Fisheries and Oceans Canada and industry, Transport Canada is committed to evaluating alternative methods of delivering marine navigational services (MNS) in Canada. The MNS system comprises services such as Canadian Coast Guard aids to navigation, waterways development, marine communications and vessel traffic services and icebreaking. Phase I of the evaluation collected background and baseline information and investigated how some other countries provide MNS. Design and evaluation of possible policy alternatives will largely take place during Phase II, beginning in 2004. Input from users of marine navigational services will form an integral part of Phase II of the study. For more details on our marine initiatives, visit www.tc.gc.ca/pol/en/Marine/menu_e.htm.

Skills and R&D Supporting Transportation Innovation

A steady flow of new ideas is required to advance technological innovation that supports intermodal integration, improved infrastructure design, congestion management, supply chain logistics and environmental initiatives. Therefore, more partnerships must be built in the areas of research, technological applications and assistance in the commercialization of transportation technologies and science, including increased cooperative efforts with universities and colleges. There is also an urgent need for the transportation sector to focus on skills development to ensure we have the people and the capacity to continue to operate and improve the system.

Like many sectors of the Canadian economy, transportation is increasingly becoming more knowledge-based. As such, its future success, and that of the many sectors of the economy that rely on transportation, depends on innovation and the skills of transportation sector employees if it is to remain safe, secure, efficient and competitive while meeting its societal and environmental obligations.

1. Innovation Outreach and Partnerships

Transport Canada actively promotes awareness of skills development and innovation opportunities to establish a foundation for mutually beneficial partnerships among stakeholders in academia and the private sector. By fostering open lines of communication with stakeholders, the Department works to maintain the consistent two-way flow of information. In this way, stakeholders are made

aware of programs — such as the Intelligent Transportation Systems (ITS) Research and Development Plan (which is discussed later in this section) — and Transport Canada receives the benefit of stakeholder input when considering policy direction.

Transport Canada is currently considering various options to increase the profile of transportation among federal funding organizations as well as potential research and development partners. By acting as a catalyst between government, industry, academia and other domestic and international stakeholders, the Department fosters partnerships to increase the efficiency and competitiveness of the transportation sector, highlighting its key role in the economy.

Transport Canada is also completing a number of studies in the area of transportation-related innovation in both the public and private sectors. Through these studies, the Department will be in a better position to monitor the performance of the Canadian transportation sector relative to the performance of other sectors of the Canadian economy, and relative to the transportation sectors of other countries. The results of these studies will assist in determining areas for specific concentration and investment in policy research, and will (in part) inform the strategic direction of departmental innovation outreach activities.

Transport Canada is the government's member in the World Road Association (PIARC). A World Road Congress and Exhibition is held every four years and is the foremost international forum for Canadian road transportation companies to network, form partnerships and promote their technical and engineering expertise. The Canadian National Committee for the World Road Association (CNC-PIARC) enables Transport Canada and provincial/territorial governments to make known Canadian road expertise. It also enables Canadian entrepreneurs to be very active in the organization and thus gain a higher profile for Canadian business worldwide. The Department is currently undertaking an evaluation of its participation in the Team Canada Mission by quantifying the investment in PIARC with the view of maximizing its benefits to Canadians. For more information on PIARC, visit www.cnc-piarc-aipcr.ca.

2. Skills Development

Current policy research on skills development includes a study of professional and technical transportation training in Canada. The final report provides much data to assess the strengths and challenges of the academic and training institutions that support the transportation sector in Canada. A review of the Canadian Occupational Projection Systems Skills Model — developed by Human Resources and Skills Development Canada and completed in early 2004 — provides analysis and interpretation of upcoming labour market pressures in the sector over the next five years. A profile of the labour force in the transportation sector has also been developed based on the 2001 Census. The information made available through these reports will provide tools for Canadians wishing to pursue careers in the

transportation sector, and will assist the sector in planning for future human resource requirements.

In 2004, Transport Canada will continue its outreach work with public and private sector partners to capitalize on the success of the Transport Skills Symposium (held in December 2003) and expand the reach of sector councils in the transportation industry. A Compendium of Best Practices, gleaned from participant input at this symposium, will be released in 2004. Other possible follow-up activities include briefing sessions regarding federally sponsored skills development initiatives and the planning of a second multi-modal transportation forum to examine issues of interest to the transportation sector. The Department is also planning specific initiatives to support transportation-related expertise and research in the public and private sectors and among academics to foster the innovation that will be required to help our transportation system adapt to the challenges of the future.

Transport Canada will continue to advance the development of the National Marine Training Program, which is responsible for the development and administration of technical training courses for the marine inspection community. The program ensures that marine personnel are in compliance with changing rules and regulations and are knowledgeable of the acts and regulations impacting marine safety. Ongoing work includes a national policy for mandatory training of inspectors prior to appointment, continued emphasis on small vessel inspections, backup for regional inspectors when they are assisting with the delivery of training courses, and revision of existing course content to reflect new changes to the regulations.

3. Science & Technology and Research & Development

In 2004-05, Transport Canada will advance Science and Technology and Research and Development (S&T/R&D) as a critical key to enhancing the Department's safety, security, economic, environmental and policy initiatives. To address transportation research gaps and new demands, the Department will be proactive by undertaking a catalyst role to enhance collaboration and partnerships with stakeholders, and develop innovative ways of governing, managing and delivering a broadened and strengthened S&T/R&D capability and capacity. We will undertake greater horizontal collaboration with other federal departments and jurisdictions, demonstrate leadership in assessing transportation technology challenges and solutions, and lever support to provide impetus and encourage both the private sector and universities to strengthen their innovation capacities and investments.

Transport Canada's new strategic S&T/R&D agenda will increase the focus on mechanisms to foster skills development, research and development, and deployment of new technologies. The Department will proactively work with industry, government and academic partners to identify areas of potential skills shortages and develop responses to them, to stimulate the adoption of e-commerce in the transportation sector and promote the adoption of intelligent transportation systems.

Over the reporting period, Transport Canada will:

- Develop and implement a departmental strategic plan and detailed tactical plan for S&T/R&D and innovation as a collaborative initiative with other departmental stakeholders, by working with transportation and non-transportation sector stakeholders to increase transportation-related research and development.
- Create stronger linkages with university centres of excellence and explore the interest in establishing a visiting chair program at Transport Canada to create opportunities for research on government transportation-related priorities with the university sector.
- Promote and support the adoption of ITS technologies to advance the safety, efficiency and security of the multi-modal transportation system, provide increased access to transportation services and reduce fuel consumption and environmental harm.
- Create a new Integration Board that will serve as a board of directors to provide overall strategic direction to the S&T/R&D and innovation program.
- Support the Government of Canada's Climate Change Action Plan with specific measures, some of which include promoting the sale and use of vehicles and fuels that produce fewer emissions and increasing the use of alternative modes of transportation for passenger travel and the transportation of goods.

In the next three years, Transport Canada will complete its project to upgrade equipment and facilities at the Motor Vehicle Test Centre in Blainville, Quebec. This includes the acquisition of state-of-the-art anthropomorphic testing devices, commonly known as crash test dummies, data acquisition equipment, infrastructure upgrades as well as test and calibration equipment. These improvements will enhance the Department's research capabilities as well as regulatory development and compliance testing, which will lead to improved standards and a greater influence on harmonized standards in the international arena.

R&D Priority Initiatives

- Advanced Safety and Security Technologies
- Human Performance Enhancement
- Inter-modal Integration Technologies
- Congestion Management
- Environment, Energy and Sustainable Technologies
- Accessibility
- System Data Monitoring

Over the next three years, Transport Canada will collaborate with Quebec, Alberta and the U.S. Department of Transportation, as well as a number of Canadian and U.S. industry groups, to research, develop, evaluate and implement a comprehensive, integrated fatigue management program applicable to the motor carrier industry. The research will provide effective measures to reduce fatigued driving, with the ultimate outcome of enhancing highway safety.

As part of the Tank Car Thermal Protection Integrity project, Transport Canada will assess the integrity of the thermal protection systems found on rail tank cars. Data from tank fire tests will be collected to validate a 3-D computer model that will be used to develop assessment criteria for defective tank car thermal protection systems. Inspectors from the U.S. Department of Transportation (Federal Railroad Administration) will also receive training in the use of infrared camera technology.

The Department will also undertake the next phase of the Highway Tanker Truck Stability project. Data will be analysed on the rollover threshold for tanker trucks and other vehicles that could transport dangerous goods, with the overall objective of developing future highway tanker stability standards.

Transport Canada is committed to protecting the environment and to achieving a sustainable transportation system. In collaboration with the Environment Research and Measurement Division of Environment Canada, the Department will engage in further research regarding marine emission control technologies, with a planned outcome of lowering greenhouse gas emissions. The results indicate that the technology developed so far has achieved up to 28 per cent nitrogen oxides (NOx) reduction. The system has been optimized during laboratory bench tests and has now been installed on a Roll-on/Roll-off (RORO) vessel operating between Montreal, Quebec, and St. John's, Newfoundland; full-size testing will begin this winter. Planned work over the next three years consists of final testing and refinement of the technology to allow it to be adopted by ship operators as an add-on to their current main propulsion units.

Under the Advanced Bus Technology Development Program, and in collaboration with Natural Resources Canada, Transport Canada will undertake research over the next three years with Canadian bus manufacturers and their suppliers to reduce bus curb weight, with a planned outcome of reducing energy consumption, emissions and road damage. A 20 per cent weight reduction is being targeted through the use of new lightweight materials and by optimizing hybrid approaches for the structural and lighter weight components such as passenger seats, where the use of magnesium can generate a 40 per cent weight saving or 1,000 lbs/bus.

Intelligent Transportation Systems Plan

Transport Canada is leading the implementation of Canada's Intelligent Transportation Systems (ITS) Plan, an initiative that works to make Canada's transportation system safe, integrated, efficient and sustainable. ITS can transform the way the transportation system is built, managed and operated.

There are several activities being undertaken in support of the ITS initiative:

- Administering the contribution agreements that were signed under the call for proposals for deployment projects, announced in 2001. It is anticipated that an additional call for proposals will be announced in 2004.
- Implementing the multi-modal ITS Research and Development Plan, which was released in 2003. Ten contracts were announced in January 2004. Transport Canada is currently evaluating R&D contribution proposals and expects to announce the successful applicants in 2004.
- Collaborating with, and supporting, provinces and territories on two nation-wide initiatives: development of a cross-Canada network of Road Weather Information Systems, and review of the final reports of the technical feasibility and cost-benefit studies of a Commercial Vehicle Operations network.
- Initiating bi-national consultations on the possible development of a Canada-U.S. border ITS architecture, to guide the deployment of ITS applications in and around land border crossings. This will advance the Department's commitment to meeting Canada's ITS obligations under the Smart Border Declaration relating to security and border clearance.

It is expected that these activities will result in the enhanced reliability and overall operating performance of the surface transportation system, by improving mobility and transportation efficiencies and enhancing safety performance and sustainable transportation. These results will be monitored through the number of ITS deployment and research and development projects across Canada, the number of partnerships developed, and the increased level of awareness of ITS. Funding recipients are required to submit project evaluation reports that will also provide valuable information on project outcomes, such as timesavings achieved, levels of reduced congestion and service enhancements. This information will be summarized and published by Transport Canada to serve as guidance for future projects and to evaluate the overall effectiveness of the ITS initiative. For more information on ITS initiatives, visit our Web site at www.its-sti.gc.ca.

Transport Canada announced a call for proposals for initiatives that will advance modal integration and transportation planning in urban areas and along transportation corridors. These initiatives may take the form of academic research studies or applied transportation initiatives. In 2004, the Department will select successful proposals, negotiate agreements for the modalities associated with the federal funding, and monitor the results of the recipients' work. This call for proposals will be funded from a portion of the \$5 million transportation planning and modal integration component of SHIP.

3.3.2 Ensure High Standards for a Safe and Secure Transportation System

Smart Regulation

This section provides an outline of the regulatory framework for the mode-specific initiatives that are described in the subsequent section, including planned results and associated monitoring activities.

Transport Canada's role has evolved from transportation system operator to one of regulatory oversight, policy formulation and landlord responsibilities. This evolution has prompted a focus and commitment to smarter regulation, as reflected in the following areas:

- Reforming our legislation and regulations.
- Providing innovative consultation mechanisms.
- Developing a wide array of harmonization initiatives.
- Promoting strong safety cultures through enhanced accountability models and frameworks.

Legislative and regulatory reform

(See Section 5.8 for a list of planned regulatory amendments.)

Proposed amendments to the *Motor Vehicle Safety Act* will modernize its provisions regarding regulatory efficiency and harmonization, certification and enforcement, and importation. The proposals will enhance the efficiency and timeliness with which Transport Canada can harmonize its regulations with those of the U.S. and other foreign bodies such as the United Nations Economic Commission for Europe. They will help vehicle manufacturers and importers respond to the pressures inherent in increasing globalization and rapid technological advances in manufacturing and design, as well as help improve vehicle safety.

Motor carriers operating beyond the boundaries of a province are regulated under the *Motor Vehicle Transport Act, 1987* (MVTA), which authorizes provinces to regulate extra-provincial motor carriers on behalf of the federal government. Through changes to the Act (Bill S-3 received Royal Assent in June 2001), Transport Canada will enhance carrier safety harmonization and compatibility across Canada by creating a national framework for motor carrier safety regulation focused on the consensus-based National Safety Code (NSC), Standard 14. The Act will require the provincial/territorial governments to apply a national safety regulatory regime to extra-provincial motor carriers based in their jurisdiction.

The implementation of NSC Standard 14 is proceeding within the Canadian Council of Motor Transport Administrators. Jurisdictions are actively addressing the

resolution of any remaining national consistency issues, primarily concerning safety-rating methodology. The provinces and territories have requested that the effective date of the revised MVTA and the federal regulation be January 1, 2005. This would allow sufficient time to resolve the remaining consistency issues and to complete their regulatory processes.

The *Transportation of Dangerous Goods Act, 1992* promotes public safety in the transportation of dangerous goods, including those outside Canada that are carried on a ship or aircraft registered in Canada. The Act is undergoing a review, which is expected to result in amendments, particularly with respect to security. The review, amendments and new regulations are to be completed by 2010 and will improve safety by reducing the number and effect of releases of dangerous goods resulting from transportation accidents. More information on the review of the *Transportation of Dangerous Goods Act, 1992* can be found at www.tc.gc.ca/tdg/consult/actreview/menu.htm.

Consultation

Over the coming year, Transport Canada will continue to modernize shipping and navigation through reform of the *Canada Shipping Act 2001* and by promoting safer, more efficient and environmentally sound operations. As part of this reform initiative, Transport Canada is conducting both internal and external consultations with staff and stakeholders to provide interested parties the opportunity to comment on the development of the regulatory amendments; this ensures that regulatory reform is transparent. To further enhance the transparency, all information will be made available on our Web site, which will allow stakeholders and departmental staff to monitor the progress of each amendment and to become involved in areas of interest.

Consultations have already begun with the Canadian Marine Advisory Council (CMAC), at both the regional and national level, and will continue at CMAC meetings during the fall of 2004. Transport Canada strongly believes that by engaging all stakeholders at the beginning of the process, they will all benefit from a more modernized and streamlined regulatory regime. Examples of regulatory reform projects being consulted on at CMAC are Marine Personnel, Navigation Safety and Inspection. Outreach consultations on Fishing Vessel, Small Vessel and Cargo Regulations are proposed to engage stakeholders who may not participate in CMAC meetings.

