

AUTUMN  
AUTOMNE 2006

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NATIONAL AND GLOBAL  
**PERSPECTIVES**  
NATIONALES ET MONDIALES



Canadian  
BUSINESS  
LEADERS  
speak



les  
**chefs**  
d'entreprise  
**CANADIENS**  
s'expriment

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CANADIAN COUNCIL OF CHIEF EXECUTIVES  
CONSEIL CANADIEN DES CHEFS D'ENTREPRISE

Thirty years ago, a small group of senior business leaders launched a bold experiment. They committed themselves to building a new kind of organization, composed of chief executives and leading entrepreneurs from all parts of Canada and every major industry. Their mission: to make a thoughtful contribution to the development of public policies, and to do so with the national interest in mind.

Representing the heads of 150 leading corporations, the *Canadian Council of Chief Executives* (CCCE) has been referred to as the world's most effective CEO-based organization dedicated to public policy solutions. Driven by the energies, talent and ideas of Canada's senior business community, the Council has played a pioneering role in advancing Canada's competitiveness agenda and in helping to build a stronger, more outward-looking Canada.

This selection of excerpts from recent speeches by Council members reflects a broad range of these ideas and offers practical solutions to some of the key challenges facing Canada and Canadian enterprises.

As we celebrate the 30<sup>th</sup> anniversary of the Council's founding, we hope you find these thoughts provocative and helpful in making your own assessment of the best way forward for Canada.

Il y a trente ans, un petit groupe de hauts dirigeants d'entreprise lançait une audacieuse expérience. Ils s'engageaient à mettre sur pied une nouvelle organisation constituée de chefs d'entreprise et d'entrepreneurs issus de toutes les parties du Canada et de tous les principaux secteurs de l'industrie. Ils se donnaient pour mission d'apporter une contribution réfléchie au développement des politiques publiques et de le faire en tenant compte de l'intérêt national.

Représentant les dirigeants de 150 grandes sociétés, le *Conseil canadien des chefs d'entreprise* (CCCE) a été cité comme le plus efficace regroupement de chefs d'entreprise au monde voué à la recherche de solutions en politiques publiques. Animé par les énergies, le talent et les idées des dirigeants du monde des affaires du Canada, le Conseil a joué un rôle de pionnier dans l'avancement du dossier de compétitivité du Canada et dans l'édification d'un Canada plus fort et plus tourné vers l'extérieur.

Ce recueil d'extraits de récents discours par des membres du Conseil reflète un large éventail d'idées et offre des solutions pratiques à certains des enjeux clés que doivent affronter le Canada et les entreprises canadiennes.

Alors que nous célébrons le 30<sup>e</sup> anniversaire de la fondation du Conseil, nous espérons que ces réflexions vous inciteront à faire votre propre évaluation des meilleurs moyens de faire avancer le Canada.

**ROSS LAVER**  
**EDITOR/RÉDACTEUR**

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## **Borders and barriers**

*April 18, 2006*

I AM just a farmer's daughter from North Sydney, Cape Breton. But one thing I learned on the farm is very relevant when it comes to North America.

I can remember days when my brothers and sisters would fight like cats and dogs about who did what. We got nothing done on those days! However, when we all did what we said we would and put aside our egos, we had some very successful days. You would not believe how much milk we could get out of the farm.

I learned that working together, regardless of the task, was the best way to any success. And that is what I saw starting to happen a couple of weeks ago in Mexico. As some of you know, I had the honour of being one of the representatives of Canadian businesses in Cancun with Prime Minister Harper, President Bush and President Fox for the second meeting of the Security and Prosperity Partnership of North America.

North American economic integration means more than resolving trade disputes. It means systematically working to smooth out the bumps that impede the free flow of goods, labour and capital.

One of my messages to the North American leaders was that it is the people of these three great countries who are leading their governments, not the other way around.

For example, our consumers increasingly want home improvement products that contribute to environmental sustainability. So we need to be able to sell them – and we, in turn, look to governments to make sure

regulations and other policies encourage the flow of goods across our borders.

But it is not happening. There are products available in the United States that are not yet approved for sale in Canada – products that would help our customers be more socially conscious.

One example is natural pesticides, which need to go through the same approvals as chemical ones. Or generators, which need to go through another round of standardized testing before they can be sold in Canada.

How can we have products in the United States that are not allowed to be sold in Canada, and vice versa? The problem is that our regulatory systems are different – separated and in complete silos. Can you imagine the efficiencies we could achieve if we integrated these regulatory functions, even just some of them?

Our governments are duplicating efforts, and yet they have the same goals when it comes to the safety and security of our citizens.

Whether you are Mexican, Canadian or American, we need to continue to do business while our three governments work through their delicate but increasingly more positive relationship. Let's put old arguments to bed and begin looking to the future. And let's take down barriers for our citizens, not put more of them in their way.

**ANNETTE VERSCHUREN**  
**THE HOME DEPOT CANADA**



## Looking abroad is essential

May 10, 2006

**A** DRIVING force behind business today is international linkage – the fact that we are now all connected and that events anywhere in the globe have the potential to affect everyone. In this respect the world has indeed become flat, as author Tom Friedman has so vividly portrayed in his current bestselling book.

In today's environment, Sun Life is building its international footprint to the point where over 50 percent of our operating earnings in the first quarter of this year were generated outside Canada. Through a combination of strategy, discipline and focus, we are building a Canadian-based international champion.

We are not alone. Other Canadian businesses have assumed strategic leadership positions internationally. Canada is a great country from which to build a global business platform. Yet we are a small economy. We account for less than two percent of the global market. We cannot afford to be insular.

Sun Life was chartered in Canada in 1865, and Canada will always be important. To be sustainable, however – to continue to grow our business – we must be international.

*From Bronze to Gold*, the Canadian Council of Chief Executives' blueprint for Canadian leadership in a transforming world, notes that domestic government policy and access to large markets have a direct impact on Canada's competitiveness.

There are numerous reasons why it is important that Canada foster international

champions. Such success stories demonstrate Canada's business excellence to the rest of the world, fuelling foreign demand for Canadian goods, services and intellectual capital. Further, Canadian-based international champions ensure that high-quality jobs remain in this country.

