

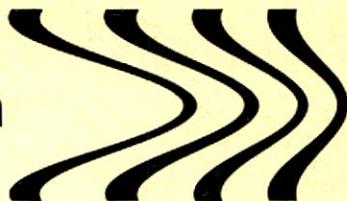
**T R A N S P O R T A T I O N**  
**R E V I E W**  
**A N D**  
**A N N U A L R E P O R T**

*... 63rd Year of Service*

1  
9  
8  
7  
•  
1  
9  
8  
8

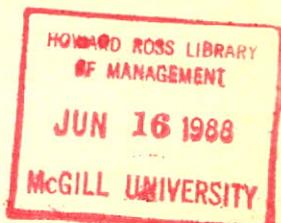


Atlantic Provinces Transportation Commission



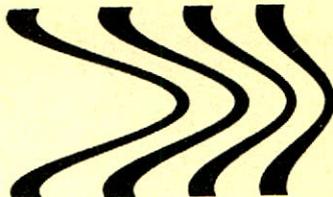
**TRANSPORTATION REVIEW  
AND  
ANNUAL REPORT FOR THE  
YEAR ENDED MARCH 31, 1988**

The Atlantic Provinces Transportation Commission has offices at Suite 210, 236 St. George Street Moncton, New Brunswick. The services of the Commission are available to individuals, corporations and trade groups doing business in the Provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.





Atlantic Provinces Transportation Commission



P.O. Box 577  
Moncton  
New Brunswick  
E1C 8L9

Tel. (506) 857-2820  
Telex 014-2842

Honourable Guy LeBlanc  
Minister of Transportation  
Province of Nova Scotia  
Halifax, NS

Honourable Norman Doyle  
Minister of Transportation  
Province of Newfoundland  
St. John's, NF

Honourable Sheldon Lee  
Minister of Transportation  
Provinces of New Brunswick  
Fredericton, NB

Honourable Robert Morrissey  
Minister of Transportation &  
Public Works  
Province of Prince Edward Island  
Charlottetown, PE

Honourable Ministers:

On behalf of the Directors, I am pleased to present the Transportation Review and Annual Report of the Atlantic Provinces Transportation Commission for the period April 1, 1987, to March 31, 1988. This report attempts to review transportation developments in Canada, particularly as they relate to the Atlantic Provinces. In addition, it covers some of the activities of the Commission during the year 1987-88.

Many industries throughout the Atlantic Region have benefited again this year from the Commission's activities. This service to the business community and to your governments is possible only through the financial support provided by the Governments of Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador.

Mindful of the investment of public funds in the Commission, I am pleased to report that, in my opinion, the operations of the Commission are conducted in an efficient and business-like manner.

All of which is respectfully submitted.

George Key  
Chairman



## CONTENTS

	PAGE
DIRECTORS .....	4
1987-88 EXECUTIVE COMMITTEE .....	5
COMMISSION STAFF .....	8
OBJECT AND FUNCTIONS OF THE APTC .....	9
GENERAL TRANSPORTATION REVIEW .....	10
- Rail .....	10
- Highway .....	13
- Air .....	15
- Marine .....	16
- Ferries .....	19
GENERAL LEVEL OF RATES .....	21
NEW NATIONAL TRANSPORTATION ACTS AND NEW AGENCY .....	22
SHIPPING POLICY AND OTHER MARINE MATTERS .....	24
VEHICLE WEIGHTS AND DIMENSIONS CHANGES .....	27
CTC DECISION ON NEWFOUNDLAND RATES .....	29
APTC MONITORING PROJECT .....	30
NATIONAL SAFETY CODE/RAILWAY SAFETY ACT .....	31
FEDERAL SALES TAX ON TRANSPORTATION .....	32
RAILWAY ABANDONMENTS .....	33
FUTURE OF RAILWAY SERVICES IN THE MARITIME PROVINCES .....	34
AUDITOR GENERAL'S REPORT - AT & EAST/MFRA/ARFAA .....	36
FREE TRADE AGREEMENT .....	37
CTC CABOOSELESS TRAIN DECISION .....	38
PRINCE EDWARD ISLAND FIXED CROSSING .....	39
PILOTAGE .....	39
ATLANTIC REGION FREIGHT ASSISTANCE .....	40
1988-91 ATLANTIC PROVINCES TRANSPORTATION DIRECTORY .....	41
SERVICE TO INDUSTRY .....	42
MEETINGS AND CONFERENCES .....	44
OTHER ACTIVITIES .....	45
COMMISSION DIRECTORS .....	48
STAFF CHANGES .....	49
ACKNOWLEDGMENTS .....	50