Transport Canada is contributing to 'smart regulation' through the Deliberative Democracy pilot project. In June 2003, the Department published, in the *Canada Gazette* Part I, a discussion document entitled *Strategies for Reducing Driver Distraction from In-Vehicle Telematics Devices*. Comments have been received from key industry stakeholders and many provinces and territories; further consultations will be held with vehicle manufacturers. The information obtained will help the Department to understand the need for, and characteristics of, potential government intervention. A report on the consultation and recommended policy

initiatives is planned for 2004, after which the appropriate initiative(s) will be selected and an implementation plan prepared.

The Department is also providing a leadership role in preparations for the Second Joint Ministerial Conference of the Paris and Tokyo Memoranda of Understanding on Port State Control. This international conference will be chaired by the Minister of Transport and is scheduled to take place on November 2-3, 2004, in Vancouver. The event will mark the second time that Canada is bringing together member and observer countries to sign a Ministerial Declaration that details new measures to be implemented by administrations in continuing efforts to eliminate sub-standard ships world wide and to protect the global marine environment.

Harmonization

Transport Canada strives to harmonize its motor vehicle safety standards with those of the U.S., except in cases where there is a demonstrated benefit to Canadians in pursuing a non-harmonized approach. In such cases, the Department makes every effort to develop regulations that are compatible with those of the U.S. so as to allow the sale of vehicles in either market. In accordance with the *Motor Vehicle Safety Act*, technical standards documents are used to facilitate the incorporation of a foreign government enactment. Currently, Transport Canada has ten regulations in the form of technical standards documents and nine more in progress, all of which are based on U.S. regulations. Furthermore, under the Economic Commission for Europe (ECE) Global Agreement of 1998, world regulatory bodies have agreed to work together to develop global regulations. Canada and the U.S. are signatories and are actively involved in the development of several global technical regulations.

On this aspect of smart regulation, the Department has had much success with non-regulatory instruments, such as Memoranda of Understanding (MOU). MOUs can realize safety improvements faster than is typically achieved through regulation. As an example, Transport Canada and all major vehicle manufacturers ratified, in January 2001, an MOU specifying that vehicles must meet the side impact protection requirements of either the U.S. or European regulations. These regulations specify injury criteria that must be measured by anthropomorphic test devices (i.e., crash test dummies) in a simulated collision by impacting a target vehicle in the side with a moving barrier. The MOU also requires that vehicles equipped with side air bags be evaluated using procedures that are intended to minimize the risk of side air bag-induced injury in children.

In 2004-05, the Department is anticipating the successful implementation of two additional MOUs with major vehicle manufacturers. Transport Canada fully supports the vehicle manufacturers' proposal to voluntarily market in Canada vehicles designed to meet performance criteria that will seek to improve vehicle-to-vehicle crash compatibility and increase occupant protection in the event of frontal and side impacts. The Department is confident this proposal will develop into a successful MOU on vehicle crash compatibility.

The Department will also continue to work in partnership with vehicle manufacturers toward the development of an MOU on the electronic version of the belt-fit test device. This MOU will seek to minimize the risk of belt-induced injury resulting from a mismatch between seat belt geometry and occupants' anthropomorphic characteristics.

Safety Culture

The 2004-05 program will focus on the completion of the initial cycle of rail safety management system (RSMS) audits, both pre-audits and verification audits, in addition to a significant level of follow-up from the initial audits. Future audits will move to a more focused, issue-driven approach, based on results from the monitoring programs and previous RSMS audits.

A key departmental priority since 1999, the implementation of safety management systems (SMS) in aviation organizations is the cornerstone for improving the safety and economic performance of the aviation industry. The goals are to establish more industry accountability and instil a consistent and positive safety culture throughout the industry. The goals are being realized by regulating safety performance, while leaving the means of achieving that performance primarily in the hands of industry management. Notices of proposed amendments for SMS have been developed and consulted through the Canadian Aviation Regulation Advisory Council process, and the proposed rules are expected to be published in the *Canada Gazette* by December 2004.

Establishing a safety culture is essential to building a safe and secure transportation system. Transport Canada plays a large role in the promotion and enhancement of a safety culture within the marine transportation sector. This role is evident in accomplishments such as the overhaul of the marine legislative regime, including amendments to the *Canada Shipping Act* and the development of new marine security regulations. The continued focus on initiatives such as the implementation of safety management systems and the small vessels inspection program are enabling the Department to meet its safety responsibilities and build a strong safety culture with its stakeholders.

Transport Canada will continue to focus efforts on the Port State Control System. The program protects Canadian lives, property and the marine environment from sub-standard shipping, by inspecting foreign vessels to ensure compliance with major international maritime conventions. Over the coming years, the Department will continue to develop improved targeting and special inspection programs for bulk carriers and tankers, which will contribute to an improvement in the safety of foreign ships entering Canadian ports. For more information, visit the Web site at www.tc.gc.ca/marinesafety/TP/TP13595/2002/menu.htm.

Work is continuing on the integration of systems that support data collection activities for key marine safety functions, such as vessel inspection, certification and

Port State Control, as well as developing links to the National Time Activity Reporting System to enable better reporting on performance indicators. These efforts will culminate in a corporate data warehouse that will support data gathering and analysis on a cross-functional and cross-modal perspective to enhance capacity in performance monitoring, standard setting and measurement from a multi-modal perspective.

2. Mode-Specific Initiatives

Road Safety Vision 2010

Road Safety Vision 2010 is Canada's second-generation national road safety plan (it succeeds Road Safety Vision 2001, which was introduced in 1996). Canada's vision is to have the safest roads in the world, and Vision 2010 incorporates the goal and strategies of the inaugural plan with a national target that calls for a decrease of 30 per cent in the average number of road users killed or seriously injured during the 2008-10 period (compared to 1996-2001).

In addition to the overall national target, Vision 2010 contains a number of sub-targets reflecting Canada's major road safety problem areas. The initiatives developed and implemented are undertaken to raise public awareness of road safety issues, improve communication, cooperation and collaboration among road safety agencies, enhance enforcement, and improve national road safety data quality and collection. The quantitative targets that are intrinsic to Vision 2010 address Canada's key road safety issues (e.g., seat belt and proper child restraint use, drinking and driving, intersection safety, rural road safety and commercial vehicle safety). The achievement of these quantitative targets is critical to the plan's success.

As part of its mandate to provide national leadership, Transport Canada has developed benchmark data and a performance measurement framework to monitor the progress of the sub-targets of Road Safety Vision 2010. The Department also develops and produces annual reports for the public, road safety stakeholders and decision-makers concerning progress made towards achievement of the goals of Road Safety Vision 2010.

Six nationally representative task forces, comprising road safety experts from Transport Canada, the provincial and territorial governments, as well as key public and private agencies, have taken ownership of the nine sub-targets and are developing and implementing initiatives to meet or exceed the goals of these targets. Under the auspices of the task forces, and in collaboration with partners, Transport Canada is working towards the objectives of this horizontal strategic initiative.

Road Safety Vision 2010 is a horizontal initiative in that it involves different levels of government and transcends jurisdictional boundaries. To help manage performance, Transport Canada has been actively leading the development of a

framework of accountability for the quantitative targets of Road Safety Vision 2010. (Section 5.9 for more information on this initiative.)

More detailed information on Canada's efforts to have the world's safest roads can be found at www.tc.gc.ca/roadsafety/vision/2002/menu.htm.

Rail Safety Direction 2006

Direction 2006 is a national partnership initiative with other governments, railways, railway unions, police and other safety organizations. This education and awareness initiative aims to reduce the number of highway-railway grade crossing collisions and trespassing incidents on railway property by 50 per cent by year 2006 — and it is making good progress. To date, grade crossing collisions and trespassing incidents have been reduced by 70 per cent and 98 per cent of their respective targets, in spite of dramatic increases in road use and urban development around railway lines.

To help the program meet the stated target, a problem-solving process has been developed which has created effective, long-term solutions to trespassing and grade crossing problems, by identifying the underlying cause of the problem at specific locations and implementing a tailor-made response.

Direction 2006 will continue to develop tools and implement them across Canada in the final two years of the program. For instance:

- Information kits are being developed to help sensitize local authorities on proximity issues, such as the need to control activities on lands adjoining railway rights-of-way and implement access control measures to reduce risks in communities.
- A second generation CD is being prepared to educate and sensitize recruits at police academies across Canada.
- Professional driver training programs are being developed and an interactive CD and other web-based products are being developed to target youth.
- A very successful poster campaign continues to be run in Aboriginal communities across the country.
- Suicide awareness and prevention mechanisms are under discussion, as are coroners' information videos and data collection to target specific problem locations.
- Mock train collisions will be staged in collaboration with schools, local businesses, health authorities and police and emergency response personnel.

Civil Aviation Flight 2005

Flight 2005: A Civil Aviation Safety Framework for Canada contains two key goals: continued improvement on the high level of aviation safety in Canada and a high level of public confidence in the Civil Aviation program. Implementation of the Flight 2005 initiatives is ongoing, and highlights Transport Canada's commitment to consultation with the aviation industry, including the emphasis on a systems approach to safety.

A significant contribution to the improvement of aviation safety has been the establishment of risk management policy and procedures. The Department has completed risk management training for all delegated officers, who are now introducing these principles and tools into their daily activities and decision-making. The immediate outcome has been an improved capacity to manage resources on a risk-based approach, which contributes to the improved delivery of the regulatory oversight program.

One of the key goals in *Flight 2005 – A Civil Aviation Safety Framework for Canada* – is a high level of public confidence in the safety of the aviation system. At the time Flight 2005 was finalized in 1999, the level of public confidence was best estimated at 77 percent, based on the 1998 *Starch-Roper Public Opinion Research Report*. Accordingly, a target of 90 percent public confidence as measured by public opinion research was set as the target for 2005.

In the August 2002 survey, 98 percent of Canadians expressed either moderate or high confidence in flight safety in Canada; 60 percent gave a *high* confidence rating. The same question was repeated in March 2004, yielding the same overall confidence rating of 98 percent and a *high* confidence rating of 67 percent, an increase of 7 percent in *high* confidence.

The original target of 90 percent public confidence, which was established before flight safety was distinguished from air travel security, and where the quality of confidence desired (moderate or high or both) was not specified, can nevertheless remain useful as a strategic goal. At one level, the target has already been exceeded for overall public confidence in flight safety. At another level, work continues to increase *high* public confidence in flight safety, currently at 67 percent.

Marine Safety — The Next Wave 2003-2010

Transport Canada recently finalized a new strategic plan, *The Next Wave*, which covers the period 2003-10 and is a continuation of the strategic direction set out in the previous document, *The Way Ahead 1997-2002*. The plan charts the course for the marine safety program in the years ahead and presents the overall strategies to promote a stronger safety culture within the marine industry, both domestically and internationally.

While the previous plan focused on strategies that impacted the internal environment, the new plan is outward looking, building on the vision that calls for a marine industry where safety and environmental protection are the top priorities. *The Next Wave* emphasizes the establishment of performance-based requirements and innovation, including the development of a quality assurance program and safety management system. It also commits to the ongoing development of information systems to ensure the provision of the best possible information for safety planning and decision-making.

The following safety targets have been identified, which Transport Canada is committed to achieving by 2010 (all reductions are based on 1998-2002 five-year average):

- 20 per cent reduction in the number of marine fatalities;
- 30 per cent reduction in the number of reported marine injuries; and
- 20 per cent reduction in both the Canadian and Foreign Flag commercial accident rate (per 1,000 trips)*.

** The accident rate is the number of shipping accidents by Canadian or Foreign Flag commercial vessels involved in domestic and international trade as reported by the Transportation Safety Board.*

In December 2003, the policy related to Marine Safety was consolidated under the Minister of Transport. This consolidation resulted in the transfer of resources and new responsibilities for Marine Safety. This transfer includes legislative and regulatory responsibility for ten regulations under the *Canadian Shipping Act* and three regulations under the *Navigable Waters Protection Act* previously administered by the Canadian Coast Guard (CCG). These new responsibilities include:

- Pleasure Craft Safety, including the Office of Boating Safety: Key functions include safety promotion and awareness, administration of the regulations, and compliance and enforcement
- Marine Navigational Services: Transport Canada is now responsible for the development, implementation and enforcement of regulations respecting the safe navigation of ships, vessel reporting, private aids to navigation and the protection of aids to navigation. CCG continues to be responsible for delivery of services including Marine Communications and Traffic Services and Aids to Navigation
- Pollution Prevention: Transport Canada is lead for ship and oil handling facilities prevention and response plans; response organization certification; and enforcement and compliance. CCG is responsible for Federal Monitor / On-scene Commander.

- Navigation Protection Program: Transport Canada assumes full responsibility for the *Navigable Waters Protection Act*, including management of the Act and regulations and program delivery. Environmental Assessment capacity will be built up within the Programs and Divestiture business line of Transport Canada.

The Marine Safety Strategic Plan will be updated to reflect these new responsibilities.

For more information on the CCG transfer of responsibilities to Transport Canada please refer to the following website: www.tc.gc.ca/marinesafety/transfer.htm.

3. Transportation Security

The Government of Canada's priority of protecting the security of Canadians is a core element of Transport Canada's mandate and remains its primary focus. The Department is vigilant in addressing the security of the travelling public. To meet the challenges posed to the transportation security regime, the Department will continue to implement efficient and effective security initiatives, focusing on key priority areas in all modes, including the National Critical Infrastructure Assurance Program, security technology, intelligence, meeting international commitments and effectively managing government resources in the coming years.

Planned Results:

- Strengthening the security and emergency preparedness culture
- Increasing compliance with security regulations and policies
- Increasing public and stakeholder awareness
- Increasing internal and external capacity to address the current security environment

Some of the key challenges for transportation security include:

- Complexity of the security environment. Security initiatives must be implemented within a global and evolving environment.
- Harmonizing international security standards. Due to the borderless nature of terrorism, there is increased pressure from the international community to put in place a seamless security regime between countries. As such, Canada's transportation security standards must be harmonized and consistent with its international partners without affecting its own values and commitments.
- Balancing security needs with the need for economic efficiency. The events of September 11, 2001 and subsequent terrorist attacks on commuter trains, most recently, in Madrid, Spain, have made this challenge more complex as the government seeks to balance security improvements with economic and trade issues (e.g., efficient flow of traffic at the Canada-U.S. border).

Aviation Security

Global attention remains focused on threats to aviation security — and the topic will continue to generate considerable public attention over the coming year. To this end, Transport Canada has initiated a policy review of air cargo and airmail security — a key component of the National Security Policy. The Department will assess vulnerabilities, threat and risk levels, industry best practices, training, and the harmonization of Canada's approach with that taken by its trading partners. The objective is to fine-tune the existing system to achieve a high level of security, while permitting the Canadian air cargo industry to achieve its business goals.

Transport Canada will also analyze the need to augment security measures for flight schools and fixed base operators. The analysis will weigh vulnerabilities, threats and risks in general aviation and assess measures taken by the U.S. and other countries to deal with this issue.

Transport Canada will begin implementing key elements of the recently enacted *Public Safety Act 2002*, for example respecting passengers, cargo and aviation facilities. The Act clarifies and expands the authority of Transport Canada to regulate key aspects of aviation security.

Transport Canada will conduct a comprehensive review of all airport security clearance holders for links to organized crime or criminal associations. All new applicants will undergo this same examination.

Marine Security

Marine security is an important component of overall transportation security, as it supports a vital trade gateway that connects Canada to the world. Transport Canada is committed to working together with stakeholders in all modes, both domestically and internationally to enhance overall marine security. Transport Canada will continue to focus its efforts on sustaining the long-term, national marine program and carrying out ongoing initiatives in marine security, including:

- leading the government's development and coordination of marine security policy and regulations, in particular through the Interdepartmental Marine Security Working Group;
- implementing and enforcing the new *Marine Transportation Security Regulations*, to bring Canada into compliance with the International Maritime Organization's International Ship and Port Facility Security Code by July 1, 2004;
- amending the *Marine Transportation Security Act* in order to strengthen security requirements for vessels, marine facilities and ports;
- developing and validating a comprehensive security assessment methodology for marine facilities in Canada;

- implementing and allocating funds for one-time or limited period marine security projects, which involves different federal departments and agencies, under the Marine Security Coordination Fund; and
- implementing the Marine Facilities Restricted Area Access Clearance Program.