While looking abroad is essential, it is not sufficient. Smaller economies like ours have to choose strategic advantages and competencies. Financial services, including life and health insurance, are strategic competencies. This must be reflected in our international trade negotiations and domestic policies. At the same time, we need to enhance our trade relations with India and China. Asia remains key to Sun Life's future. It holds great promise for growth compared to some of the mature markets that have traditionally delivered the lion's share of our earnings.

Last year, Sun Life acquired the Hong Kong life insurance and pension business of the Commonwealth Bank of Australia. In India, our joint venture, Birla Sun Life Insurance Company, is growing rapidly with a sales force that exceeded 15,000 at the close of last quarter. We are forging ahead with plans to open 50 new branches, and grow to 20,000 agents. In China, Sun Life Everbright, our joint venture company, continued to expand its operations. We are on target to enter 12 new cities by the end of 2006.

These markets are not just Sun Life's future, but Canada's as well.

**DONALD A. STEWART**  
**SUN LIFE FINANCIAL INC.**



## Competition will make us stronger

June 5, 2006

**W**E are facing a historic re-shaping of the economic landscape. Is it a threat? For those who are unprepared, yes. They will find the terrain tough to navigate. Is it an opportunity? For those who are prepared, yes. They will find abundant rewards.

As *Business Week* magazine has noted, the last time the world economic order was so dramatically transformed, the United States was the muscular newcomer. In 1800, the U.S. share of global manufacturing was less than one percent. By the eve of World War One, the United States was the clear global leader. During America's rise, goods, capital, and ideas flowed easily across borders. The standard of living rose everywhere.

Here we are, in our generation, facing another economic seismic shift. China is dominant today in mass manufacturing, and is one of the few nations building multi-billion dollar electronics and heavy industrial plants. India, meanwhile, is a fast-growing power in software, design, precision industry, and the service industry.

Already, China has passed the United States in the consumption of basic agricultural and industrial goods. It is now the world's largest consumer of grain, meat, coal, copper, aluminum and steel, and is well ahead of the United States in the consumption of goods such as TV sets, refrigerators and cell phones. As for India's consumer market, think China five years ago.

What do all of these changes mean to us in North America? Should we complain about low-cost manufacturing abroad? About

Chinese corporate takeovers? About Indian outsourcing deals? Should we call for trade protectionism?

Economic growth certainly creates competition. But it also creates consumers, sparking demand for goods and services from industrialized countries.

Why not embrace the incredible opportunities that these rapidly expanding economies offer? Why not explore ways to incorporate into our supply chains low-cost components from Asia or Eastern Europe, to make our businesses more competitive?

Why not look at how outsourcing the low-productivity parts of our operations to foreign suppliers can increase our overall productivity? GE now outsources most of our IT work to India. Our finances and budget for Canada are also prepared there. Why not welcome the challenge of becoming more innovative and industrious in light of the competition we are facing? And why not look at how to tap the intellectual talent around the world?

Will competition destroy us? Hardly – it will make us stronger. But to find our place in a world that is undergoing a major transformation, we need to be bold. As a country, and as companies, we need to identify our areas of strength and develop policies and strategies that build on those strengths.

**M. ELYSE ALLAN**  
**GENERAL ELECTRIC CANADA**



## **A lesson for us all**

*May 10, 2006*

**N**O country can implement a strong social agenda without a sound economic one. If Canadians want an excellent standard of living – and of course we all do – we must become one of the world's most competitive nations to pay for it.

But Canada is a small nation. Our birth rate recently hit an historic low and our workforce is aging. That is not enough to maintain the status quo, let alone grow our labour force.

Immigration will be critical for Canada, and attracting the right mix of skills and capabilities will be essential. If we are going to compete, we must increase the number of immigrants we welcome each year. But raising targets alone will not give us maximum advantage. If we truly want to turbo-charge our economy, our first priority should be to tap the existing potential in our current workforce. The sooner skilled immigrants are working in the occupation they have trained for, the better.

RBC is well-known for our human resource policies, but I will be the first to tell you that we are not perfect.

Atefeh Kermanshahi is here with us today. Atefeh is Iranian, and moved to Vancouver in 1996 with her daughter, after living in England for 10 years. She had a degree in Economic and Business Management, and had worked for the Central Bank of Iran for over 11 years.

Like many immigrants, Atefeh did not have a social network waiting for her here. She was optimistic that her education and work experience would give her a leg up. But she

found out that neither her education nor her experience counted for anything.

I am not proud to tell you that the first company she applied to when she got here was RBC, and we did not hire her. She was caught in the Canadian Catch-22: no Canadian education or work experience meant no Canadian job.

We did not even think about whether it made good business sense to hire someone with her skills to help us tap into the growing and wealthy Iranian community on Vancouver's North Shore. So she found a sales job with one of our competitors in the insurance business.

Nothing about the job fit her, but it gave her Canadian experience. After a year of misery, she applied to RBC again. This was in 1998. And this time, we got it right. We hired her as a personal banker trainee, and it was like we unleashed a powerhouse. She is now a successful financial planner, an active member of our Iranian Strategy Committee and fully plugged into the community. She is even tapping into her own network to help us recruit Iranian employees.

There is a lesson here for all of us. We must do more than open the door to immigrants. We must make Canada a destination of choice where immigrants can realize their potential as employees, business owners, customers and neighbours.

**GORDON M. NIXON**  
**ROYAL BANK OF CANADA**





## **La sécurité dans l'industrie aérien: un défi partagé**

*29 mars 2006*

**L**A notion même de « sûreté du transport aérien » a pris une toute nouvelle connotation, pour ne pas dire une toute autre orientation après les attentats du 11 septembre 2001.

Depuis ce jour tristement mémorable, la façon dont nous contrôlons nos voyageurs et employés, dont nous sécurisons nos appareils et dont nous concevons globalement la sûreté a pris un tout autre sens.

Je tiens donc ici à souligner tout particulièrement les efforts que les sociétés aériennes comme les pouvoirs publics ont déployés pour transformer le climat qui s'était installé au lendemain du 11 septembre à l'égard de la sûreté aérienne en une stratégie plus durable axée sur la coopération internationale, sur les meilleures pratiques éprouvées, et sur la mise en place d'un processus de mesure et d'amélioration continue.