## APTC DIRECTORS AS AT MARCH 31, 1988

### NOVA SCOTIA

#### Government

D. J. MacDougall

Halifax, NS

I. Parker

Truro, NS

(One Vacant Appointment)

#### Atlantic Provinces Chamber of Commerce

K. G. Anderson

North Sydney, NS

E. L. Dillman

Hantsport, NS

C. A. Meisner

Liverpool, NS

### NEW BRUNSWICK

#### Government

F. H. Hatfield

Hartland, NB

D. L. Johnson

Fredericton, NB

M. D. Street

Belledune, NB

#### Atlantic Provinces Chamber of Commerce

F. Beairsto

Fredericton, NB

E. M. S. Fisher

Sackville, NB

J. L. Shotbolt

St. Stephen, NB

### PRINCE EDWARD ISLAND

#### Government

K. A. MacKenzie

Charlottetown, PE

D. A. Scales

Charlottetown, PE

#### Atlantic Provinces Chamber of Commerce

N. Clarey

Montague, PE

G. Key

Summerside, PE

### NEWFOUNDLAND

#### Government

W. T. Beckett

St. John's, NF

H. M. Noel

Grand Falls, NF

#### Atlantic Provinces Chamber of Commerce

B. K. Wentzell

Corner Brook, NF

(One Vacant Appointment)

### ALSO

President, Atlantic Provinces Chamber of Commerce

### STAFF

Ramsay M. S. Armitage, General Manager

Lorne M. Mitton, Manager, Administration & Special Projects

Peter A. Vuillemot, Transportation & Distribution Officer

Dale V. Ronalds, Senior Traffic Analyst

Jack A. MacQuarrie, Traffic Analyst

Charles D. Mollins, Computer Development Officer

Sheldon B. Steeves, Administration & Accounting Officer

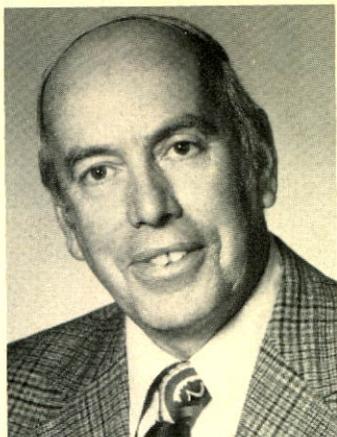
Debbie E. Matchett, Assistant Traffic Analyst