On April 27, 2004 the Government of Canada announced the National Security Policy, which sets out a six-point plan to enhance marine security through several initiatives including clarifying and strengthening accountability for marine security and strengthening security at ports and other marine facilities.

As part of the National Security Policy's marine security plan, Transport Canada announced the Marine Security Contribution Program on May 7, 2004. This program represents a three-year, \$115 million commitment to assist ports and marine facilities with security enhancements. In compliance with new International Maritime Organization requirements, the Government of Canada required ports and port facilities to have approved security plans in place and operational by July 1, 2004. Under the Marine Security Contribution Program, ports and marine facilities will be able to apply for funds to assist with their new security equipment and programs called for under their security plans.

Multi-modal Security

As a result of the ongoing threat of terrorism and other potential threats to the transportation system within Canada and abroad, Canada must address vulnerabilities in every aspect of transportation, including various international multi-modal supply chains. Transport Canada will be conducting a review and analysis of the security of supply chains, which assesses security risks from the point of manufacturing to port of dispatch, from port of entry to overland inter-modal hubs and to the final point of destination. In analyzing the vulnerabilities in inter-modal cargo security, the Department will also examine container security, document security, e-seals and other potential technological solutions

Transportation of Dangerous Goods

As part of a review of the *Transportation of Dangerous Goods Act, 1992*, Transport Canada is consulting on a variety of initiatives that will strengthen public safety by increasing security in relation to the transportation of dangerous goods (TDG), including a TDG security clearance certificate for persons offering for transport, handling or transporting dangerous goods. For more information, consult www.tc.gc.ca/tdg/consult/actreview/issues/details.htm.

Chemical, Biological, Radiological and Nuclear Response Project

The chemical, biological, radiological and nuclear (CBRN) response project is aimed at securing access to trained industrial emergency response teams capable of

assisting first responders in handling dangerous goods used as CBRN agents in terrorism situations in Canada. Planned activities include:

- Establishing a list of responders that are willing and able to intervene in specific geographical locations and for specific types of industrial dangerous goods that can be used as CBRN agents in terrorist situations.
- Establishing access protocols and mechanisms for these industrial responders.
- Establishing and delivering additional training to the industrial responders (e.g., crime-scene awareness, law-enforcement investigation, etc.) and establishing access protocols and mechanisms for these responders.
- Developing CBRN Emergency Response Assistance Plans based on various terrorism scenarios using toxic industrial chemicals as well as CBRN warfare agents.
- Integrating the project in the National Counter-Terrorism Plan.

3.3.3 Protect the physical environment

Ultimate Outcomes

- Environmentally sustainable transportation system for Canadians.
- Reduction of greenhouse gas emissions (GHG) and pollution from the transportation sector.
- Prevention and mitigation of environmental damage from transportation activities.

Addressing climate change and protecting the environment are key government priorities. A clean environment is essential to healthy living, economic prosperity and a high quality of life. While transportation is a major contributor to Canada's economic and social development, it also has significant environmental consequences. Traffic in all modes produces air pollution, noise, community disruption and habitat destruction to varying degrees, while fossil fuel combustion produces greenhouse gases that contribute to climate change. The best transportation system for Canadians in the long term is one that is economically, socially and environmentally sustainable. Some possible indicators of progress toward these ultimate outcomes are presented in the side box.

Although Transport Canada is only one of the many contributors to achieving these outcomes, it is nevertheless important to track progress toward long-term environmental outcomes, even if they are outside the Department's direct control.

For further information on transportation and the environment, see Chapter 5 in our Annual Report, *Transportation in Canada 2002*, on our Web site at www.tc.gc.ca/pol/en/anre/transportation_annual_report.htm.

Canadians expect a transportation system that is safe, secure and efficient — and they also want a clean environment. Balancing economic and social needs with environmental protection is central to the concept of sustainable development. As Canada's economy and population grow, so too does the demand for transportation, which leads to the increased possibility of environmental impacts. Ensuring that decisions made are sustainable on all three fronts — economic, social, and environmental — is a significant challenge for Transport Canada and the transportation sector. Some key challenges are as follows:

- Transportation is the largest single source of GHG emissions, contributing approximately one-quarter of Canada's total emissions; approximately two-thirds of these transportation-related GHG emissions are generated in our cities.
- In the transportation sector, GHG emissions are growing rapidly and, without further action, they could rise 32 per cent above 1990 levels by the year 2010, and 53 per cent above by 2020.
- Air emissions contribute to a variety of conditions, such as air pollution and smog, factors that can have serious environmental and human health impacts.
- Transportation activities contribute to water pollution through the discharge of effluents and waste. These activities also create a risk of accidents that can release fuels or hazardous materials into the environment.
- Transportation trends point toward an increase in vehicle ownership and use, and a growth in both airline and commercial trucking activities — and these modes are the most GHG-intensive. While fuel efficiency is improving, it is not keeping pace with annual increases in the use of transportation.

Indicators of progress:

- *Total GHG emissions per mode (road gasoline, road diesel, aviation fuel, rail diesel, marine fuel)*
- *Average fuel efficiency for light duty vehicles, light trucks, heavy duty trucks, locomotives and aircraft*
- *Freight GHG emissions by tonne-km for light trucks, medium trucks, heavy trucks, locomotives and vessels*
- *Average air pollutant per light-duty vehicle (where data is available)*
- *Air pollutant per tonne-km for for-hire-trucking, marine, rail and air*
- *GHG emissions from Transport Canada activities*
- *Transport Canada contaminated sites that have undergone remediation or risk management*

To promote a sustainable transportation system, Transport Canada will continue to develop and implement policies and programs to address government-wide sustainable development and environmental issues as they relate to the transportation sector. As sustainable transportation is a shared responsibility, the

Department will work with its partners and stakeholders, including the general public, the transportation industry, other federal government departments, provinces, territories and municipalities, as well as international organizations, to overcome these challenges. To protect the physical environment, the Department will focus its efforts in the following areas:

- Implementation of the 2004-2006 Sustainable Development Strategy.
- Implementation of climate change initiatives.
- Delivery of environmental programs.

1. 2004-2006 Sustainable Development Strategy

Transport Canada's 2004-06 Sustainable Development Strategy (SDS) was tabled in February 2004; it builds on the successes and lessons learned from the previous two strategies. As indicated in the 2003-04 Report on Plans and Priorities, the development of this third strategy has been a key priority of the Department, during which the expectations of the Commissioner of the Environment and Sustainable Development and the results of the Department's internal SDS management review were fully considered.

Transport Canada's 2004-06 SDS will:

- *Achieve a stronger balance between the social, economic and environmental pillars of sustainable development*
- *Focus on the outcomes of departmental activities*
- *Improve results reporting*
- *Include measurable, innovative and horizontal commitments that foster integration*

Traditionally, Transport Canada has focused on ensuring that Canada's transportation system is both safe and efficient (i.e., social and economic considerations). As a result, the 2001-03 strategy focused primarily on the environmental aspects of transportation and how to better integrate environmental concerns with the Department's existing safety and economic roles. The second strategy recognized the Department's intent to more fully address the social and economic aspects of transportation in future sustainable development strategies. As a result, approximately one-quarter of the commitments deal primarily with the social and economic aspects while several others cut across more than one aspect.

The 2004-06 SDS, which will bring more precision to the concept of sustainability, defines seven strategic challenges and 32 specific commitments for the next three years. The commitments and targets in this strategy will be more concrete and the performance measures more outcome-oriented and meaningful.

The seven strategic challenges are as follows:

1. Encourage Canadians to make more sustainable transportation choices.
2. Enhance innovation and skills development.
3. Increase system efficiency and optimize modal choices.
4. Enhance efficiency of vehicles, fuels and fuelling infrastructure.
5. Improve performance of carriers and operators.
6. Improve decision-making by governments and the transportation sector.
7. Improve management of Transport Canada operations and lands.

This new strategy will continue the journey to a more sustainable transportation system for all Canadians and will provide an opportunity for Transport Canada to demonstrate continued leadership in promoting sustainable transportation. It will address key federal priorities, such as climate change, clean air, clean water and research and development. Many of the commitments will address these issues within an urban context. Approximately one-third of the commitments will be carried out in partnership with other federal government departments. Progress towards SDS commitments will be reported annually, both in the Departmental Performance Report and the Sustainable Development Strategy Progress Report.

The Commissioner of the Environment and Sustainable Development's expectations for the third round of Sustainable Development Strategies are outlined in *Sustainable Development Strategies — Making a Difference*, which is available at www.oag-bvg.gc.ca/domino/cesd_cedd.nsf/html/03sds.html.

The Management Review for Transport Canada's 2001-2003 Sustainable Development Strategy is available at www.tc.gc.ca/programs/environment/sd/strategy0103/menu.htm.

For a complete list of Transport Canada's 2004-2006 Sustainable Development Strategy commitments and progress indicators, see Part Five of the strategy, available at www.tc.gc.ca/programs/environment/sd/menu.htm.

Transport Canada's Sustainable Development Progress Reports are available at www.tc.gc.ca/programs/environment/sd/menu.htm.

2. Climate Change Initiatives

Overcoming the challenges of climate change will require a national effort that includes all levels of government, private industry and Canadians. The Government of Canada released the Climate Change Plan for Canada in November 2002. The focus for action on transportation outlined in the plan is on vehicles and fuels that produce fewer emissions, the increased use of alternative modes of transportation for passenger travel and more efficient transport of goods. The February 2003 Budget provided \$2 billion to be allocated among the plan's climate change initiatives. Transportation measures outlined in the plan account for approximately 21 megatonnes of the 240 megatonnes required to meet Canada's Kyoto Protocol target. The "One-Tonne Challenge" consumer education campaign and partnership funding with provinces and territories will include initiatives directed at transportation. In August 2003, the Government of Canada announced climate change expenditures of \$1.3 billion. Transportation measures were allocated \$161 million in funding, including:

- \$32.3 million to encourage the commercial transportation sector to make greater use of alternative fuels and energy-efficient technologies;
- \$9.9 million to encourage increased production and use of natural gas vehicles for fleets;
- \$11.9 million to promote and demonstrate commercial scale production of bio-diesel;
- \$100 million to encourage the construction of a number of ethanol plants as well as the development of cellulose-based ethanol;
- \$5.5 million to provide information that will encourage Canadians to purchase the most efficient vehicles that meet their needs; and
- \$1.5 million for the labelling of off-road vehicles such as lawnmowers, all-terrain vehicles and heavy construction equipment to help Canadians make energy efficient purchases.

As part of the Climate Change Plan for Canada, Transport Canada is implementing the \$11 million Freight Efficiency Program, which comprises three components, including financial incentives to encourage the purchase and installation of GHG reduction technologies for the air, rail, and marine modes. The Climate Change Plan also recognizes that some adaptation to climate change will be required, regardless of the success of actions to reduce GHG emissions. The Department will work to better understand the transportation system's vulnerabilities to climate change and to develop effective strategies to respond to negative impacts. Specific initiatives that will lead to a better understanding include:

- participating in the federal process to develop a strategy on climate change impacts and adaptation;
- raising awareness within the Department, the scientific community, the public and other government departments;
- establishing a network for information exchange; and
- identifying areas of specific vulnerability by tracking research and work in Canada and abroad on impacts, and by undertaking and participating in research.

Through the Urban Transportation Showcase Program (UTSP), Transport Canada is working in partnership with provinces and municipalities to establish transportation showcases. Between 2004 and 2007, the program will contribute \$35 million to eight cities to implement integrated strategies to reduce GHG emissions from urban transportation and address other related benefits, such as air quality, congestion, safety and rising transportation costs.

While emission reductions within selected showcases will be valuable, a key part of the program's purpose is to measure and assess the demonstrations to assist in the replication of successful strategies across Canada. To disseminate information on successful strategies to municipal decision-makers, the program is also allocating \$1.1 million over five years for the implementation of a National Information Network.

To encourage the replication of innovative sustainable urban transportation strategies, the UTSP Information Network will:

- Sponsor and organize learning events;
- Disseminate information on case studies of innovative practices;
- Recognize achievement through awards;
- Establish Internet-based tools for sharing information;
- Make information on the showcases available to key stakeholders.

The Freight Efficiency and Technology Initiative (FETI) is designed to reduce the growth of greenhouse gas emissions in Canada's freight transportation sector. In 2004-05, the FETI's Freight Sustainability Demonstration Program will conduct the fifth and sixth rounds of funding, and monitor the 20 projects that have been approved for funding. The results of the demonstrations will be shared with the freight community to encourage the uptake of more efficient technologies. The program's voluntary agreements component will focus on negotiations with the

Railway Association of Canada and the Air Transport Association of Canada. The agreements are intended to encourage continuous improvement, the reduction of greenhouse gas emissions, and modal efficiency. Under the training and awareness component, efforts will focus on promoting the use of efficient technologies and best practices through participation at various freight venues, including a FETI-organized marine workshop.

A new Freight Efficiency Program complements the existing FETI in its efforts to enhance modal efficiency and reduce the growth of greenhouse gas emissions in the air, marine and rail freight transportation sectors. A key component of the program will be financial incentives to purchase and install efficiency-enhancing technologies or equipment. To encourage the uptake of efficient technologies, proponents will be asked to report on the cost and greenhouse gas reductions savings related to the use of their new equipment, and this information will be disseminated in the freight community. There are two other components to this new program. The marine shore power pilots will assist in reducing unnecessary idling at port facilities, while the training and awareness for shippers and freight forwarders will evaluate alternatives to conventional transportation choices, highlight the benefits of different modal choices, and identify barriers to their adoption. In 2004-05, work will begin to identify potential proponents for up to three marine shore power pilots and to influence better modal choice by shippers and freight forwarders.

Information on the Government of Canada's climate change initiatives is available at www.climatechange.gc.ca/english/index.shtml.

Information on the government's *Action Plan 2000 on Climate Change* is available at www.climatechange.gc.ca/english/whats_new/action_plan.shtml.

Information on Transport Canada's climate change initiatives is available at www.tc.gc.ca/programs/environment/climatechange/menu.htm.

3. Environmental Programs

Transport Canada's environmental programs focus on

- Ensuring the Department's compliance with applicable environmental laws, regulations and policies.
- Reducing the environmental impact of employee activities, such as workplace commuting and business travel.
- Working with other transportation stakeholders to develop environmental protection practices and standards for the transportation sector.

The Environmental Management System Framework within the 2004-06 SDS captures a significant portion of the Department's environmental programs. The following information is provided to highlight several key environmental priorities for the next three years.

Contaminated Sites

In July 2003, Transport Canada approved a departmental Contaminated Sites Management Plan (CSMP) that outlines the Department's strategy for managing its contaminated sites and identifying suspected contaminated sites over the next five years; the CSMP is a Treasury Board requirement. The Department has made considerable progress in assessing and managing its contaminated sites and will continue to manage its sites in a responsible manner. For more information on Transport Canada's Contaminated Sites Management Plan, visit www.tc.gc.ca/programs/environment/contaminatedsites/menu.htm.

Strategic Environmental Assessment

In 2001, Transport Canada approved a policy statement on Strategic Environmental Assessment at Transport Canada to assist departmental staff in meeting the requirements of the 1999 Cabinet Directive on the Environmental Assessment of Policies, Plans and Programs. The Department continuously strives to improve the conduct of its Strategic Environmental Assessments (SEA).