Cependant, je me concentrerai aujourd'hui sur un élément particulier de cette équation – à savoir le client.

En matière de sûreté, le point de vue des compagnies aériennes est intimement lié à celui des passagers.

La raison en est simple. Quand cela va mal, ce sont nous, les transporteurs, qu'on vient critiquer. Si les coûts de la sûreté montent en flèche, par exemple, c'est à nous que les clients le reprochent, et c'est nous qu'on blâme encore plus quand ils estiment que le

système est trop lourd et que les queues n'en finissent plus.

Ce qui nous nuit à tous, c'est le manque d'uniformité qui existe vis-à-vis des questions de sûreté d'un aéroport à l'autre, les coûts exorbitants qui y sont associés, et le fait que les voyageurs peuvent voir à l'œuvre les meilleures pratiques existantes dans certains aéroports du pays mais pas dans d'autres, ou voir que d'autres aéroports d'Amérique du Nord et d'ailleurs ont mis en œuvre des pratiques manifestement efficaces, alors que nous tardons pourtant à les introduire au pays.

Je ne tiens pas à jeter le blâme sur qui que ce soit, car, si j'ai appris quelque chose ces cinq dernières années, c'est bien que la sûreté aérienne est une responsabilité partagée. Cette responsabilité est partagée par l'autorité réglementaire, par l'administration de la sûreté, par les aéroports, par les compagnies aériennes et par les entreprises privées.

Pour nous tous, la sûreté pose un problème de fond, qu'on ne peut pas régler seulement en le regardant stratégiquement de haut, mais qu'on doit aussi aborder d'un point de vue pratico-pratique et quotidien. Nous devons trouver des moyens concrets d'apporter des améliorations rapides et tangibles à notre système de contrôle de la sécurité, qui feront en sorte que, loin de critiquer notre démarche, les voyageurs finiront par l'appuyer.

**ROBERT A. MILTON**  
**AIR CANADA ET GESTION ACE AVIATION INC.**



## **We need time to adjust**

*May 30, 2006*

**W**E have become a world leader in aerospace and rail transportation despite two initial problems encountered in Canada: a limited market combined with a small defence sector, which is strategically vital to the aerospace industry. As a result, 94 percent of our revenues are generated abroad. Every day, we face off with the best in the world, often on their home turf. Our success relies on the quality of our products, and on the skill and innovative spirit of the men and women who build them.

We also work together to create value for our shareholders. To this end, we have continued to take measures to improve our profitability and they are starting to pay off. There is definitely still room for improvement, and we plan to continue on this path.

This improvement in results stems from the hard work of more than 55,000 employees, including 19,000 Canadians. Unfortunately, much of their efforts are offset by the current dramatic and rapid rise of the Canadian dollar. These results would surely have been better if the Canadian dollar had not risen so sharply and so quickly, and it saddens me to see how much the Canadian manufacturing sector has suffered as a result. Some 150,000 jobs have already been lost in the past two years, and if the dollar continues to rise, we can expect this trend to continue.

This does not mean that Canada's manufacturing industry is unable to adjust, but we need time.

Thankfully, we at Bombardier have been less affected than other manufacturers. The

reason is that in aerospace, our content in Canadian dollars represents approximately 20 to 25 percent.

If the Canadian dollar continues to gain ground, manufacturing companies that export will soon have almost no other choice but to increase the U.S. dollar content of their business or move production to countries where costs will allow them to be more competitive.

I believe it would be regrettable to see this happen because for decades, our governments have relied strongly on the secondary and manufacturing sectors to reduce the Canadian economy's dependence on natural resources and energy.

While I understand that the Bank of Canada's role is to control inflation by varying interest rates, I have a hard time understanding why it only steps in when there is a loss of confidence in the Canadian dollar, and not in the opposite case, when there is excess confidence that leads to an overly rapid appreciation of our currency.

In order to minimize the effects of our strengthening currency on Canada's manufacturing industry, I think certain steps must be taken to give companies time to adjust.

I feel it is important to debate these issues and to question governments on this matter while there is still time.

**LAURENT BEAUDOIN**  
**BOMBARDIER INC.**



## Myths and reality

June 20, 2006

**I**N this time of rapid change in the automobile industry, no company has drawn more free advice than General Motors. But after a year of transformation, GM is starting to emerge from what some commentators are calling the largest turnaround effort in business history.

Looking forward, Canada's auto industry must change in order to face a series of tough challenges, including the high Canadian dollar, rising energy costs, global trade issues, regulatory red tape, an uncertain border and the need to reduce greenhouse gases.

At GM, our biggest hurdle may be our ability to put to rest three outdated myths that weigh on our shoulders and indeed much of the domestic automobile industry.

*Myth No. 1 – “The traditional domestic automobile companies do not make high-quality, reliable cars.”*

Like many misperceptions, this is founded in a grain of past truth. For a number of years, GM and other companies took their eye off the ball when it came to quality and reliability. But how times have changed! J.D. Power, the standard for auto industry quality measurement, has declared GM's assembly complex in Oshawa, Ontario, to be the best initial quality plant in North and South America for the second year in a row. This is the fifth consecutive year that a GM plant has finished first for quality. The Oshawa-made Pontiac Grand Prix and Chevrolet Silverado Pickup are ranked first in their segments for initial quality as well.

*Myth No. 2 – “GM is behind on fuel economy and technologies that reduce emissions.”*

The truth is that GM Canada offers more vehicles with highway fuel economy of seven litres per 100 kilometers or better than any other company. GM's “Active Fuel Management” engine technology on two models alone is forecast to reduce more greenhouse gas emissions than all the hybrid vehicles sold in Canada in the same period. And GM remains the leader on alternative fuel vehicles.

*Myth No. 3 – “Domestic automakers do not make cars people want to buy.”*

While GM's share of the Canadian market has slipped since the 1960s, our vehicle sales volume has increased more than 50 percent and our customer loyalty remains the best in the industry. And who leads on new designs? This year, the Chevrolet Camaro concept car was named “best in show” at the North American International Auto Show, GM's Saab Aero X concept won similar honours in Geneva, and Canadian auto journalists selected the Pontiac Solstice as “best new design” in Canada and the Corvette ZO6 as “most coveted.”