Mona E. Savoie, Assistant Traffic Analyst

Brian A. Botten, Tariff Clerk

Cathy E. Peters, Staff Secretary

Susan M. Wilson, Staff Secretary



**GEORGE KEY**

**Chairman**

**President**

**JO-EL Investments Ltd.**

**Summerside, PE**



**BRIAN K. WENTZELL**

**Vice-Chairman**

**Poole, Althouse, Clarke,  
Thompson & Thomas**

**Corner Brook, NF**



**FRED H. HATFIELD**

**Humpty Dumpty Foods Ltd.**

**Hartland, NB**

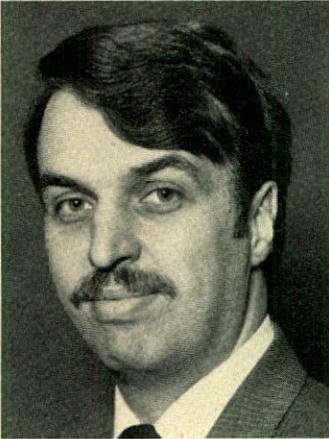


**W. T. BECKETT**

Director of Transportation  
Policy Development & Planning

Province of Newfoundland

St. John's, NF



**D. L. JOHNSON**

Transportation Policy Officer

Province of New Brunswick

Fredericton, NB



**D. J. MacDOUGALL**

Director, Transportation Policy

Province of Nova Scotia

Halifax, NS

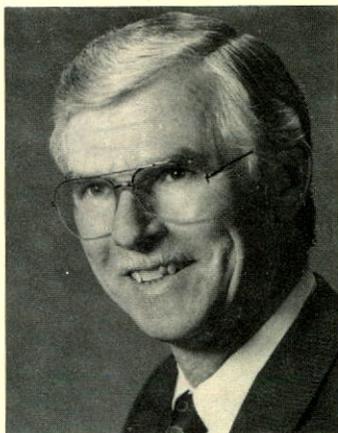


**K. A. MacKENZIE**

Director, Transportation Division

Province of Prince Edward Island

Charlottetown, PE



**RAMSAY M. S. ARMITAGE**

General Manager

Moncton, NB

COMMISSION STAFF



Left to Right: seated - Susan Wilson, Lorne Mitton, Ramsay Armitage, Peter Vuillemot, Cathy Peters; standing - Charles Mollins, Mona Savoie, Jack MacQuarrie, Sheldon Steeves, Brian Botten, Debbie Matchett, Dale Ronalds

## OBJECT AND FUNCTIONS OF THE ATLANTIC PROVINCES TRANSPORTATION COMMISSION

The object of the Atlantic Provinces Transportation Commission is to obtain for persons and industries in the Atlantic Provinces the best transportation services possible at a cost which will permit the Atlantic Provinces to compete in the markets of Canada and throughout the world.

To this end, included in the functions of the Atlantic Provinces Transportation Commission, as approved by the Directors of the Commission, are -

- (1) To maintain suitable files of carriers' tariffs and other publications to provide shippers, receivers and non-government agencies with data and expertise on rates and charges by all modes of transport;
- (2) To circulate information on transportation developments, including rates, service and policy changes; a periodical newsletter, "Tips & Topics", being one of the vehicles used for this purpose;
- (3) To negotiate directly with, or to make representations to, carriers or their agencies on behalf of all transportation users to obtain the best possible rates and services;
- (4) To assist shippers, receivers and non-government agencies or groups with advice on transportation or distribution matters, including the preparation and presentation of briefs and submissions;
- (5) To assist carriers when such assistance is consistent with the Commission's overall objective;
- (6) To provide technical advice to the governments and government agencies of the Atlantic Provinces, including detailed studies on specific industries and continuing programs tailored to the needs of the particular province or provinces;
- (7) To supply information to the Atlantic Provinces, individually or collectively, pertinent to the assessment or formulation of transportation policy;
- (8) To assist the Atlantic Provinces, individually or collectively, in the preparation and presentation of submissions and representations to the federal government or its agencies;
- (9) To continually review the transportation system serving the region and, where required, make recommendations to the provincial governments for improvements in the system whether it be public or private;
- (10) To make representations to the provincial governments, subject to the approval of the Directors of the Commission; and,
- (11) To make such public statements or submissions in regard to federal or provincial policy as shall be approved by its Directors, the provincial governments, or both.

The services of the Commission are available by contacting the Commission's office at 236 St. George Street (Suite 210), Moncton, NB. Inquiries should be directed to the General Manager, Atlantic Provinces Transportation Commission, P. O. Box 577, Moncton, NB, E1C 8L9, Telephone (506) 857-2820, Fax (506) 857-2835, Telex 014-2842.

## GENERAL TRANSPORTATION REVIEW

### Introduction

In the year 1987-88, Canada entered a new era of a less economically regulated transportation industry. The new National Transportation Act, 1987, and the Motor Vehicle Transport Act, 1987, came into effect January 1, 1988. The Shipping Conferences Exemption Act, 1987, came into effect December 17, 1987, and the Coasting Trade and Commercial Marine Activities Act was passed by the House of Commons on March 25, 1988. These Acts, to a large extent, will place increased emphasis on competition and market forces as determining factors in the provision of transport services in Canada in the years ahead.