Transport Canada will evaluate and improve current SEA tools and methods to simplify and better integrate the conduct of SEA with the policy analysis framework. This will be achieved by providing SEA training sessions to departmental staff at least once per year, and by promoting awareness of the requirements of the SEA Cabinet Directive and the Transport Canada SEA policy on an ongoing basis. The Department will also assess and promote greater compliance with its SEA policy, beginning in 2004-2005. This will be achieved by conducting annual evaluations of a sample of completed SEA documents, and will determine whether improvements to guidance and awareness materials are needed.

Clean Air Initiatives

Air pollution is a significant public health concern in Canada affecting the quality of life of Canadians. It is linked to premature deaths and is known to aggravate severe illnesses such as chronic bronchitis and asthma, particularly in children. Transportation accounts for significant emissions of urban smog precursors, including - nitrogen oxides (NO_x), carbon monoxide (CO), volatile organic compounds (VOC), particulate matter (PM) and sulphur dioxide (SO₂). To respond to the environmental and health risks associated with air pollution, the federal government approved a Clean Air Agenda in May 2001. This Agenda outlined a comprehensive ten-year program to address air quality in Canada. It demonstrates strong federal leadership in several key areas.

In June 2003, the Government of Canada announced the Border Air Quality Strategy that represents a key element in the clean air agenda. It has been designed

to engage the U.S. in trans-boundary air quality cooperation in a way that supports Canada's domestic agenda. Transport Canada will receive \$4.4 million over a four-year timeframe (to 2007) for work in the air, rail and marine sectors. Work in this area will focus on reducing air emissions from locomotives, marine vessels, aircraft, and at airports within an international context.

Full Costs of Transportation Project

Transport Canada is undertaking a number of research projects dealing with sustainable development and climate change. One such initiative is a project that was started in 2003 to investigate the full costs of transportation, i.e., all costs resulting from transportation networks, commercial transportation services, and private transport activities, including the direct financial costs of their provision, and also the social costs of their impacts on health and the environment and personal time losses in congestion. The Department is collaborating with provincial and territorial governments and consulting with industry and other stakeholders on this project. A Full Cost Accounting Task Force has been set up under the auspices of the Council of Deputy Ministers Responsible for Transportation and Highway Safety.

Determination of the investigation's objectives, methodology, work plan and resource requirements is expected early in 2004. The prime objectives include comparisons of full costs among alternative modes of transport, and eventual consideration of the implications of alternative means of meeting the costs, including their full reflection in users' prices. The immediate output from the work will be a series of reports of the findings, including estimates of the costs. The subsequent uses of the recommendations will be in quantitative analyses not only by Transport Canada but by governments at all levels and other stakeholders of the costs and benefits of proposed policies, programs, infrastructure investments or regulations, and in retrospective evaluations of such actions.

3.4 Management Agenda

3.4.1 Background

Transport Canada is one of fifteen departments that piloted the Modern Comptrollership initiative, conducting a capacity assessment against its seven elements, which resulted in an action plan that was published in 2001. However, since September 11, 2001, the Department has been recognizably focused on a number of pressing matters. Nonetheless, activities to move the Modern Comptrollership initiative forward have been ongoing, resulting in improvements in Transport Canada's capacity in the areas of risk management, leadership and improved reporting. Specifically, the adoption of a departmental logic model for performance measurement, the increased use of integrated planning across business lines and the introduction of service line reviews have collectively contributed to a culture change where the benefits of results-based management are better understood across the Department.

3.4.2 Towards Management Excellence

With the Treasury Board's introduction of the Management Accountability Framework — which translates the *Results for Canadians* vision of modern public service management into a set of management expectations — Transport Canada is now refocusing and broadening its modern management improvement strategy into an integrated agenda. This will help ensure that departmental managers have the required tools and a supportive culture in place to manage effectively in an increasingly complex and challenging federal public service, and also ensure that the commitment and initiatives stated in *Results for Canadians* are integrated into day-to-day practices.

For more information on the Treasury Board's Management Accountability Framework see www.tbs-sct.gc.ca/maf-crg/index_e.asp.

Information on *Results for Canadians* is available at www.tbs-sct.gc.ca/res_can/rc_1_e.asp.

Transport Canada's management agenda reflects the understanding, in an increasingly global and knowledge-based economy, that there is a need to change the way we manage resources to reflect the need to be citizen-focused, exhibit modern workplace values and practices, spend responsibly, and be results-based. Accordingly, to move toward management excellence, the Department is pursuing activities to increase its management capacity and, most importantly, integrate the ten management principles of excellence stated in the Management Accountability Framework.

Over the next few years, while pursuing progress on all ten elements of the framework, the Department will specifically focus on strengthening its capacity in the following areas:

- *Accountability* — to demonstrate that accountabilities for results are clearly assigned and measured throughout Transport Canada
- *People* — to renew and sustain a vibrant public service that is reflective of Canada, where employees are valued and human and intellectual capacities are developed.
- *Stewardship* — to strengthen the control regime through improved integration and effectiveness, thereby improving capacity to ensure responsible spending.
- *Values and Ethics* — to ensure that management practices are value-based and tailored to realities.

Developing modern management practices is one of Transport Canada's key organizational priorities, with an emphasis on further advancing its approach to results-based management and reporting. To date, this has been under the auspices of the Modern Comptrollership initiative, however, the Department will now need to assess its status against the Management Accountability Framework through a comparison with the previous Modern Comptrollership capacity assessment.

What will be the indicators of our success?
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| <ul style="list-style-type: none"> • Adoption and enhancement of modern management practices in line with best practice organizations. • Demonstrated progress against Management Accountability Framework operational work plan. |
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3.4.3 Accountability

To further improve Transport Canada's capacity to focus on results, strengthening its accountability framework has become a key objective. To achieve this, the Department will be revising its current planning, reporting and accountability structure to improve its description of the hierarchy of programs and their link to strategic outcomes. This improvement will result in increased transparency and provide the necessary elements to strengthen reporting and align information based on priorities, plans, actual expenditures and results at the appropriate level of aggregation.

What will be the indicators of our success?
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| <ul style="list-style-type: none"> • Strengthened reporting to Parliament (e.g., improved linkages between the Report on Plans and Priorities and the Departmental Performance Report). • Improved reporting of results linked to strategic outcomes. • Improved departmental and horizontal decision-making based on an integration of all resource information. |
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Assurances that Transport Canada's objectives to strengthen management accountability and promote effective management are provided through internal audit. These assurances also provide an additional measure to demonstrate how well departmental programs are being managed and how they help to promote better management practices.

What will be the indicators of our success?
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| <ul style="list-style-type: none"> • A departmental risk/priority-based audit plan that targets areas of greatest risk on an annual basis. • Management action plans are monitored to ensure recommended improvements are implemented. • An annual report on results , and individual audit reports are made readily accessible to Transport Canada managers and the public to enhance awareness of the state of management practices. |
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3.4.4 People

There are many challenges that must be met over the next several years to ensure a vital and high-performing public service. The *Public Service Modernization Act* will bring many changes to the way departments manage their human resources. Accordingly, Transport Canada will continue to strive towards its human resources' ultimate outcomes of a productive workforce, a sustainable workforce and an enabling work environment. Articulated below are some enablers to these outcomes and the "people" priority areas on which the Department plans to focus in the next fiscal year and beyond.

Implementation of the Public Service Modernization Act

In the years to come, the *Public Service Modernization Act* will significantly impact all departments, including Transport Canada. Major changes will be undertaken to ensure more collaborative labour-management relations, a more flexible staffing system, a more focused approach to corporate learning and development, and clearer roles and accountabilities.

The greatest challenge will be to implement the necessary changes to human resources management processes while maintaining existing services and processes. Transport Canada will adopt a phased implementation strategy that will be sequenced with the coming into force of the various parts of the legislation, as well as other human resource modernization initiatives led by the Treasury Board Secretariat. This strategy is built on engagement, maintaining and building capacity, improving processes and consultation. To ensure this, cross-functional departmental committees will be established to determine priority areas for action and the degree of departmental preparedness, to ensure alignment of work, and to develop required plans, departmental policies and operational procedures.

Clear and consistent communications will be of the utmost importance. As such, the departmental communications strategy is being aligned with the phased implementation and is being developed in three main streams: managers, employees and unions, and human resources professionals.

Transport Canada is also building on work it has already started to ensure more collaborative labour-management relations. In collaboration with our bargaining agents, the Department has developed a union/management consultation framework aimed at fostering a productive and positive working relationship with our union colleagues. This framework challenges us to favour a participatory approach that moves beyond legal and contractual requirements towards an increased level of partnership and joint problem solving wherever possible. Both management and bargaining agents are committed to fostering an environment where co-development, collaboration and constructive and meaningful consultations are predominant. We continue to look for opportunities to work together on important issues in which we have a common interest.

Transport Canada is taking proactive steps to ensure a focused approach to learning and development. A new Continuous Learning Policy will be implemented to promote a learning culture in the Department, to address central agency reporting requirements and to support the new Management Accountability Framework.

What will be the indicators of our success?
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| <ul style="list-style-type: none"> • Progress towards <i>Public Service Modernization Act</i> implementation in accordance with the coming into force of the various parts of the legislation. • Managers having an increased understanding of implemented elements of <i>Public Service Modernization Act</i> (percentage of managers/employees briefed or trained). |
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A workforce that is reflective of Canada

Transport Canada is committed to ensuring that its workforce is reflective of the Canadian population. Through a diversity strategy, the Department supports a corporate culture and behaviours that promote mutual respect, acceptance, teamwork, and productivity in people who differ in background, experience, education, age, gender, race, ethnicity, origin, physical abilities, religious beliefs, sexual orientation, and other perceived differences. In 2001, Transport Canada was rated at 2.5 out of 5 on the Equity Continuum™, a tool that measures the way an organization approaches diversity in its workplace and the reasons for it, and is aiming to reach a rating of 4.0 by 2008. To get there, the Department will continue to promote diversity and to develop programs to improve representation of employment equity designated groups and to progress towards reaching the Embracing Change objectives in the executive group and technical employment category. For more information on the Equity Continuum™ see Transport Canada's Diversity Strategy publication, *Focusing on Diversity*, available from Transport Canada's Human Resources Directorate.

Information on Embracing Change is available at www.tbs-sct.gc.ca/ec-fpac/index_e.asp.

What will be the indicators of our success?
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| <ul style="list-style-type: none"> • Increased representation of employment equity designated groups compared to labour market availability. • Increased recruitment of visible minorities in both the executive and technical groups. • Progress on the Equity Continuum™. |
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An organization that is respectful of official language requirements

Linguistic duality is intrinsically linked to the Canadian identity. That is why it is essential that the public service reflects this and fully integrates these underlying values. Transport Canada recognizes the importance of respecting both Canada's official languages and will continue efforts to meet its official languages obligations through its Official Languages Strategy.

In the next fiscal year, Transport Canada will undertake an assessment, within the context of the Official Languages Regulations, of demand for service in the minority official language at all Transport Canada Centres and for the airports that Transport Canada owns and operates. This assessment will help to ensure that the public receives services in the official language of their choice when interacting with the Department. For information on TBS' Official Languages Policy Framework see the Web site at www.tbs-sct.gc.ca/pubs_pol/hrpubs/OffLang/siglist_e.asp#New.

What will be the indicators of our success?
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| <ul style="list-style-type: none"> • Increase in the number of “bilingual imperative” staffing actions. • Increase in the number of bilingual supervisory positions. |
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3.4.5 Stewardship

Since the mid 1990s, Transport Canada has been investing in the enhancement of its internal systems to improve stewardship capacity. The primary management systems used to track, control and report resources include:

- Integrated Departmental Financial System, which provides the Department with a modern suite of integrated automated tools to manage the financial and materiel activities.
- Transport Integrated Personnel System, which is the Department's human resource management system.
- Salary Management System, which is unique in the federal government and allows managers to forecast salary costs and manage their salary budgets.
- Records, Documents and Information Management System, which is a repository of corporate information.

The systems provide relevant information on resources, results and controls. Although they have improved administrative efficiencies and controls over the financial and physical protection of Transport Canada assets, improvements continue to be made to further enhance the Department's capacity to provide a comprehensive, integrated source of financial information on programs and activities. This ensures that stakeholders will have reliable and relevant information on the resources required to achieve program results and to measure program performance. To attain these objectives, improvements will be required to take advantage of the financial information contained therein and to link it to non-financial information prior to decision-making.

What will be the indicators of our success?
<ul style="list-style-type: none">• Progress in integrating corporate information systems and controls.• Improved financial management capability.• Improved management of information and knowledge holdings.

By introducing on-line methods of interacting with the Department, Transport Canada is working to enhance its citizen-focused services and its relationships with customers and suppliers, pursuant to the objectives of the Government On-line initiative. In an effort to look for cost savings, increased productivity, consistency and a reduction in “reinventing the wheel” by all departments acting in isolation, the Department is also participating in horizontal initiatives. For example, Transport Canada is participating as one of four lead departments in the development of the Government of Canada Marketplace, which will increase our electronic commerce capacity. This initiative will put suppliers of goods and services in an electronic catalogue for federal government purchasing agents. While the initiative is a multi-year undertaking, the immediate goal is to complete the planning and scoping to ensure understanding of the system and the client needs. Once fully operational, it is also expected to level the playing field so that small, medium and large sized enterprises throughout Canada will all have an opportunity to supply goods and services to the Government of Canada.

What will be the indicators of our success?
<ul style="list-style-type: none">• Internal and external users able to make more informed decisions.• Positive external stakeholder satisfaction with on-line services.• Improved relationships with customers and clients.

3.4.6 Values and Ethics

As published in the 2002 *Public Service Employee Survey*, departmental values and ethics are viewed by Transport Canada employees as consistent with, or better than, the public service as a whole. Core values are published and widely shared. The Department has, on a general basis, demonstrated that it “lives its values” and managers act with integrity. However, with the introduction of the new Values and Ethics Code, efforts to actively promote ethics are now underway.

To this end, a senior official responsible for values and ethics has been appointed who will champion the development of the infrastructure and supporting mechanisms to implement the new Values and Ethics Code. Transport Canada is currently reviewing its own Conflict of Interest Policy in the context of the new code, which is also being incorporated into management and orientation training courses. Other activities will include focus group/dialogue sessions with staff that address ethical dilemmas likely to be encountered in day-to-day activities.

What will be the indicators of our success?
<ul style="list-style-type: none">• Values and ethics regularly discussed with all staff.• Sound advisory and recourse mechanisms in place.• Orientation, learning and other tools to support staff.• Assessment of organizational performance against public service values and ethics.