GM's cars and trucks have been a vital part of Canada's economy since Colonel Sam McLaughlin joined with Buick in the early 1900s to build cars that people loved to drive. Today, GM's financial house is getting back in order and our vehicles are once again offering high style with outstanding value for the Canadian consumer.

**MICHAEL GRIMALDI**  
**GENERAL MOTORS OF CANADA LIMITED**



**L'assurance: au sein de l'économie***11 mai 2006*

**N**OUS avons fait bien du chemin depuis que mon père a acquis une participation de contrôle dans Power Corporation, en 1968. Depuis, son esprit d'entrepreneurship, sa vision et sa grande intégrité n'ont jamais cessé d'inspirer nos équipes de direction et notre personnel.

C'est avec le regard fixé sur le long terme que mon père a orienté notre société vers les services financiers, justement convaincu de l'importance de la place que ce secteur occuperait dans le développement économique du pays et l'accroissement de la prospérité des Canadiens. Les premiers investissements de Power dans la Great-West et le Groupe Investors, en 1968, ont conduit à l'acquisition de participations de contrôle et à la création, en 1984, d'une nouvelle filiale, la Corporation Financière Power, la société ouverte détentrice de nos intérêts dans le secteur des services financiers.

Après la nomination du président et de moi-même comme co-chefs de la direction de la société, en 1996, nous avons procédé à une étude de toutes nos unités d'exploitation. L'étude stratégique de nos unités de services financiers nous a montré que les secteurs de l'assurance et des fonds communs de placement allaient bientôt connaître une période de consolidations. Étant déterminés à compter parmi les chefs de file dans ces domaines, nous avons élaboré, avec l'aide d'équipes de gestion très solides, un plan qui nous a permis de réussir l'acquisition, par Great-West Lifeco, de la London Life en 1997 et de la Canada-Vie en 2003, ainsi que celle de la Financière Mackenzie par le Groupe Investors en 2001.

Le secteur canadien de l'assurance se développe rapidement depuis quelques années et les Canadiens ont toutes les raisons d'être fiers de ce joyau de l'économie du Canada. Selon les données de l'Association canadienne des compagnies d'assurances de personnes, à la fin de 2005:

- le Canada comptait 105 compagnies d'assurance vie en exploitation;
- le secteur employait plus de 116 000 Canadiens, y compris 71 000 agents et courtiers;
- les 340 milliards de dollars gérés par le secteur sont en grande partie investis dans l'économie canadienne;
- les assureurs vie du Canada ont recueilli 54% de leurs primes totales, soit 63 milliards de dollars, auprès de clients étrangers;
- l'actif du secteur se trouve, à raison de plus de 94%, sous contrôle canadien;
- les trois plus grands assureurs du Canada (la Great-West, Manuvie et la Sun Life) comptent parmi les dix plus grands assureurs d'Amérique du Nord;

Ainsi, depuis l'adoption en 2001 des modifications de la politique proposées dans le Livre blanc du gouvernement fédéral, le secteur de l'assurance s'est engagé dans un vaste processus de consolidation qui a dynamisé les grandes compagnies d'assurance canadiennes et stimulé leur croissance. Nos institutions financières sont bien placées pour participer pleinement à l'évolution d'une économie nord-américaine de plus en plus intégrée.

**PAUL DESMARAIS, JR**  
**POWER CORPORATION DU CANADA**



## Time for decisions

March 23, 2006

**T**HERE is a widely held belief that the world is running out of energy. It is not true, although demand is starting to get ahead of connected supply.

There is also a widely held concern – one I happen to share – that we use too much energy, that it is contributing to global warming and other environmental problems. I think you only have to look at the brown rings in the air around most of our big cities to realize there has to be a better way.

Our problem is that we cannot seem to decide what to do. And this is where we need a vision. We need to set energy objectives and develop the tactics and timing for getting there, and then let market forces take over.

Is the vision to move to an environment more focused on renewables? If so, by when, and how do we get there? Can we reduce our dependence on fossil fuels to, say, 50 percent of our needs by 2050, as BP's Lord John Browne has suggested? If so, let us target that and go for it.

We do have enough crude oil and natural gas available to act as transition fuels for the next 50 years, and more. They are a major part of the solution to our energy "problem". With a proper vision, maybe we would quit opposing the very projects that are part of the solution, and start encouraging those projects that will lead to that long-term goal.

That leads me to the issue of energy delivery. The permitting of any new energy delivery infrastructure is a laborious, expensive, adversarial process. We pay

people to come to hearings and oppose the very projects that should be part of our national strategy.

Clearly, there is no easy way to balance all the often-conflicting interests that exist today. And I am certainly not suggesting that we should give industry *carte blanche* in building new energy infrastructure and developing new energy resources. The ability of the public to intervene in the regulatory process with legitimate concerns needs to be protected.

Still, we need to be aware of the real costs of delayed development. Policy-makers and regulators must get back to the job of making some tough decisions. Too often in this country, we try to please everyone and end up pleasing no one. When an energy infrastructure project is proposed, there is inevitably someone or some group that would prefer to see it not built. So we dither around, trying to find a solution that makes everyone happy, and it never exists.

If we are going to prevent energy shortages in this country, decisions are going to have to be made to meet the greatest public good. I believe the benefits of doing so are significant, and self-evident. And if we do not, I am afraid future winters are going to be long, cold and expensive for all of us.

In the past, we have dodged a number of energy scares in this country. I do not think we will continue to be so lucky in future unless we act now.

**PATRICK D. DANIEL**  
**ENBRIDGE INC.**



## **It all comes down to respect**

*March 29, 2006*

**T**HE pace of change today in our industry is both dizzying and energizing. More important, though, are the many new opportunities, if only we can figure out how to capture them.

Right now, I think everyone in this room would agree that newspapers are not, and cannot remain, what they used to be. Circulation numbers are down everywhere in the world. Yet print continues to be a strong vehicle for advertisers. Newspapers have enormous power to influence purchasing decisions. That being said, the newspaper formula must change. Digital technology has dramatically transformed the media landscape.

The most important part of this revolution has been the speed of Internet penetration. The web can be fantastic, in the literal sense of that word. You can find anything and everything there. The downside of the Internet is that there is a lot of information on the Web that is inaccurate, dishonest or just plain, well, fantasy. Accuracy and fairness are not always assured.