Regulatory reform, however, was only one of a number of important issues facing the transport industry in Atlantic Canada in the past year. Railway branch line abandonments in the Maritimes and rail service and rates to Newfoundland were major issues in the past year which will continue to affect the Atlantic Region. The RTAC/CCMTA recommendations on Heavy Vehicle Weights and Dimensions, the National Safety Code, Free Trade and Federal Tax Reform were other major issues which affected or could affect shippers and transport firms in Atlantic Canada. These and other transportation developments and statistical data are presented in the pages that follow.

### Rail

Rail carloadings for the nation increased in 1987 as shown in the table below (figures for the Atlantic Provinces are not available).

#### RAILWAY CARLOADINGS

(Tonnes X'000)

	<u>1987</u>	<u>1986</u>	<u>% Change</u>
Carload Traffic Loaded	249,316	#237,455	+5.0
Non-Carload Traffic Loaded	29	32	-11.4

# Revised figure

Source: Statistics Canada Railway Carloadings  
December, 1987, Catalogue 52-001

Financial results of Canadian National Railways and Canadian Pacific Limited, as taken from the companies' Annual Reports, for transportation related services are as follows:

**CANADIAN NATIONAL RAILWAYS**

(In Millions \$)

	<u>1987</u>	<u>1986</u>
System Net Profit (loss)	120,582	(86.3)
Income From Divisions Before Taxes:		
CN Rail	111,375	(11.2)
CN Route	-	(71.0)
TerraTransport	(38,964)	(41.3)

**CANADIAN PACIFIC LIMITED**

(In Millions \$)

	<u>1987</u>	<u>1986</u>
System Profit (loss)	826.3	(80.3)
Net Income - Transportation	229.7	93.3
Income From Divisions Before Taxes:		
CP Rail	195.9	119.4
CP Ships	43.0	0.1
CP Trucks	229.7	93.3

Payments received to December 31, 1987, by both major railways under terms of the National Transportation Act, in respect of the maintenance of uneconomic branch lines which are required to be maintained in the public interest are outlined below:

**SUBSIDIES PAID TO CANADIAN NATIONAL RAILWAYS  
AND CANADIAN PACIFIC LIMITED UNDER TERMS OF THE  
NATIONAL TRANSPORTATION ACT IN RESPECT OF YEAR 1986**

(Payments to December 31, 1987)

	<u>Canadian National Railways</u>		<u>Canadian Pacific Limited</u>	
	<u>Claimed</u>	<u>Paid</u>	<u>Claimed</u>	<u>Paid</u>
Sections 256 and 258 <u>of the Railway Act</u>				
In respect of uneconomic branch lines	\$11,053,374	\$9,863,164	\$6,638,868	\$4,930,652

Source: Canadian Transport Commission, Twenty-First Annual Report

A breakdown of the subsidies paid for uneconomic branch lines on a regional basis is shown below:

**PAYMENTS TO CANADIAN NATIONAL RAILWAYS  
AND CANADIAN PACIFIC LIMITED UNDER TERMS OF THE  
NATIONAL TRANSPORTATION ACT IN RESPECT OF YEAR 1986**

(Payments to December 31, 1987)

	<u>Atlantic Provinces</u>	<u>Central Canada</u>	<u>Western Canada</u>
<b>Canadian National Railways</b>			
Section 256 (unprotected branch lines)	\$4,224,349	\$2,707,580	\$1,211,932
Section 258 (protected branch lines)	Nil	Nil	1,719,303
<b>Canadian Pacific Limited</b>			
Section 256 (unprotected branch lines)	\$ 63,998	\$1,926,874	\$ 890,476
Section 258 (protected branch lines)	<u>Nil</u>	<u>Nil</u>	<u>2,049,304</u>
<b>Totals</b>	<u>\$4,288,347</u>	<u>\$4,634,454</u>	<u>#\$5,871,015</u>

# Under the Western Grain Transportation Act, provision is made for the designation by the CTC of uneconomic rail lines in Western Canada as "grain dependent lines" and, upon the designation of any such lines, compensation to the railways is provided under the Western Grain Transportation Act rather than under Section 258 of the Railway Act. The designation of "grain dependent lines" has resulted in a significant reduction in subsidy payments under the Railway Act. At the same time, total payments under the Western Grain Transportation Act increased in 1987 to approximately \$940 million from approximately \$670 million the previous year.