4.0 Organization

4.1 Strategic Outcomes and Business Lines for the Estimates Year 2004-2005

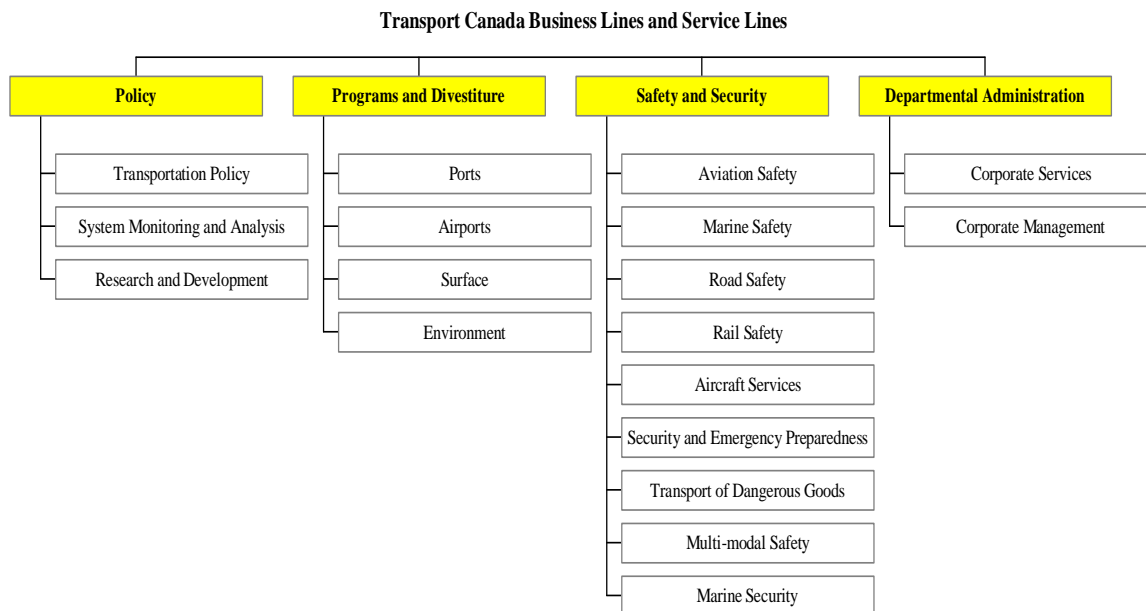
Business Lines (000'\$)	Strategic Outcomes			
	Economic Growth and Social Development	A Safe and Secure Transportation System	Protect the Physical Environment	Total
Policy	395,960	-	-	395,960
Programs and Divestiture	247,826	-	49,948	297,774
Safety and Security	158	926,731	541	927,430
Departmental Administration	40,493	89,085	5,399	134,977
Total (Net Planned Spending)¹	684,437	1,015,816	55,888	1,756,141

1. The Net Planned Spending amounts represent the sum of the Annual Reference Level Update and the adjustments planned for the year.

4.2 Accountability

At Transport Canada headquarters, four Assistant Deputy Ministers — Policy, Programs and Divestiture, Safety and Security, and Corporate Services and one Associate Assistant Deputy Minister, Safety and Security — report to the Deputy Minister, in addition to Corporate Management comprising the Communications Group and General Counsel. Five Regional Directors General — Atlantic, Quebec, Ontario, Prairie and Northern, and Pacific — also report to the Deputy Minister. Each of these organizational heads is accountable for the management of his/her organization and for the delivery of results as set out in national planning documents.

Transport Canada is divided into four business lines, each of which comprises two or more service lines (see following chart). The business lines reflect the Department's programs and services and do not mirror the organizational lines exactly. That is to say, the Assistant Deputy Minister Corporate Services falls under the Departmental Administration business line, as do the Communications Group and General Counsel. In addition, the four business lines cut across the regional organizations to ensure a multi-modal focus that concentrates on shared strategies and results. The business/service line structure is the forum for setting national programs, policies and standards and providing functional leadership to the regional offices.



4.3 Departmental Planned Spending

<i>(\$000's)</i>	Forecast Spending 2003-04 ¹	Planned Spending 2004-05²	Planned Spending 2005-06	Planned Spending 2006-07
Policy	492,364	452,956	408,364	375,719
Programs and Divestiture	364,010	541,126	441,087	349,970
Safety and Security	761,716	884,842	860,068	682,351
Departmental Administration	141,609	123,737	113,832	110,405
Main Estimates (gross)	1,759,699	2,002,661	1,823,351	1,518,445
Less: Respendable revenue ³	295,950	355,448	357,933	365,982
Total Main Estimates	1,463,749 ⁴	1,647,213	1,465,418	1,152,463
<i>Adjustments⁵</i>				
• Transfer of Toronto Waterfront Revitalization Initiative to HRSDC	-	(115,700)	(89,900)	(88,900)
• Transfer to Office of Infrastructure Canada – Go Transit Expansion	-	-	(21,000)	(22,000)
• CATSA additional reprofiling	-	64,110	(45,302)	(2,608)
• Short-term Financial relief for leased National Airport System	-	40,600	9,300	(8,900)
• Canada Strategic Infrastructure Fund – York Transit Plan	-	153	147	115
• Marine Security Contribution Program (Security and Emergency Preparedness)	-	5,575	48,949	44,949
• Marine Security Enhancements to Ports	-	3,910	2,910	1,910
• Marine Security Policy Support (Policy)	-	952	952	952
• Federal Contaminated Sites Accelerated Action Plan	-	10,022	2,730	2,757
• Remote Rail	-	20,000	-	-

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Departmental Planned Spending (continued)

(\$000's)	Forecast Spending 2003-04 ¹	Planned Spending 2004-05 ²	Planned Spending 2005-06	Planned Spending 2006-07
• Remote Rail Transfer from DIAND	-	4,400	-	-
• Marine Atlantic	-	45,300	-	-
• Port Divestiture Program – Reprofiting	-	3,500	-	-
• Capital Carry forward	-	4,133	-	-
• Proceeds of Real property sales	-	166	-	-
• Revitalization of Inter City Passenger Rail Services in Canada	-	1,461	1,961	1,961
• Transfer from Department of Fisheries and Oceans Marine function ⁶	17,348	20,345	19,263	18,338
• Canada Lands Corp. sale of surplus properties up to \$6.4M	-	1	1	1
Total Adjustments	-	108,928	(69,989)	(51,425)
Net Planned Spending	1,481,097	1,756,141	1,395,429	1,101,038
Less: Non-respendable revenue ³	27,853	27,639	28,020	28,499
Plus: Estimated cost of services received without charge	58,040	55,419	55,220	55,532
Net Cost of the Department	1,511,284	1,783,921	1,422,629	1,128,071
Full Time Equivalents	4,693	4,812	4,732	4,707

Due to rounding, columns may not add to totals shown.

1. Reflects best forecast of planned spending to the end of the fiscal year
2. The Planned Spending amounts represent the sum of the Annual Reference Level Update and the adjustments planned for each fiscal year.
3. For details by business line, see Table 5.4 Respendable and Non-Respendable Revenue.
4. The Main Estimates for the fiscal year 2003-2004 is \$1,580,058,000 as shown in table 5.5 Main Estimates Spending Authority.
5. Planned spending not included in Main Estimates.
6. The amounts showing for the transfer of the marine function from the Department of Fisheries and Oceans represent direct costs only. The actual amounts to be transferred had not been finalized pending a signed Memorandum of understanding (MOU).

5.0 Annexes

5.1 Summary of Capital Spending

Business Line (\$000's)	Forecast Spending 2003-04 ¹	Planned Spending 2004-05²	Planned Spending 2005-06	Planned Spending 2006-07
Policy	8,259	1,614	2,237	450
Programs and Divestiture	34,515	36,518	56,302	66,924
Safety and Security	11,294	20,634	15,596	5,336
Departmental Administration	10,394	9,452	2,790	2,790
Total Capital Spending	64,462	68,218	76,925	75,500

Due to rounding, columns may not add to totals shown.

1. *Reflects best forecast of planned spending to the end of the fiscal year.*
2. *The Planned Spending amounts represent the sum of the Annual Reference Level Update and the adjustments planned for each fiscal year.*

5.2 Summary of Transfer Payment Spending

Business Line <i>(\$000's)</i>	Forecast Spending 2003-04 ¹	Planned Spending 2004-05 ^{2,3}	Planned Spending 2005-06	Planned Spending 2006-07
Grants				
Policy	23,975	24,514	24,514	24,514
Programs and Divestiture	-	-	-	-
Safety and Security	1,102	250	300	300
Departmental Administration	-	-	-	-
Total Grants	25,077	24,764	24,814	24,814
Contributions				
Policy	109,201	80,098	46,509	21,236
Programs and Divestiture	212,104	385,824	280,400	143,682
Safety and Security	17,312	13,022	55,972	51,972
Departmental Administration	-	-	-	-
Total Contributions	338,617	478,944	382,881	216,890
Total Transfer Payments	363,694	503,708	407,695	241,704

Due to rounding, columns may not add to totals shown.

1. Reflects best forecast of planned spending to the end of the fiscal year.
2. The Planned Spending amounts represent the sum of the Annual Reference Level Update and the adjustments planned for each fiscal year.
3. For a detailed list of all grants and contributions, see the 2004-2005 Estimates, Part II

5.3 Details on Transfer Payment Programs

Program Name	Objective	Planned Results	Assessing Results
Policy			
Grant to the Province of British Columbia for ferry and coastal freight and passenger services	Assist the province in providing ferry services in the waters of British Columbia.	Transportation links to the national surface transportation system from various regions and isolated areas of British Columbia.	Monitor service levels and fulfillment of provincial obligations, in addition to in-depth analysis of requested cost of living increases for grant escalation provision.
Contribution for non-VIA Rail passenger services — Ontario Northland Transportation Commission; Quebec North Shore & Labrador Railway; Algoma Central Railway.	Assist non-VIA railways to provide passenger rail transportation to regional and remote areas of Ontario.	Provision by non-VIA railways of safe, reliable and viable passenger rail transportation.	Monitor consistency with government policies and priorities, number of remote communities served and contribution to regional economies. Monitor safe practices; passenger satisfaction ratings, and measures of viability (financial capability of service providers, future capital requirements).
Contribution for ferry and coastal passenger and freight services	Monitor ferry service operations with a view to reducing operators' dependence on federal subsidies by ensuring the commercial viability of the operation through services that effectively meet demand and rates that reflect market conditions.	Safe, reliable and affordable ferry services between Wood Island and Caribou; and Souris and Cap-aux-Meules.	Monitor compliance with operating agreement conditions and commitments through user surveys, site visits, audits and inspection of safety certificates.

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Details on Transfer Payment Programs *(continued)*

Program Name	Objective	Planned Results	Assessing Results
Policy			
Payment to the Canadian Wheat Board (CWB) for hopper cars for the transportation of grain in Western Canada	Assist the CWB with the leasing of hopper cars.	Efficient transportation of grain in Western Canada.	Monitor to ensure that cars are used on a commercial basis for western grain movements.
Allowances to former employees of Newfoundland Railways, Steamships and Telecommunications Services transferred to CN Rail	Assume responsibility for the portion of pension costs not payable by the Government of Newfoundland or Canadian National Railways for the transferred employees.	Ensure a pension income, equivalent to the provincial plans at the time of transfer, is accessible for the former provincial employees.	Ensure payments are made on a timely basis.
Transportation Association of Canada (TAC)	To help TAC promote the provision of safe, efficient, effective and environmentally and financially sustainable transportation services in support of Canada's social and economic goals.	Identification of common interests, development of best practices and harmonization among jurisdictions, and enhancement of the knowledge base. This will foster better decisions and lead to policies that result in improved roads, improved safety, improved environmental protection and a more efficient transportation system.	Monitor new or updated guidelines and best practices developed, the number of scholarships, training courses provided, the regulatory changes toward harmonization and the number of multi-jurisdictional calls, meetings or task forces.
Contribution to CN Rail toward the Quebec Bridge Restoration Program	Assist CN Rail with the restoration of the Quebec Bridge, which was originally built by the Government of Canada in 1918.	Continued safe operation of vehicle and train traffic on the bridge.	Monitor to ensure that restoration work undertaken is consistent with the scope of the agreement.

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Details on Transfer Payment Programs *(continued)*

Program Name	Objective	Planned Results	Assessing Results
Policy			
Strategic Highway Infrastructure Program — Border Crossing (Planning and Integration)	Enhance the reliability and overall operating performance of the surface transportation system.	Improved mobility and transportation efficiencies and enhanced safety performance.	Results will be assessed at three levels — activities/outputs, behavioural outcomes and long-term impacts, such as: Improved Canada-U.S. relationship through bilateral meetings and agreements on border crossings. Projects completed by funding recipients. Improved mobility and transportation efficiencies.
Strategic Highway Infrastructure Program — Intelligent Transportation Systems	Enhance the reliability and overall operating performance of the surface transportation system.	<ul style="list-style-type: none"> • Improved mobility and transportation efficiencies. • Enhanced safety performance. • Sustainable transportation. 	Results will be assessed at three levels — activities/outputs, behavioural outcomes and long-term impacts, such as: Co-funding activities of deployment and integration projects. Integrated technologies supported by and developed with target audience. Improved mobility and transportation efficiencies.

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Details on Transfer Payment Programs *(continued)*

Program Name	Objective	Planned Results	Assessing Results
Policy			
Contribution to the Greater Toronto Airport Authority (GTAA) for the air-rail link	Assist GTAA with provision of shared infrastructure and property to facilitate access for the air-rail link service into the airport.	Construction of shared support structures, station facilities and acquisition of properties to provide access for the air-rail link.	Monitor to ensure required infrastructure is constructed within allocated budget and ensure property meets environmental conditions and is incorporated into airport ground lease.

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Details on Transfer Payment Programs *(continued)*

Program Name	Objective	Planned Results	Assessing Results
Programs and Divestiture			
Contributions to subsidize the operating deficit of municipal or other airports (original program)	Provide operating subsidies to remote airports (as identified in the National Airports Policy) that are not operated by Transport Canada.	Safe operation of those airports that are the only reliable year-round mode of transportation available to the communities they serve.	Results will be assessed every five years at program renewal. An evaluation of this program is underway. Renewal is expected prior to April 1, 2005.
Airports Capital Assistance Program (ACAP)	Assist eligible applicants in financing capital projects related to safety, asset protection and operating cost reduction.	Maintenance or enhancement of airports' safety level. Increased life of airports' assets. Reduction of airports' operating costs. Increased use of environmentally sustainable practices at airports where possible. Continued operation of safe feeder airports to the National Airports System. Environmental sustainability.	The results will be assessed every five years at the time of program renewal. An evaluation of the program is underway to determine if ACAP continues to be relevant, if it has been successful (objectives, achievement and impacts), and if there are alternative, more cost-effective ways of delivering it. Renewal is expected prior to April 2005.
Newfoundland and Labrador — Construct runways and related facilities in Labrador	Ensure the operational capability of eligible airports is maintained at the level necessary to meet Transport Canada certification.	Safe, reliable, year-round air transportation facilities for the coastal communities of Labrador.	Aerodrome safety condition inspection reports, Civil Aviation Daily Occurrence Reporting System (CADORS) and Program site inspection reports.

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Details on Transfer Payment Programs *(continued)*

Program Name	Objective	Planned Results	Assessing Results
Programs and Divestiture			
Contributions to the province of New Brunswick toward highway improvements to enhance overall efficiency and promote safety while encouraging regional and industrial development and tourism	The construction, strengthening and improvement of certain highway links and roads.	Enhanced level of service. Increased mobility and transportation safety. Generation of economic benefits to the region.	At the end of the program, a retrospective evaluation will be undertaken of the program and certain projects. The analysis will look at safety, congestion and other identifiable benefits.
Contributions to the province of Quebec related to the Outaouais Road Development Agreement toward highway improvements to enhance overall efficiency and promote safety while encouraging regional and industrial development and tourism	Highway improvements to enhance overall efficiency and promote safety, while encouraging regional, industrial development and tourism.	Improved National Capital transportation system by reducing congestion and improving safety.	When the projects are completed, a retrospective analysis will be undertaken of specific projects on efficiency, safety and socio-economic aspects of the National Capital transportation system.
Trans-Canada Highway (TCH) Agreement — Newfoundland and Labrador	Improvements to the TCH in Newfoundland and Labrador as compensation for the termination of rail operations in the province.	Improved safety and enhanced level of service.	A retrospective analysis was undertaken in 1997 to assess the impact of eliminating the rail system on the cost of transportation in Newfoundland and Labrador. In the coming year, a decision will be made on whether a total program retrospective analysis will be done during 2005-06.