We are of the opinion that there is enormous value to a voice that can speak with authority.

Let me share with you some research conducted for Quebecor by Leger marketing. It focused on the 18-to-39 demographic. We know there are sizeable elements in this group that are well-educated, smart and with incomes that make them attractive to advertisers. The research revealed high levels of interest in local and international news. These people feel a sense of personal

association with international events in their connected world today. They rank international and local news ahead of arts and entertainment and national political news, and also ahead of sports, lifestyle and social news. This challenges the conventional view.

The research suggests that one opportunity is to unlock the value of journalistic traditions and package them in other formats.

As far as delivery is concerned, technology is clearly driving change. The amount of time Canadians are spending on the Internet is growing rapidly. In fact, younger Canadians already spend more time on the Internet than watching television. Going forward, a strong presence on the Internet is obviously critical.

Looking to the future, we think that one of the biggest risks would be to fail to look beneath the surface. Yes, newspaper readership has declined. Yes, young people are spending less time on conventional news. But that does not mean we are dealing with a generation of ignorant people. In fact, today's marketplace already can be characterized as better educated and more connected than ever before.

Our take on the new media marketplace is that enormous change is required, both in the way we approach the challenges and in the way we operate. In the final analysis, it all comes down to respect – a new respect that we are developing for our audiences and their very legitimate expectations in a connected world.

**PIERRE KARL PÉLADÉAU**  
**QUEBECOR INC.**



## Des frontières sans obstacles

18 septembre 2006

**D**EUX événements récents ont renforcé mes préoccupations sur la compétitivité canadienne. Le premier s'agit de la publication d'un rapport, commandé par le ministre de l'Industrie Maxime Bernier, sur nos forces et faiblesses dans le domaine de la science et de la technologie. Le deuxième, c'est l'anniversaire du 11 septembre 2001.

Quel rapport y a-t-il entre le 11 septembre et la compétitivité? Ça tient en un mot : la sécurité. Le 11 septembre a fait de la sécurité la condition sine qua non de nos relations avec les États-Unis. La sécurité fait maintenant inextricablement partie de l'équation de la compétitivité.

Voici la question que nous devons nous poser : « Quel genre de relations le Canada, avec son économie ouverte et de taille modeste, peut-il avoir avec un partenaire commercial d'envergure préoccupé par la sécurité? »

Les États-Unis sont notre plus gros client: nous lui destinons 84 % de nos exportations. Mais il n'y a rien de décrété d'avance dans nos relations commerciales avec les États-Unis, rien qui garantit que nous resterons nos meilleurs clients réciproques.

C'est pourquoi nous ne pouvons pas nous permettre d'attendre – ni de sous-estimer la situation. Aujourd'hui, notre défi est donc d'établir des liens non seulement entre le commerce et la compétitivité, mais entre la compétitivité et la sécurité. Le Canada doit se concentrer sur ses relations avec les États-Unis et, tout particulièrement,

s'attaquer aux préoccupations concernant la frontière.

De nos jours, pour fonctionner de manière optimale, les postes frontaliers doivent recourir à des technologies de pointe, pour examiner les cargaisons, accélérer le passage de voyageurs, faire transiter les produits plus rapidement, et gérer les risques liés à la sécurité.

Pourtant, deux tiers environ des postes frontaliers entre le Canada et les États-Unis n'ont pas de connectivité large bande. Ils sont incapables d'employer pleinement les éléments d'identification évolués, d'utiliser le système d'identification par radiofréquence ou les systèmes automatisés de contrôle des marchandises, ni les systèmes de transport intelligents qui vérifient et authentifient instantanément les personnes et les documents.

Ce n'est pas acceptable pour notre industrie touristique, qui constate une diminution très marquée du nombre de visiteurs américains. Et ce n'est pas acceptable pour les entreprises canadiennes, qui doivent assurer une livraison « juste à temps » de leurs produits et services. Nous devons bâtir une frontière vraiment numérique, dotée de la vitesse et de la capacité suffisantes pour utiliser des applications sophistiquées. Une frontière où les obstacles sont éliminés, où les renseignements personnels sont protégés, qui permet aux produits de transiter efficacement et aux personnes de traverser dans un délai minimal.

**MICHAEL J. SABIA**  
**BELL CANADA ENTREPRISES INC.**



## **Survival and growth in a fragmented world**

*June 15, 2006*

**T**HE digital world is a highly fragmented one. The advertising pie is splintered into thousands of pieces, because the audiences are splintered. TV and radio stations are struggling to maintain audiences. Cable, satellite and telecommunications companies are competing against one another for the pipe into your home, and we are all trying to avoid being disintermediated by the Internet and wireless providers. Who needs the broadcaster or the cable company when you can just download the latest big show or your favourite music?

We are now operating in a global marketplace, in an on-demand world, with unlimited choice. Survival and growth is dependent on what we Canadian media companies do, but also on what the government does from a policy, regulatory and statutory perspective.

Finally, some sort of reprieve appears in sight. I commend the Harper government and Heritage Minister Bev Oda, as well as CRTC Chairman Charles Dalfen, for this week's timely announcements that they will review the broadcast regulations this year.

We do not ask for subsidies, but we do need a level regulatory playing field.

First, and most important, Canadian conventional television stations need to be treated in the same way as Canadian specialty and U.S. cable channels in the sharing of subscription fees collected by the cable and satellite distributors. Four conventional networks spend the same

amount on Canadian programming as the 60 specialty channels which receive subscription fees.

Then there are the advertising limits. We are limited to 12 minutes per hour, while our American counterparts face no limits. This is another cost of potentially hundreds of millions. Would we be smart about advertising clutter? Of course we would. But at least let our marketing departments, not the government, make that decision.

In addition, you will find that the CRTC requires the purchaser in any transaction for the acquisition of a licensed television broadcasting operation to commit to industrial benefits expenditures equivalent to at least 10 percent of the transaction value.

Clearly this policy is nothing more than a tax on transactions and is not designed to encourage a stronger Canadian media industry facing intense global competition. It had its time and place but that is long gone.