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Details on Transfer Payment Programs *(continued)*

Program Name	Objective	Planned Results	Assessing Results
Programs and Divestiture			
Payments to CN Railway in respect of the termination of tolls on the Victoria Bridge, Montreal and for rehabilitation work on the roadway portion of the bridge	Compensate CN, as required under the Victoria Bridge Agreement of 1962, for the cost of the bridge attributable to vehicles.	Safe operation of vehicles on the bridge and approaches.	The bridge is inspected annually and the maintenance and repair program is updated accordingly.
Northumberland Strait Crossing subsidy payment	Honour constitutional obligation to provide transportation link between Prince Edward Island and the mainland.	Continuous and efficient year-round transportation of people and goods between Prince Edward Island and the mainland.	Chartered accountants/ management consultants review the annual payment, which is made in accordance with the <i>Northumberland Strait Crossing Act</i> .
Contribution to the Province of Prince Edward Island for policing services in respect of the Confederation Bridge	Provide funding assistance for the appropriate level of essential ongoing policing services for the Confederation Bridge.	Safe operation of vehicles on the bridge to increase safety of the travelling public and protect property.	Quarterly and annual reports are monitored to ensure provision of an appropriate level of policing. The program was assessed prior to renewal in 2003-04; a program evaluation is planned prior to renewal in 2007-08.
Port Divestiture Fund — Contributions for the divestiture of regional/local ports and for remote ports when there is local interest	Facilitate the divestiture process by providing new owner with the resources to continue port operations for the foreseeable future.	Maintain safety and operating standards at transferred ports.	Annual verification statements are received from port operators to ensure that all expenditures are in accordance with the Contribution Agreement. Audits are also conducted on divested ports at least once during the life of the Contribution Agreement.

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Details on Transfer Payment Programs *(continued)*

Program Name	Objective	Planned Results	Assessing Results
Programs and Divestiture			
Strategic Highway Infrastructure Program — Highway Component	Provide funding for provincial/territorial highway projects to address the needs of Canada's National Highway System (NHS).	Sustain strategic infrastructure investments in all regions. Enhance safety performance. Support trade and economic development. Promote sustainable transportation.	At the end of the program, a retrospective analysis will be undertaken to look at costs and benefits, impact on safety (accident rates, fatalities) and other measurable benefits (time and vehicle cost savings).
Strategic Highway Infrastructure Program — Border Crossing	Support tourism, trade and traffic flows on north-south and east-west transportation corridors across the Canada-U.S. border. Improve mobility and transportation efficiency, productivity, safety and security for passengers and freight, including inter-modal connections.	Improved mobility and transportation efficiencies. Enhanced safety performance. Enhanced trade and economic development.	At the end of the program, a retrospective analysis will be undertaken to address the impact on safety (accidents on NHS and at specific border crossings) and time savings achieved (or delays reduced) due to completion of projects.
Action Plan 2000 for Climate Change — Urban Transportation Showcase Program	Reduce the growth of greenhouse gas (GHG) emissions from the transportation sector in urban areas.	Adoption of more energy-efficient urban transportation and land use practices, and the enhancement of capacity to reduce GHG emissions. The take-up of innovative technologies and best practices related to the reduction of GHG in urban areas.	Dollar value and number of projects funded. Reported GHG reductions in emissions. Other related benefits Benefits associated with the implementation and replication of best practices.

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Details on Transfer Payment Programs *(continued)*

Program Name	Objective	Planned Results	Assessing Results
Programs and Divestiture			
Action Plan 2000 for Climate Change — Freight Initiatives <i>and</i> Climate Change: Emission Reduction Package — Non-Road Freight Initiatives	Reduce the growth of greenhouse gas (GHG) emissions from the freight transportation sector.	Increased take-up of energy efficiency-enhancing technologies that can reduce GHG emissions.	Dollar value and number of projects funded. Reported GHG reductions in emissions. Ancillary benefits associated with the use of the technology and replication potential. Freight initiatives will be assessed by the number of efficiency-enhancing devices purchased and installed, reduction in GHG emissions, and surveys on up-take of technologies.
Moving on Sustainable Transportation (MOST)	The MOST program will help fund projects that provide Canadians with practical information and tools to better understand sustainable transportation issues, encourage the creation of innovative ways to promote sustainable transportation, and achieve quantifiable environmental and sustainable development benefits.	Greater awareness and use of sustainable transportation tools and practices by Canadians.	Number of projects funded. Project reach and exposure. Approaches and practices developed and implemented. Recipients will report on individual project results and actual environmental benefits (including applicable reduction in greenhouse gas emissions).

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Details on Transfer Payment Programs *(continued)*

Program Name	Objective	Planned Results	Assessing Results
Safety and Security			
Grant to close grade crossings	Encourage road authorities to relinquish their rights to use a specific grade crossing to facilitate its closure.	Reduce the risk of collisions and casualties by re-directing traffic to safer crossings.	Crossings are closed, traffic is re-directed to safer crossings thereby reducing the risk of accidents and injuries.
Payments in support of crossing improvements approved under the <i>Railway Safety Act</i>	Provide assistance to railway companies and/or road authorities to carry out works to improve safety at public road/railway grade crossings.	Reduced risk of collisions and casualties at public road/railway grade crossings.	Ongoing monitoring by rail safety inspectors. Periodic safety audits.
Contribution to the Railway Association of Canada for Operation Lifesaver	Provide financial assistance to support Operation Lifesaver to promote railway safety.	Increased rail safety.	Ongoing monitoring of safety awareness in the industry and surrounding communities.
Payments to other governments or international agencies for the operation and maintenance of airports, air navigation and airways facilities	Provide assistance through the International Civil Aviation Organization (ICAO) for the provision of international air navigation facilities and services over the North Atlantic.	Safe, regular, efficient and economical operation of international air services over the North Atlantic.	Ongoing monitoring by ICAO. Periodic audits by the Auditor General of Canada in its capacity as official auditor for ICAO.

5.4 Respendable and Non-Respendable Revenue

Business Line <i>(\$000's)</i>	Forecast Revenue 2003-04 ¹	Planned Revenue 2004-05²	Planned Revenue 2005-06	Planned Revenue 2006-07
Respendable Revenue				
<i>Policy</i>				
International cooperation contract fees	-	-	-	-
Air Services Forecasts revenues	225	160	160	160
Internal revenues from Agriculture Canada for grain monitoring	-	-	-	-
Miscellaneous internal and external revenues	540	-	-	-
	<u>765</u>	<u>160</u>	<u>160</u>	<u>160</u>
<i>Programs and Divestiture</i>				
Harbours and ports revenues	12,166	8,687	7,765	7,299
Airports operating revenues	11,698	13,250	5,633	5,717
Airports — Lease and chattel payments	214,441	284,736	296,142	304,623
Miscellaneous internal and external revenues	179	116	10	10
	<u>238,484</u>	<u>306,789</u>	<u>309,550</u>	<u>317,649</u>
<i>Safety and Security</i>				
Aviation regulatory and inspection revenues	9,903	9,762	9,736	9,736
Aviation training revenues	386	809	809	809
Internal and external revenues for aircraft services	29,825	26,700	26,700	26,700
Internal and external marine regulatory and inspection revenues	9,388	7,434	7,184	7,134
Revenues from the Registrar of Imported Vehicles Program	1,526	475	475	475
Lease payments from the Motor Vehicle Test Centre	195	280	280	280
Shortline rail inspection revenues	208	63	63	63
Internal and external revenues from research and development activities	3,870	1,884	1,884	1,884
Miscellaneous internal and external revenues	286	35	35	35
	<u>55,587</u>	<u>47,442</u>	<u>47,166</u>	<u>47,116</u>

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Responsible and Non-Responsible Revenue *(continued)*

Business Line (\$000's)	Forecast Revenue 2003-04 ¹	Planned Revenue 2004-05 ²	Planned Revenue 2005-06	Planned Revenue 2006-07
Departmental administration				
Internal and external rental and concession revenues	933	932	932	932
Miscellaneous internal and external revenues	181	125	125	125
	1,114	1,057	1,057	1,057
Total Responsible Revenue	295,950	355,448	357,933	365,982
Non-responsible Revenue:				
Policy				
Hopper car leases	12,000	12,000	12,000	12,000
Programs and Divestiture				
Non-navigational assets —				
St. Lawrence Seaway	4,600	4,300	4,300	4,300
Port sales and chattels	350	-	-	-
Canada Port Authority stipends	10,903	11,339	11,720	12,199
Total Non-responsible Revenue	27,853	27,639	28,020	28,499
Total Revenues	323,803	383,087	385,953	394,481

Due to rounding, columns may not add to totals shown.

1. Reflects best forecast of planned spending to the end of the fiscal year.
2. The Planned Revenue amounts represent the sum of the Annual Reference Level Update and the adjustments planned for each fiscal year.

5.5 Main Estimates Spending Authority

Vote	(\$000's)	MAIN ESTIMATES	
		2004-05	2003-04
1	Operating expenditures	213,861	193,798
5	Capital expenditures	60,210	82,264
10	Grants and Contributions	531,216	401,548
15	Payments to Jacques Cartier and Champlain Bridges Inc.	32,077	33,345
20	Payments to Marine Atlantic Inc.	27,607	25,095
25	Payments to VIA Rail Canada Inc.	191,301	266,201
30	Payments to the Canadian Air Transport Security Authority	466,499	459,676
35	Payment to Queens Quay West Land Corporation	—	4,000
40	Payments to Old Port of Montreal Corporation Inc.	—	—
(S)	Minister of Transport — Salary and motor car allowances	70	67
(S)	Payments to Canadian National Railway Company — Victoria Bridge, Montreal	3,300	3,300
(S)	Contributions to employee benefit plans	67,372	58,464
(S)	Payments in respect of St. Lawrence Seaway agreements	1,900	1,900
(S)	Northumberland Strait Crossing subsidy payment	51,800	50,400
Total Department		1,647,213	1,580,058

Due to rounding, columns may not add to total shown.

(S): Statutory

5.6 Net Cost of Program for the Estimates Year

Total Department (\$000's)	2004-05
Gross Planned Spending	2,111,589
<i>Plus: Services received without charge:</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	22,103
Contributions covering employer's share of employee's insurance premiums and expenditures paid by Treasury Board Secretariat	25,069
Workman's compensation coverage provided by Human Resources and Skills Development Canada (HRSDC)	3,735
Salary and associated expenditures of legal services provided by Justice Canada	4,512
	55,419
Gross Program Cost	2,167,008
<i>Less:</i>	
Respendable Revenue	355,448
Non-respendable Revenue	27,639
Net Cost of Program	1,783,921

Due to rounding, columns may not add to total shown.

5.7 Loans, Investments and Advances (Non-Budgetary)

Business Line <i>(\$000's)</i>	Forecast Spending 2003-04 ¹	Planned Spending 2004-05²	Planned Spending 2005-06	Planned Spending 2006-07
<i>Programs and Divestiture</i>				
Loan to Saint John Harbour Bridge Authority	23,481	22,481	21,481	20,481
Loans assumed from the former St. Lawrence Seaway Authority	179	179	-	-
Total Outstanding Loan Balance	23,660	22,660	21,481	20,481

Due to rounding, columns may not add to total shown.

1. Reflects best forecast of planned spending to the end of the fiscal year.
2. The Planned Spending amounts represent the sum of the Annual Reference Level Update and the adjustments planned for each fiscal year.

5.8 Major Regulatory Initiatives

Planned Initiatives	Planned Results
Development of the Marine Transportation Security Regulations , which will provide the regulatory framework necessary to implement the International Ship and Port Facility Security (ISPS) Code in Canada.	Consistent application and enforcement of new international marine security requirements.
The development of a regulatory framework for the Marine Facilities Restricted Area Access Clearance Program , which will bring into effect a national program of background security checks of persons who require access to restricted areas of marine facilities.	Enhanced security of port workers and overall marine transportation security system.
New regulation for a comprehensive monetary penalty enforcement structure to be developed after July 1, 2004 and that will be consistent with the <i>Transportation Appeals Tribunal Act</i> (TATC).	Enhanced marine security.
Transport Canada's pollution prevention program will undergo a major update over the next three years through the introduction of new regulations under the <i>Canada Shipping Act, 2001</i> . Existing provisions for sewage and air pollution will be dramatically expanded, provisions for garbage will be updated and new requirements will be introduced for anti-fouling systems and ballast water discharges. At the same time, through co-operative efforts with Environment Canada and Fisheries and Oceans Canada, a variety of issues will be addressed to further efforts to prevent ship-source marine pollution. These will include actions to accelerate the phase-out of single-hulled tankers, eliminate sub-standard ships, introduce a 'green ship' program for Canada, seek higher penalties from the courts for ship-source pollution, optimize surveillance and enforcement efforts, and investigate improvements to the provision of shore waste reception facilities. The regulations will be harmonized where necessary with other nations and administrations.	Reduction in incidents related to the pollution of the environment from ship sources.
The regulatory reform of the <i>Canada Shipping Act, 2001</i> is proceeding in a two-phase approach. Over 100 existing regulations will be overhauled into 30 regulations in Phase I, and approximately 35 regulations will be overhauled into 11 regulations in Phase II. Phase I focuses on those that are needed to bring the Act into force and is expected to be completed by the end of 2006. The Department envisions simultaneous development of new products such as training packages and electronic documents and tools to support the new Act. Phase II will concentrate on the existing regulations that are consistent with the Act; generally, these regulations need only to be updated and modernized and not overhauled as those in Phase I.	A twenty-first century shipping law to promote safety on board vessels and protect the marine environment in the context of a healthy, competitive marine industry.

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Major Regulatory Initiatives *(continued)*

Planned Initiatives	Planned Results
Amendments to the <i>Aeronautics Act</i> are underway to address fatigue management, liability insurance, aviation companies' management systems, analysis and reporting of safety data, and new compliance and enforcement tools. The amendment process is progressing smoothly given early consultation with key industry stakeholders.	Modernized legislative requirements to respond to industry needs.
The coming into force of the <i>Marine Liability Act (MLA)</i> in August 2001 provided the authority to create regulations requiring vessels used for commercial or public purposes to carry a certain level of compulsory insurance. These regulations are intended to protect the interests of passengers in the event of injury or loss of life. In August 2003, following extensive consultation with industry stakeholders as well as provincial governments and other federal departments and agencies, Transport Canada announced the proposed regime for a new compulsory passenger insurance under the MLA. The regulations are currently being drafted and it is expected they will be in place before the end of 2004.	Provide a balance between the interest of ship-owners and the passengers they carry. The act establishes a ship-owners' liability and will ensure there is insurance in place for this liability.
Development of regulations and/or security measures to support the screening of all checked baggage.	To achieve 100% screening of checked baggage at all designated airports by December 31, 2005.
A review of the <i>Canadian Aviation Security Regulations</i> and security measures as required by <i>Bill C-7</i> is underway. Regulations to replace security measures no longer required to be confidential must be made within one year after the Notice of Intent is published in the <i>Canada Gazette</i> . A broader review and re-alignment of the aviation security regulatory framework is expected to take at least 3 years to complete.	New regulations to replace security measures that are no longer required to be confidential, and re-alignment of the aviation security regulatory framework.
Road/Railway Grade Crossing Regulations and Access Control Regulations are being developed to establish more modern safety standards and provide clear responsibilities and consistency in the construction and maintenance of crossings and rail line access control. Publication of the regulations in the <i>Canada Gazette</i> , Part I is anticipated in 2004 after the completion of the Regulatory Impact Analysis Statement. Publication had been delayed to gain a better understanding of the roles and responsibilities of all involved.	Improved safety at highway/railway grade crossings and along rights-of-way.
Commercial Drivers' Hours of Service Regulations , under the <i>Motor Vehicle Transport Act</i> , 1987, will be published in the <i>Canada Gazette</i> , Part II, in fall 2004 for implementation in 2005. These harmonized federal and provincial regulations are science-based and simplified.	Reduction in commercial vehicle collisions related to driver fatigue.