Finally, we call upon the government to ensure that its competition laws take into account global competition, not just local players. Google, AOL, MSN and Yahoo are in this market. Yahoo and MSN are by far the leading portals in this country. When the inevitable consolidation comes, the government must allow Canadian media companies to become large enough to invest in the capital to grow and compete, if they want to maintain jobs, head offices, tax revenue and the like in this country.

**LEONARD J. ASPER**  
**CANWEST GLOBAL COMMUNICATIONS CORP.**





## The value of competition

*February 9, 2006*

It used to be that a country enjoyed a favoured position in the world if it had plentiful natural resources or access to technology or readily available investment capital. Those ingredients are still important. But today there is growing evidence that the only lasting competitive advantage in our global economy lies in creating superior abilities in our workforce.

We have been blessed with a good public education system. Our well-educated workforce has contributed to our prosperity and conditions that make Canada an attractive place to live.

But today's and yesterday's accomplishments provide no guarantee of tomorrow's success. We need to keep an eye on what is happening in the rest of the world. Others are catching up, or in some cases passing us. These other countries recognize the urgent need to develop a technologically capable workforce for today's knowledge-intensive work environment.

In Canada, about six percent of undergraduates earn engineering degrees. Contrast this with Japan, Germany, Korea and France, where engineers can be one-fifth of all graduates, and with China, where about 45 percent of all baccalaureates are in engineering.

If we are to compete in today's technological world, we need to keep pace with these countries. We need to produce more of our own math, science and engineering graduates. And we need to reach out to students at an early age to develop their interest in these subjects. Our educators are

working hard to prepare our young people for success in our changing world, within the framework they are operating. But the actions of our teachers alone are not sufficient. It will take all of us to ensure that our young people learn what they need in order to succeed.

In addition, we need to examine our own education systems with a view for continuous improvement. Canada's own "poster-child" public school board is in Edmonton. This was recently confirmed in a study by William Ouchi of the University of California, Los Angeles, who looked at 220 schools in North America. Edmonton's public school board has done remarkably well, and much of its success is due to three factors: competition between public and independent schools supported by Alberta government grants, school choice in the public system, and school-based budgeting giving principals much more flexibility to manage resources. Several school systems in North America are now copying the Edmonton model.

Facing competition from private schools, the Edmonton board decided it wanted to offer institutions that were just as good as any private institution in the city, so it undertook several initiatives to achieve that goal.

In support of this philosophy of competition, a recent OECD report pointed out that the three Canadian provinces with the highest levels of achievement — Alberta, Quebec and British Columbia — are also the ones that favour the greatest competition between independent and public schools.

**TIM J. HEARN**  
**IMPERIAL OIL LIMITED**



## Why education pays dividends

September 15, 2006

**T**O state the obvious, there are many more demands on the funds of governments, corporations and individuals than there are funds available.

My contention is that the best dollar spent is on education.

Owing to my heritage, I am conscious that in the late 17th century a relatively backward, sparsely-populated, northern country, with the world's leading economic and military power on its southern border, determined to establish a primary school in every parish. Within two generations, Scotland became the most literate country in Europe. Within two more generations, Scots dominated the government and commerce of the British Empire.

In a similar vein, Nicholas Kristof in *The New York Times* ascribed the success of Chinese students in school to a Confucian reverence for education. Kristof understandably draws the conclusion "that respect for education pays dividends".

The foregoing is anecdotal, but the following is analytical. A TD study calculated that the annual rate of return on the investment in a university education ranged between 12 and 17 percent for men and from 16 to 20 percent for women, and that the overall returns were greater as there are additional benefits to society.

The National Centre for Health Statistics found that those achieving university degrees were healthier than those without degrees, at all income levels and at all age levels. The Bureau of Labour Statistics

concluded that those with degrees were more than twice as likely to undertake volunteer activity, and various studies have concluded that education enhances the enjoyment of leisure.

Education has, time after time, proven itself the best means of providing upward mobility, equality of opportunity and the ability to realize our fullest potential. And that, in turn, should lead to better lives for all of us.

Yet for 20 years Canada decreased its real funding per student by 30 percent, while the United States increased such spending by 20 percent.

In his report on Ontario's education system, former Premier Bob Rae stated that the province's real per capita spending on post-secondary education had declined 18 percent since 1987, while real per capita spending on health rose 30 percent. When viewed in the cold light of productivity, that was a suboptimal choice. Health spending tends to be directed towards my generation, which has only a few years left to contribute, while spending on post-secondary education is heavily oriented toward augmenting the skills of young people who have a lifetime of potential contribution ahead of them.

Those are the reasons why I believe an additional dollar spent is best spent on education. The actual expenditures, however, are why I think of the words of the African leader Sekou Touré: "Two years ago, we stood at the edge of an abyss. Since then we have taken a giant step forward."

**CHARLES BAILLIE**  
**CANADIAN COUNCIL OF CHIEF EXECUTIVES**



## **An important step in the right direction**

*June 14, 2006*

**C**ANADA is losing ground in the areas that will drive productivity and enhance our individual and collective prosperity.

In its ranking of overall economic performance for 2005, the Conference Board of Canada placed Canada 12th – down from third just three years ago. While productivity ticked up last year, we are still trailing the Americans, and falling further behind.

There is no shortage of ideas about how to boost productivity. Some have called for lower marginal tax rates, or for greater investments in education and infrastructure, or focusing on cities as magnets for talent and centres of opportunity. Some have urged more spending on machinery and equipment – factors that increase output per worker, the core of productivity.

All of these are important and we need to get on with them. But if there is one single thing we can do to boost competitiveness and productivity, it is to embed information communications technology (ICT) in every corner of the economy. Why? Because the evidence from around the world is conclusive: ICT is one of the most effective drivers of productivity in advanced economies like ours. ICT changes how people do their work and enables them to do it more efficiently.

When it comes to ICT here in Canada, we have two challenges. The first is penetration. There just are not enough companies exploiting the opportunities ICT affords. The second is the regulatory framework within which telecom operates. Our goal should be

to create an environment that intensifies competition. Instead, we have a regulatory framework that stifles innovation.

Yesterday, Industry Minister Maxime Bernier took an important step in the right direction with a speech that clearly recognized the importance of ICT as a driver of economic change. The new policy directive he tabled is built around some basic principles: relying on market forces, letting consumers decide, assuring symmetry among competitors and imposing minimal regulatory intrusion.

What could this new regulatory environment mean for Canadians? A lot. Look what relying on markets has already done for Internet access, where speeds have increased, options have multiplied and prices per bit have dropped. Consumers should expect similar benefits in next-generation services. There will be more choice as companies compete on a level playing field.

A better regulatory framework will also mean greater innovation as companies invest in new platforms, services and features knowing that market forces, not regulation, will determine outcomes. All of this will produce direct economic benefits and spur Canadian innovation.

For those of us in the sector, it will be demanding. We will all be tested in a real market, pushed to be our best – no special status, no unfair advantages and no excuses. But that is how it must be if telecom is going to drive productivity and if Canada is going to produce world-leading companies.

**MICHAEL J. SABIA**  
**BELL CANADA ENTERPRISES INC.**



## Leadership: the teabag test

October 4, 2006

**L**EADERSHIP is always challenging, but when things are going well, leadership can be downright exhilarating. Yet leadership is forged and tested in the storms and uncertainties of life. Indeed, leadership is like a teabag: only really tested when in hot water.

Our collective leadership in the face of a real and difficult challenge – the energy challenge – can be expressed with three As: *Availability, Affordability and Acceptability.*

*Is the energy available?* I believe it will be available and that the theory of “peak oil” is just that. Look at hydrocarbons, the primary source for almost all of the world’s current energy. Today, conventional oil and gas represents only one to two percent of total world hydrocarbons. A further five percent comes from unconventional sources like oil sands in northern Alberta, Colorado and Madagascar, as well as coal bed methane and shale gas. Coal is a yet more massive global resource, representing 30 percent or more of the world’s hydrocarbons. And finally gas hydrates, which account for at least 60 percent of hydrocarbon resources.

We have barely scratched the surface of the hydrocarbons accessible to us today. With each new decade, we will find new solutions for the release of more resources. That has been the history of our industry for the past 100 years and will be for the next 100.

*Is the energy affordable?* Certainly, today’s crude price, hovering around (U.S.) \$60 per barrel, is a great deal more than the \$11 per barrel we saw only a few years ago. The reality is that the markets are doing their job.

At today’s prices, both privately owned multinational oil companies and state-owned oil companies are able to undertake massive reinvestments in production.

*Is the energy acceptable?* Carbon dioxide and other greenhouse gas emissions are major contributors to worrying environmental issues in every part of the globe. This is directly linked to mankind’s appetite for energy, combined with the inefficient ways it is used.

Energy choice and consumption is at the core of the problem. Demand is growing in spite of higher prices. We waste energy and are slow to exploit technological change. Most of all, we as individuals are reluctant to embrace behavioural change. With today’s technology, we can easily halve the need for transportation fuels. The same goes for heating, lighting and energy conversion – all without sacrificing our lifestyle.

Behavioural changes will take education, awareness and lots of good advice. Above all, they will require political, corporate and personal leadership.

Politically, we shall need frameworks for tax and other economic incentives to do the right things plus, perhaps, economic consequences for simply maintaining the status quo – a carrots-and-stick approach. Businesses will have to work with the various levels of government, bringing to the table their technical and technological expertise. Most of all, change will require personal examples and role models – aye, there’s the rub – like you and me.

**CLIVE MATHER**  
**SHELL CANADA LIMITED**



## Building our energy future

*May 9, 2006*

**O**UR employees and our partners care not only about what we are doing as a company from one fiscal year to the next, but what kind of energy future we are trying to build in Nova Scotia, Atlantic Canada, New England and beyond.

Our electric utilities are critical to the well-being of our society as a whole, so we have a unique responsibility to many different people. To succeed, we must continue to build stronger relationships with these partners. We must always live up to and exceed our special responsibilities.

It is also clear to me that expectations for electric utilities are changing, so we have to change too. Over the past year and half, Emera companies have been actively seeking out the opinions of our customers and stakeholders, and using those opinions as a blueprint for change.

Here are some examples.

In our first-ever customer energy forum late in 2004, our customers said they want cleaner sources of energy, even if it costs more.

They told us that again at the Renewable Roundtables which we have been hosting in recent weeks around the province, in communities such as Amherst, Baddeck, Stellarton, Kentville, Shelburne, Sheet Harbour and Halifax.

They want us to use fossil fuels, such as coal and oil, wisely, while continuing to use more of the energy that is cleaner and greener – wind power, tidal power, hydro power.

So in 2005, Nova Scotia Power signed deals to buy wind power from Glace Bay Lingan Wind Power, Amherst Wind Energy, and more than 15 other projects across the province. Combined with the wind energy that Nova Scotia Power buys from Pubnico Point and the other smaller producers around the province, we have signed deals for more wind power in Nova Scotia than anywhere else in Atlantic Canada – enough to supply well over 30,000 homes.

Combine this with our existing sources of renewable energy – hydro power, tidal and biomass – and the renewable portion of our portfolio will soon reach 500 megawatts of capacity, and supply enough energy to power 140,000 homes.

We are also taking action to reduce emissions from our thermal plants. In the last year, Nova Scotia Power added new pollution-control equipment at our Tufts Cove facility, a \$22 million investment that has made a real difference in Dartmouth. And last fall, we applied to our regulator to make a \$172 million investment at our Lingan generating station. If adopted, it will mean major reduction in sulphur dioxide emissions for Nova Scotia Power.

This is just a small sample of the changes Emera companies have made. We have worked hard to make some real progress, but we have more to do. Our customers deserve nothing less.

**CHRIS HUSKILSON**  
**EMERA INC.**



## **A truly sustainable steel industry**

*May 4, 2006*

**I**PSCO really is a company that didn't know that it couldn't, and so it did. It was incorporated under the name of Prairie Pipe Manufacturing Co. in 1956. In its first full year of operations, 117 employees produced 33,500 tons of pipe and a modest profit of \$804,000. Operations continued pretty much at those levels until 1960, when the company took over the assets of the struggling steel company across the tracks called Interprovincial Steel Company. The roots of the successful combination of pipe and steel were created.