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Major Regulatory Initiatives *(continued)*

Planned Initiatives	Planned Results
Motor Carrier Safety Fitness Certificate Regulations , under the <i>Motor Vehicle Transport Act</i> , 1987, will be published in the <i>Canada Gazette</i> , Part II, in fall 2004 for implementation on January 1, 2005. For the first time, a prescriptive national regulatory framework will regulate federal motor carriers under a common set of rules, as administered and enforced by provinces/territories.	Reduced incidence of commercial vehicle collisions due to improved safety monitoring, accountability and enforcement of motor carriers.
Amend the Canadian Aviation Regulations to allow the Canadian Business Aviation Association to issue certificates of operation for Canadian non-commercially operated business aircraft and to monitor their activities.	Provide industry with additional flexibility and operating efficiencies, and the potential for operators to play a more direct role in managing their own safety systems.
New Canadian Aviation Regulations incorporating fatigue risk management systems into aviation maintenance organizations. These regulations are an extension of the safety management system approach to managing risks in the aviation environment. They will help minimize the potential occurrence of fatigue-related human error, build awareness of fatigue as a workplace hazard, and improve the operator's ability to mitigate the impact of fatigue-related hazards.	Enhanced aviation safety due to a reduction of incidents related to operator fatigue.
New Canadian Aviation Regulations to address air rage and interference with crew members. The regulations will enhance the ability of air operators, private operators and their employees to deal with the growing problem of aviation passengers who are unruly or disruptive.	Enhanced aviation safety due to a reduction of air rage and disruption incidents.
New Canadian Aviation Regulations to address the limitations for flight attendants' hours of work and rest periods. The regulations will minimize the possible occurrence of human errors due to fatigue, and will help counteract the detrimental effects of fatigue.	Enhanced aviation safety due to a reduction of human errors related to fatigue.
New Canadian Aviation Regulations to address flight attendant ratios. The regulation will modify the requirements from the current 1 flight attendant for every 40 passengers or portion thereof, to 1 flight attendant for every 50-passenger seats or portion thereof. This would harmonize Canada's regulations with those of the United States.	Provide industry with additional flexibility and operating efficiencies. Allow economic parity for the industry with the United States and all other countries with the exception of Australia (1 in 36).
New Civil Aviation regulatory amendments to introduce a requirement for certificate holders to have a safety management system in place that integrates operations and technical systems with financial and human resource management.	Safe operations and compliance with the Canadian Aviation Regulations.

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Major Regulatory Initiatives *(continued)*

Planned Initiatives	Planned Results
The Transportation of Dangerous Goods Regulations will be amended to harmonize with international agreements, maintain reciprocity with U.S. provisions, revise means of containment standards to reflect new engineering developments and construction designs, and address emerging issues.	Improved level of safety in the transport of dangerous goods.
New Navigation Safety Regulations , including Charts and Nautical Publications Regulations 1995, Crewing Regulations and Ship Station (Radio) Technical Regulations 1999, to give effect to new international requirements contained in Chapter IV Safety of Navigation of the International Convention for the Safety of Life at Sea (1974).	Enhanced marine safety.
New Special Purpose Vessel Regulations	Safety of inflatable vessels that carry persons for remuneration in Canadian waters, such as for white-water rafting and whale watching.
Revised Boating Restriction Regulations to provide for the establishment of restrictions to boating activities and navigation in Canadian waters.	Enhanced marine safety.
New Collision Regulations	Uniform measures and safe conduct of vessels by giving effect to the Convention of the International Regulation for Preventing Collisions at Sea, 1972.
Revised Life Saving Equipment Regulations	Enhanced safety of children travelling on board Canadian vessels.
Revised Ship Station (Radio) Technical Regulations 1999 , to prescribe technical characteristics, installation requirements and the operation and inspection of ship stations.	Enhanced marine safety.
Revised Ship Station (Radio) Regulations 1999 , to prescribe radio communication equipment to be carried by commercial ships for the purpose of distress, urgency, safety and general communication.	Enhanced marine safety.
Revised Small Vessel Regulations	Enhanced safety and awareness of small vessels not regulated elsewhere.
New Administrative Penalties Regulations , to provide a graduated enforcement scheme and effective deterrents for violations on vessels operating in Canadian waters.	Enhanced marine safety.

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Major Regulatory Initiatives *(continued)*

Planned Initiatives	Planned Results
New Ballast Water Regulations , to harmonize with the International Maritime Organization's Ballast Water Control Guidelines, U.S. laws regarding ballast water, and the Great Lakes Water Quality Agreement of 1978.	Reduced incidents related to ship-source marine pollution.
New Cargo Regulations , to rationalize existing rules for loading and stowing cargo.	Enhanced marine safety.
Revised Collision Regulations , to promote uniform measures and safe conduct of vessels.	Improved consistency of regulations and enhanced safety related to the conduct of vessels.
New Fire Safety Regulations , to protect against fire on shipboards.	Reduced risk of fire-related incidents onboard ships.
New Fishing Vessel Regulations , to provide for safety onboard fishing vessels.	Enhanced fishing vessel safety.
Load Lines Regulations , to streamline existing regulations and address the requirements of the International Load Line Convention and Protocol.	More streamlined and harmonized regulations.
Marine Personnel Regulations , to streamline the existing crewing and certification requirements into one regulation and add a labour component.	More streamlined and harmonized regulations.
Pollution Prevention Regulations , to repackage the existing regulations and include the Convention on Marine Pollution, MARPOL Annexes 4, 5 and 6 to fit within the legal structure of the <i>Canada Shipping Act, 2001</i> .	Reduced incidents related to ship-source marine pollution.
Record Keeping Regulations , to rationalize existing requirements for keeping documentary records.	Improved record-keeping and information management.
Vessel Clearance Regulations , to streamline existing regulations and add the requirement to carry additional documentation.	More streamlined and harmonized regulations.
Canada Motor Vehicle Safety Standard 114 — Locking System , to introduce vehicle theft immobilization requirements.	Annual reduction of up to 15 fatalities and 58 injuries due to a reduction in vehicle theft by young offenders.
Canada Motor Vehicle Safety Standard (CMVSS) 208 — Occupant Restraint Systems in Frontal Impact , to be updated to ensure that seat belts and air bags are designed to provide optimal protection to belted occupants and that any unnecessary injuries due to occupant protection system are minimized.	Annual reduction of 12 fatalities and 44 serious injuries due to advanced seat belts and air bags.

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Major Regulatory Initiatives *(continued)*

Planned Initiatives	Planned Results
Canada Motor Vehicle Safety Standard 210.1 — User-ready Tether Anchorages for Restraint Systems and Canada Motor Vehicle Safety Standard 210.2 — Lower Universal Anchorage Systems for Restraint Systems and Booster Cushions will be extended to school buses, requiring one universal low anchorage and tether anchorage on each bench seat to properly secure infant or child restraint systems.	Improved safety of small children travelling on school buses.
Canada Motor Vehicle Safety Standard 206 — Door Locks and Door Retention Components. Regulatory development to properly secure infant or child restraint systems in conjunction with the National Highway Traffic Safety Administration.	Improved vehicle safety due to superior door lock requirements, which would also be harmonized with those of the U.S., Europe and Japan.
Canada Motor Vehicle Safety Standard 223 (new) — Rear Impact Guards. To require most trailers with a gross vehicle weight rating of 4,536 kg or more to be equipped with rear impact guards.	Annual reduction of up to 4 fatalities due to reducing the consequence of vehicle collisions into the rear end of trailers.
Canada Motor Vehicle Safety Standard 301 — Fuel System Integrity. Harmonization of the rear impact crash testing with new requirements issued by the National Highway Traffic Safety Administration, including raising the speed of rear impact tests from 48 km/h to 80 km/h. This will result in harmonization of the regulations with those of the U.S.	Annual reduction of up to 2 fatalities due to further reducing the likelihood of fuel spillage in high speed rear impacts.
Canada Motor Vehicle Safety Standard 500 — Low-speed Vehicles. The regulatory development of additional performance criteria for low-speed vehicles will be reviewed and the definition clarified.	Improved safety of low-speed vehicles due to the implementation of performance requirements.

5.9 Horizontal Initiatives

Initiative Profile — Road Safety Vision 2010

Road Safety Vision 2010 is the national road safety plan that aims to make Canada's roads the safest in the world by 2010. All Ministers responsible for Transportation and Highway Safety endorsed the plan in the fall of 2000.

The principal difference between Road Safety Vision 2010 and its predecessor (Road Safety Vision 2001) is the inclusion of a quantitative national target (30 per cent decreases in fatalities and serious injuries by 2010) and several sub-targets that address the key road safety issues (e.g., seat belt and proper child restraint use, drinking and driving, rural road safety and commercial vehicle safety). To achieve our national target, traffic fatalities and serious injuries must decrease by 900 and 5,500, respectively, by 2010. In 2002, Canada's fatality rate was eighth-lowest among Organisation for Economic Co-operation and Development (OECD) member countries.

More detailed information on Canada's efforts to have the world's safest roads can be found at www.tc.gc.ca/roadsafety/vision/menu.htm.

Roles, Responsibilities and Governance Structures

A framework for accountability, which involves task forces comprised of stakeholders from the federal, provincial/territorial governments as well as key public and private sector agencies, has been established to develop and implement initiatives to meet the target objectives. Each year, the Council of Deputy Ministers is provided with a report that summarises activities carried out and progress made towards achievement of the targets of the Vision.

Federal departments: The RCMP has been Transport Canada's most proactive partner in carrying out activities that are consistent with the strategic objectives of Road Safety Vision 2010. They have raised the profile of road safety issues among their members and the public, collaborated on research projects, refocused enforcement activities on the most critical areas (seat belts and drinking-driving), and attempted to improve collision data quality.

Other national governments: Transport Canada and other members of an Organisation for Economic Co-operation and Development Operational Committee (Germany and The Netherlands) are collaborating in the development of a survey of member countries that facilitates the exchange of current program/policy/legislative information among OECD member countries in support of national benchmarking and road safety targets. Transport Canada collaborates with the U.S. on vehicle research and standards development.

Provincial/territorial governments: Six task forces composed of representatives of provincial and territorial governments, Transport Canada and other key stakeholders have assumed responsibility for developing initiatives and monitoring the progress of the targets of Vision 2010.

Municipal governments: Transport Canada provided financial assistance to the Coronation Health Initiative Partners in Alberta to engage youth in addressing traffic safety in their own communities by implementing traffic safety projects planned during a Youth Leadership Conference. The City of Ottawa has developed an integrated road safety plan that was unveiled to the public in early 2004. Road Safety Vision 2010 was used as a template to develop a focus and timeframe for longer-term targets.

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Horizontal Initiatives *(continued)*

Roles, Responsibilities and Governance Structures

Non-governmental organizations: The Canadian Association of Chiefs of Police (CACP) requested Transport Canada's assistance in conducting a pilot study that would review the model, and if necessary, change the manner in which traffic services were delivered throughout Canada. The outcome of this pilot project, which was carried out in southern Alberta by the RCMP, resulted in a more risk-based delivery of traffic services in RCMP-policed jurisdictions throughout Canada as well as the creation of a 'how to' manual for the development and implementation of a quality traffic services program. The CACP partners with Transport Canada in the delivery of annual educational and enforcement initiatives (Operation Impact and National Road Safety Week) that raise awareness of the Road Safety Vision 2010 initiative. The Canada Safety Council (CSC) partners with Transport Canada and the CACP in the annual delivery of the National Police Award for Traffic Safety, which is presented to a police officer for outstanding achievements in traffic safety. Transport Canada provides funding to the CSC to administer the delivery of this award.

First Nations: Transport Canada recently joined the National Indian and Inuit Community Health Representatives Organization to help this organization address motor vehicle safety issues among aboriginal people.

Partnering Efforts	Planned Spending (\$000's)		
Partners	2004-05	2005-06	2006-07
<input type="checkbox"/> Federal Departments/agencies: Royal Canadian Mounted Police, Health Canada <input type="checkbox"/> Other national governments: Organisation for Economic Co-operation and Development member countries (Germany, The Netherlands); the U.S. National Highway Traffic Safety Administration <input type="checkbox"/> Provincial and territorial governments: All jurisdictional departments of Transportation and highway safety <input type="checkbox"/> Municipal governments: City of Ottawa; Coronation Health Initiative Partners <input type="checkbox"/> Non-governmental organizations: Canadian Association of Chiefs of Police; Canada Safety Council <input type="checkbox"/> First Nations: National Indian and Inuit Community Health Representatives Organization	Planned spending information is not available		

Shared Outcomes

All partnering efforts support one or more of the four strategic objectives of Road Safety Vision 2010 — raising awareness of road safety issues; improving communication, cooperation and collaboration among road safety agencies; enhancing enforcement measures; and improving national road safety data quality and collection — and will result in safer road travel for all Canadians.

(Continued on next page)

Horizontal Initiatives *(continued)*

Key Programs*	Planned Results	Indicators
National Occupant Restraint Program 2010	<ul style="list-style-type: none"> Minimum seat belt wearing rates of 95% and proper use of child restraints by all motor vehicle occupants. 40% decrease in the number of unbelted fatally or seriously injured occupants. 	<ul style="list-style-type: none"> Level of seat belt and child restraint use. Number of unbelted fatally and seriously injured occupants.
Strategy to Reduce Impaired Driving Program 2010	40% decrease in the number of road users fatally or seriously injured in crashes involving a drinking driver.	Number of road users fatally or seriously injured in traffic collisions involving drinking drivers.
Speed and Intersection Safety Management Strategy	20% reduction in the number of road users fatally or seriously injured due to speed- or intersection-related crashes.	Number of fatalities related to speed- and intersection-related fatalities and serious injuries.
Vulnerable Road User Strategy	30% decrease in the number of vulnerable road users (pedestrians, cyclists, motorcyclists) killed or seriously injured.	Number of fatalities and serious injuries involving vulnerable road users.
Rural Road Safety Strategy	40% decrease in the number of road users fatally or seriously injured on rural roadways (defined as road posted speed limits of 80-90 km/h).	Number of road users killed or seriously injured on rural roadways.
High-Risk Driver Strategy	<ul style="list-style-type: none"> 20% decrease in the number of road users fatally or seriously injured in crashes involving high-risk drivers. 20% decrease in the number of young drivers/riders (16-19 years old) killed or seriously injured in crashes. 	Number of road users killed or seriously injured in crashes involving high-risk drivers.
Commercial Vehicle Safety	20% decrease in the number of road users killed or seriously injured in crashes involving commercial vehicles.	Number of road users killed or seriously injured in crashes involving commercial vehicles.

* Planned spending information is not available

Contact
Paul Gutoskie, Manager, Road Safety Vision; (613) 998-5507; gutoskp@tc.gc.ca

(Continued on next page)

Horizontal Initiatives *(continued)*

Initiative Profile — Marine Security

The establishment of a robust marine security infrastructure is key to increasing the security of the national transportation system. This initiative is aimed at safeguarding coastal marine infrastructure by having appropriate enforcement tools to intercept and apprehend would-be terrorists and/or their devices, and enhancing awareness activities of the vessels, cargo, crews and passengers destined for or within Canada's marine system. A risk management strategy was used to evaluate threat potential, vulnerability and likely impact of terrorist incidents. Broadly, risk mitigation measures were based on the level of risk assigned to the security gaps.