During the 1960s and 1970s the company continued to grow, meeting many challenges. By the mid 1970s, IPSCO owned and operated facilities in Vancouver and Port Moody, British Columbia, Brooks, Calgary and Edmonton, Alberta and of course, the Regina steel and pipe mills.

As we approach the completion of our 50th year, what do we see? The little pipe plant north of Regina has grown into one of North America's leading steel and pipe makers. Starting with that original pipe plant, we now operate 21 facilities in five Canadian provinces and seven American states. We employ 2,800 people, including 800 in Regina, where it all began.

I am particularly proud of our success in the area of employee safety. In many ways this issue is more important to our longer-term success than any of the financial metrics that people tend to focus on, because it reflects upon the general quality and attitude of our employees, which is so important and which they take to their job each day. In each of the last four years we have set new records for

total steel production at our steel mills. What is most satisfying about these production records is that at the very same time as our people have been working smarter and more productively to produce a record output without any compromise on quality, we have also set new safety records in each and every one of those years.

This achievement reinforces our belief that the same management tools that drive high productivity and exceptional quality also sustain a safe and healthy workplace environment.

IPSCO's environmental record is equally outstanding. Along with others, we have developed a truly sustainable steel industry with environmental and safety performances which are the envy of the world. Obviously the use of recycled steel scrap puts our company amongst the leaders in recycling in all of manufacturing. Extra initiatives such as the use of discarded tires to provide carbon in our steel-making processes move us further down that path.

These are very important issues and we take them very seriously. I would note in passing that perhaps the biggest threat to sustainable environmental success in North America is the uneven application of such rules around the globe. It is unlikely that our manufacturing sector can continue to be globally competitive against operations in countries which do not hold to comparable environmental standards.

**DAVID SUTHERLAND**  
**IPSCO INC.**



## **Making a difference**

*April 27, 2006*

**B** EING that this week is National Volunteer Week, I thought it would be most appropriate to talk to you about how one small idea in one small place can make a difference.

Let me step back to October 2003, when we opened our 100th store in Canada – in Thunder Bay, Ontario. We were so elated at the prospect of opening this store that we wanted the whole division to celebrate with us. So we asked every store to find a special project in their community in which they could donate 100 volunteer hours, for a total of 10,000 hours in one day. The result was amazing. Our associates were hammering, painting, planting and fixing across the country that day.

But that was just the beginning. In September 2004, the entire enterprise spent a week participating with thousands of people associated with The Home Depot. Not for a paycheque, but simply to help their neighbours. It was corporate volunteerism at its finest, what we called our Week of Service. In Canada, we donated 13,000 hours of volunteer time on more than 100 projects. The entire company committed 250,000 hours in just seven amazing days.

We targeted over 1,300 projects ranging from Vancouver, B.C., to Cancun, Mexico. From Los Angeles, California to Washington, D.C., playgrounds were built, schools were painted, community centres were landscaped and educational centres were built. Dreams were fulfilled, emotions ran high, spirits were lifted and personal gratification was gained through each hour of

contribution to the 1,300-plus projects across the continent.

I have always been a supporter of corporate volunteerism but this was different. This was not "business as usual". It was not even "business". It was something more – a lot more. I traveled across the country to as many projects as I could that week. It gave me a unique and privileged view of our inaugural Week of Service what we are now committed to doing annually.

All of this began in Thunder Bay, yet thousands of communities around the world will be impacted for years to come because of one idea and a corporate culture that fosters sharing ideas and giving back.

The volunteers at every project were filled with energy, dedication and skill. But those volunteers could not see the project in the next community or in the next province, as I was privileged to do. They could not see what was happening 1,000 kilometers away, tomorrow, the next day, or the day after that. They had no way of witnessing this incredible panorama of care, compassion, and commitment that they were actually creating.

All I could think of was pointillism, the painting technique where a picture is made up of thousands of little dots, so that when you are up close, it just looks like a random quilt of colours. But when you step back, there it is: a full and beautiful composition.

**ANNETTE VERSCHUREN**  
**THE HOME DEPOT CANADA**



## **Airlines are doing their part**

*April 25, 2006*

**D**ESPITE the financial challenges facing airlines today, the environment has not been pushed off our individual and collective agenda. On the contrary, significant environmental improvements are being achieved through good practices and voluntary agreements.

On the issue of climate change, the industry has greatly improved fuel efficiency and thus helped reduce greenhouse gas emissions, through its own practices and on its own initiative.

For example, Air Canada and other Canadian carriers are parties to a voluntary agreement with our government to achieve fuel efficiency improvements of at least 24 percent by 2012, compared to 1990. Canada's government has recognized this agreement as the most effective way for the aviation sector to contribute to Canada's efforts to reduce greenhouse gas emissions.

I believe there is ample possibility for regional and worldwide cooperation among industry and governments to further reduce greenhouse gas and other emissions through coordinated voluntary arrangements.

This brings me to my second point, which is that environmental solutions for aviation must be globally developed.

If regions around the globe simply impose a patchwork of environmental regulations, the result could be massive inefficiencies and lack of coordination, which can only raise costs at the expense of true progress on environmental matters.

My third and final point is that we must advance technology as a key lever for long-term solutions to controlling and reducing noise and emissions from aircraft.

At Air Canada, our fleet is 28 percent more fuel efficient than it was in 1990, and 82 percent more than in 1970. Other airlines have made similar improvements. So when governments talk about reducing greenhouse gas emissions by five percent by 2008-2012, airlines can clearly say that they have done and are continuing to do their part with this massive, multi-billion dollar investment in new technology. On a per-passenger/kilometer basis, current-generation aircraft are as fuel-efficient as hybrid passenger cars.

Aircraft and engine manufacturers are actively working on further improvement through technological advances, such as composite components that reduce aircraft weight.

I am optimistic that this is an area where governments will be receptive to partnerships and investment. The fact is, no other sector of the economy is subject to more taxes, fees, levies, surcharges, excise taxes or tariffs than airlines and airline passengers. Imposing more costs on airlines will not do anything to help the industry meet its environmental challenges.

As the environmental agenda places more demands on governments in more countries to act, the airline industry will be a receptive, committed and constructive partner.

**ROBERT A. MILTON**  
**AIR CANADA AND ACE AVIATION HOLDINGS INC.**