Securing an Open Society: Canada's National Security Policy was tabled in Parliament on April 27, 2004. This policy sets out an integrated strategy and action plan designed to address current and future threats and sets out a six-point plan which is comprised of:

1. **Clarifying responsibilities and strengthening co-ordination among various departments.** Transport Canada will have lead responsibility for marine security and policy coordination. The Department of Public Security and Emergency Preparedness will have lead responsibility for enforcement and policing. The Department of Defence will be responsible for coordination of on-water response to maritime threats and developing crisis.
2. **Establishing Marine Security Operations Centre** to bring to bear all civil and military resources necessary to detect, assess and respond to marine security threats;
3. **Increasing the on-water presence** on the Canadian Forces Maritime Command, RCMP and Canadian Coast Guard and increasing the Department of Fisheries and Oceans aerial surveillance activities;
4. **Investing in secure communications technologies** to enhance the ability of our civilian and naval fleets to communicate with each other and Marine Security Operations Centres;
5. **Pursuing greater co-operation with the United States** to enhance our marine defence and security; and
6. **Strengthening security at ports and other maritime facilities** through the Marine Facilities Security Contribution Program.

The International Marine Organization (IMO) has introduced a new comprehensive security regime, known as the International Ship and Port Facility Security (ISPS) Code, which comes into effect by July 1, 2004. The ISPS Code seeks to establish an international framework of co-operation between governments, government agencies and the shipping and port industries in order to detect and take preventive measures against security incidents affecting ships or port facilities used in international trade. As lead, Transport Canada in cooperation with other government agencies, departments and industry, will implement and enforce the new *Marine Transportation Security Regulations*, to bring Canada into compliance with the IMO's ISPS Code, by July 1, 2004.

(Continued on next page)

Horizontal Initiatives *(continued)*

Roles, Responsibilities and Governance Structures
<p>The Government created the Interdepartmental Marine Security Working Group (IMSWG), chaired by Transport Canada, to identify and coordinate federal government actions in support of Canada's objectives concerning public security and anti-terrorism in the maritime realm, as well as its international marine security obligations. Under the guidance of the IMSWG, each partnering department is responsible for the following, as announced in January 2003:</p> <p>Transport Canada: Regulatory development in support of new International Maritime Organization requirements; Marine Security Oversight and Enforcement (Phase I); and Marine Facilities Restricted Area Access Clearance Program (to be carried out with RCMP and CSIS support).</p> <p>Department of Fisheries and Oceans/Canadian Coast Guard: Contributor to the enhancement of the level of domain awareness within the Canadian exclusive economic zone (EEZ) through increased surveillance activities and the implementation of shore based Automatic Identification System (AIS) infrastructure and the development of a long range vessel tracking capability. As well, during the reporting period, DFO increased its level of on-water capability for response to marine security incidents. The continuation of LORAN-C, a long-range radionavigation position fixing system, supported collaboration initiatives with the U.S.</p> <p>Citizenship and Immigration: Imposition of visas for seafarers joining ship in Canada (to be carried out with CSIS support); Enhanced Passenger and Crew Screening</p> <p>Public Safety and Emergency Preparedness Canada: Counter-Terrorism Training Exercises.</p> <p>Canada Border Services Agency: Installation of radiation detection equipment at key ports.</p> <p>Royal Canadian Mounted Police: National Ports Project; Emergency Response Team training.</p> <p>Department of National Defence: Contributes to improved collaboration and coordination through a Maritime Information Management and Data Exchange and enhanced domain awareness employing High Frequency Surface Wave Radar network for the surveillance of strategic high traffic coastal areas.</p>

Partnering Efforts	Planned Spending (\$000's)		
Partners	2004-05	2005-06	2006-07
<input type="checkbox"/> Federal Departments/agencies: <ul style="list-style-type: none"> • Department of National Defence (DND) • Transport Canada (TC) • Department of Fisheries and Oceans (DFO) • Citizenship and Immigration Canada (CIC) • Canadian Security Intelligence Services (CSIS) • Royal Canadian Mounted Police (RCMP) • Canada Border Services Agency (CBSA) • Public Safety and Emergency Preparedness Canada (PSEPC) 	30,000 12,500 6,500 3,694 2,188 1,800 1,000 200	10,900 10,550 13,500 2,894 2,188 1,900 1,100 200	1,100 9,000 10,500 2,894 698 1,900 1,000 200
<input type="checkbox"/> International organizations: International Maritime Organization (IMO)	—	—	—
Total:	57,882	43,232	27,292

(Continued on next page)

Horizontal Initiatives *(continued)*

Shared Outcomes
<p>Key activities:</p> <ul style="list-style-type: none"> • Domain Awareness — increased surveillance and tracking of marine traffic. • Responsiveness — additional resources for emergency response and supporting marine security. • Safeguarding — includes clearance programs for marine sector employees working in restricted areas, visas for foreign seafarers joining ships in Canada, and new detection equipment in Canadian ports to monitor containers. • Collaboration — improved coordination and consultation on marine security. <p>The ultimate outcome is to improve maritime security at Canadian ports, waterways and territorial waters.</p>

Key Programs (Projects)	Planned Results	Indicators
Marine Security Coordination Fund (TC)	The allocation of resources in support of one-time or limited-period projects by departments or agencies that will contribute to the improvement of the coordination of marine security efforts across federal government departments and agencies and with other jurisdictions involved in marine security.	Allocation of the Marine Security Coordination Fund
AIS and Long Range Vessel Identification and Tracking (DFO)	<ul style="list-style-type: none"> • Design and construction of shore infrastructure for the implementation of a national Automatic Identification System and a Long Range Vessel Identification and Tracking capability. • AIS and long range data will be integrated into the existing national vessel traffic management information system and will be available to the Canadian federal security community. 	<ul style="list-style-type: none"> • Effective project approval received in May of 2004. • The project has established a timetable for project implementation, therefore, project status will indicate the level of success
Air Surveillance Flights (DFO)	<ul style="list-style-type: none"> • Increase in patrol hours • Support information exchange between government departments • Enhance interoperability 	<ul style="list-style-type: none"> • Results as anticipated as evidence by full usage of flight hours; • Increase in surveillance data coverage area • No duplication of information collection

(Continued on next page)

Horizontal Initiatives *(continued)*

Key Programs (Projects)	Planned Results	Indicators
Visas for seafarers joining ships in Canada: <ul style="list-style-type: none"> • CIC • CSIS 	<ul style="list-style-type: none"> • Significant reduction in the number of seafarers attempting to illegally enter Canada • Reduction of 90% of the 51 persons posing as crewmen arriving in Canadian airports annually • Reduction of 90% in the 85 persons intercepted while attempting to travel to Canada under fraudulent documents 	Information not available
IMO Regulatory Development (TC)	Principal outcomes (first 18 months): Implementation of Canada's international commitments, namely amendments to the Safety of Life at Sea Convention (SOLAS) and the International Code of Ship and Port Facility Security by July 2004 resulting in a much enhanced marine security posture	Preliminary Indicators: <ul style="list-style-type: none"> • Degree to which international commitments and national regulatory priorities are incorporated into the regulatory framework • Degree to which relevant industry stakeholders support the regulatory framework • Meeting IMO implementation dates. • Degree to which the comprehensive marine security regulatory framework is aligned with threat/risk.

(Continued on next page)

Horizontal Initiatives *(continued)*

Key Programs (Projects)	Planned Results	Indicators
Counter-Terrorism Training Exercises (SGC)	<ul style="list-style-type: none"> • Create awareness of federal counter-terrorism responsibility resources and arrangement amongst first responders, other levels of government and international partners. • Promote best practices in counter-terrorism response • Identify vulnerabilities and areas of improvement and ensure that national counter-terrorism arrangements are consistent with the evolving threat environment. • Build stronger linkages between all organizations in Canada that have counter-terrorism responsibilities. • Reassure international partners as to Canada's capacity to respond effectively to marine-based incidents. 	The number of participants in the exercise will be a measure of performance. Participants' feedback, which will be included in the post-exercise reports.
Marine Security Oversight and Enforcement (TC)	<ul style="list-style-type: none"> • Improve security on-board ships and at marine facilities by establishing minimum security standards 	<ul style="list-style-type: none"> • Comprehensive ship inspections • Average annual number of ship security plans reviewed/approved • Average annual number of Ship Security Certificates reviewed/approved • Average annual number of amendments to marine facility security assessments. • Active support of new marine security system by industry • Building of a constructive relationship between Marine Security Inspectors and stakeholders

(Continued on next page)

Horizontal Initiatives *(continued)*

Key Programs (Projects)	Planned Results	Indicators
Marine Facilities Restricted Area Access Clearance Programs	<ul style="list-style-type: none"> Implementation of the Infrastructure required to process the Marine Facilities Restricted Area Access Clearances will be completed by Fall 2004. Transportation Security Clearances will be processed at a rate of 10,000 clearances per annum 	<p>TC</p> <ul style="list-style-type: none"> A Livescan will be operational in each of Montreal, Halifax and Vancouver Staff working at each Livescan location will be fully trained on all equipment and processes 10,000 security clearances will be processed annually Acceptance of program by facility operators Acceptance of program by unions <p><u>RCMP</u></p> <p>Activities will be monitored locally and at National Headquarters by way of RCMP audits, evaluations and reviews 100% of TC requests for CPIC queries (Activities will depend on TC requests)</p>
Radiation Detection Equipment (CBSA)	<i>Information not available</i>	<i>Information not available</i>
Passenger & Crew Screening (CIC)	<i>Information not available</i>	<i>Information not available</i>
High Frequency Surface Wave Radar (HFSWR) at four-five sites (DND)	Establish a network of four to five HFSWR sites (which will be integrated with the two existing HFSWR sites)	Increased surveillance data from coverage in strategic traffic areas covered by HFSWR

(Continued on next page)

Horizontal Initiatives *(continued)*

Key Programs (Projects)	Planned Results	Indicators
National Ports Project (RCMP)	<ul style="list-style-type: none"> • The creation of three National port Enforcement Teams (Halifax, Montreal, Vancouver) • Staffing of 8 FTEs at port to enhance oversight and monitoring capacity. • Project on plan, on time and on budget • Teams in Vancouver and Montreal are physically located at the port facility and teams are fully operational • Team in Halifax to be physically located at the port at Halifax fall 2004. Team is also fully operational • Local management teams are in place in Halifax, Montreal and Vancouver 	Activities will be monitored locally and at National Headquarters by way of RCMP audits, evaluations and reviews
Emergency Response Team Training (RCMP)	<ul style="list-style-type: none"> • New funding for Emergency Response Team (ERT) Armed Ship Boarding • Assessment of training needs • Development of Course Training Standards (CTS) and National Guidelines • Training of instructors • Deliver training by fiscal year 2004-05 	Activities will be monitored locally and at National Headquarters by way of RCMP audits, evaluations and reviews

(Continued on next page)

Horizontal Initiatives *(continued)*

Planned Spending by Project (\$000's)	2004-05	2005-06	2006-07	Total
Marine Security Coordination Fund (TC)	5,400	3,850	4,000	13,250
AIS and Long Range Vessel Identification and Tracking (DFO)	4,500	11,500	8,500	24,500
Air Surveillance Flights (DFO)	2,000	2,000	2,000	6,000
Visas for seafarers joining ships in Canada:				
• CIC	1,000	200	200	1,400
• CSIS	98	98	98	294
IMO Regulatory Development (TC)	1,100	1,000	-	2,100
Counter-Terrorism Training Exercises (SGC)	200	200	200	600
Marine Security Oversight and Enforcement (TC)	3,900	3,600	3,000	10,500
Marine Facilities Workers Clearances:				
• TC	2,100	2,100	2,000	6,200
• RCMP	200	200	300	700
• CSIS	2,090	2,090	600	4,780
Radiation Detection Equipment (CBSA)	1,000	1,100	1,000	3,100
Passenger & Crew Screening (CIC)	2,694	2,694	2,694	8,082
High Frequency Surface Wave Radar at five sites (DND)	1,143	19,000	14,500	34,643
National Ports Project (RCMP)	1,100	1,100	1,100	3,300
Emergency Response Team Training (RCMP)	500	600	500	1,600

Contact

Gerry Frappier, Director General Security and Emergency Preparedness; (613) 990-3651; frappig@tc.gc.ca

5.10 Our Offices

TRANSPORT CANADA HEADQUARTERS

Web site:

www.tc.gc.ca

Mailing Address:

Transport Canada
Place de Ville, Tower C
330 Sparks Street
Ottawa, Ontario
K1A 0N5

General Enquiries:

Telephone: (613) 990-2309
Fax: (613) 954-4731

**Library and Research Services
Centre:**

Telephone: (613) 998-5128

TRANSPORT CANADA REGIONAL OFFICES

Atlantic Region

95 Foundry Street
Moncton, New Brunswick
E1C 8K6
Telephone: (506) 851-7316

Quebec Region

700 Leigh Capreol
Dorval, Quebec
H4Y 1G7
Telephone: (514) 633-2714

Ontario Region

4900 Yonge Street
Toronto, Ontario
M2N 6A5
Telephone: (416) 952-2170

Prairies and Northern Region

344 Edmonton Street
Winnipeg, Manitoba
R3C 0P6
Telephone: (204) 984-8105

Pacific Region

620-800 Burrard Street
Vancouver, British Columbia
V6Z 2J8
Telephone: (604) 666-3518

5.11 Links For More Information

Acts for which the Minister of Transport is responsible and/or for which he shares responsibility: www.tc.gc.ca/acts-regulations/listofacts/menu.htm.

Border Infrastructure Fund (BIF) and Canada Strategic Infrastructure Fund (CSIF): www.infrastructure.gc.ca

Canadian National Committee for the World Road Association (CNC-PIARC): www.cnc-piarc-aipcr.ca

Civil Aviation: www.tc.gc.ca/civilaviation

Contaminated Sites Management Plan: www.tc.gc.ca/programs/environment/contaminatedsites/menu.htm

Diversity – Embracing Change: www.tbs-sct.gc.ca/ec-fpac/index_e.asp

Independent Grain Monitoring: www.quorumcorp.net

Intelligent Transportation Systems Plan: www.its-sti.gc.ca

Management Review for Transport Canada's 2001-2003 Sustainable Development Strategy: www.tc.gc.ca/programs/environment/sd/strategy0103/menu.htm

Marine Initiatives: www.tc.gc.ca/pol/en/Marine/menu_e.htm

Marine Safety: www.tc.gc.ca/marinesafety/TP/TP13595/2002/menu.htm

Motor Carrier Standards: www.tc.gc.ca/pol/en/truck_bus/mcpolicy_e.htm

Official Languages Policy Framework: www.tbs-sct.gc.ca/pubs_pol/hrpubs/OffLang/siglist_e.asp#New

Partnership Border Study: www.partnershipborderstudy.com

Port Divestitures: www.tc.gc.ca/programs/ports/menu.htm

Review of the *Transportation of Dangerous Goods Act, 1992*: www.tc.gc.ca/tdg/consult/actreview/menu.htm

Road Safety: www.tc.gc.ca/roadsafety/vision/2002/menu.htm

SHIP – Highways Component: www.tc.gc.ca/SHIP/menu.htm

Links For More Information *(continued)*

SHIP – National System Integration Component — Border crossings and Studies:
www.tc.gc.ca/pol/en/brochure/crossings.htm

Shortsea Shipping Initiatives: www.tc.gc.ca/POL/EN/Marine/shortseaS/menu_e.htm

Smart Borders: www.dfait-maeci.gc.ca/can-am

Transport Canada's climate change initiatives:
www.tc.gc.ca/programs/environment/climatechange/menu.htm

Transport Canada's 2004-2006 Sustainable Development Strategy:
www.tc.gc.ca/programs/environment/sd/sds0406/menu.htm

Transport Canada's Sustainable Development Progress Reports:
www.tc.gc.ca/programs/environment/sd/menu.htm

Treasury Board's Management Accountability Framework (MAF): www.tbs-sct.gc.ca/maf-crg/index_e.asp

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