Source: Canadian Transport Commission, Twenty-first Annual Report  
Payments Only

During the spring of 1987, CN improved service to the Maritimes by extending its Laser intermodal service from Toronto, ON, to Moncton, NB, with lifts and set-offs in Montreal, PQ. The Laser service is based on a successful dedicated train service where a fixed number of cars and locomotives under a rigidly controlled schedule operate between two points. The service is made up of a series of three unit trains which can handle 180 trailers per day into and out of Moncton. The service offers second-morning delivery to Montreal and Toronto and third-

afternoon delivery to Chicago, IL. Second-morning delivery to Moncton and Halifax on inbound traffic from Central Canada is now possible. Intermodal highway service between Moncton and points within the Maritimes is provided by CN's intermodal truck fleet, with Newfoundland being served by CN's subsidiary, Terra-Transport.

Severe spring flooding during April of 1987 washed out CP Rail bridges that crossed the Saint John River at Perth-Andover and Woodstock, NB, and CP Rail announced that they will not be replaced. Customers of CP Rail located west of Perth-Andover have since been served by way of the Bangor & Aroostook Railway via St. Leonard thence CP tracks beyond, while customers south of Perth-Andover are being served by way of CP Rail lines from Fredericton Jct. through Fredericton and Newburg Jct. Notices of abandonment have been issued which are outlined in a separate section of this report.

Rail carload service to and from Newfoundland was officially discontinued effective July 1, 1987. This action was necessitated by retirement from regular service of the rail car ferry that operated between North Sydney, NS, and Port aux Basques, NF. The ferry, however, continues to operate beyond July 1, 1987, on a greatly reduced schedule to accommodate dangerous commodities until alternate arrangements are made. Rail carload service was originally scheduled to be discontinued on December 31, 1985, as the federal government had been funding TerraTransport for containers to replace the rail carload service over the five-year period prior to that date.

A series of nine train derailments in Nova Scotia during 1987 initiated a CTC investigation into allegations that railway tracks in that province might not be safe. Three derailments were caused by inferior sections of track with CN Rail ordered to review track maintenance procedures after one of the derailments. A CTC statement issued upon completion of a November, 1987, inspection, however, found Nova Scotia rail lines to be maintained above minimum safety standards.

## Highway

A program to upgrade major highways in Atlantic Canada began during 1987, largely necessitated by the ever increasing volume of truck traffic. A \$145 million five-year agreement was signed in New Brunswick for highway improvement throughout the province and to include preliminary work toward widening two small sections of the Trans Canada highway to four lanes. The federal

government will provide \$100 million, with the remaining \$45 million funded by the province. In addition, the New Brunswick government has committed \$1 million for design and engineering work towards the possibility of enlarging the Trans Canada corridor to four lanes across the entire province. Through research done by the University of New Brunswick, the cost of widening the 560 kilometer highway to four lanes has been estimated at \$1.2 to \$1.5 billion over a 10-year period. Nova Scotia signed a \$100 million five-year highway agreement with the federal and provincial governments each providing \$50 million.

Effective July 1, 1987, the United States government imposed a Heavy Vehicle Use Tax on Canadian trucks which operate more than 5,000 miles per year in the United States. The tax of \$412.50 (US) per year on Canadian trucks is 75% of the \$550.00 (US) annual tax American trucks pay. Agricultural commodity carriers are required to pay the tax when they operate more than 7,500 miles per year. The tax contributes to a \$13 billion US refurbishing of the interstate highway system.

Some of the larger trucking companies that serve Atlantic Canada expanded their operations during 1987 by purchasing other transportation firms. Day & Ross Inc. of Hartland, NB, made three acquisitions. In Quebec, the purchase of Gestion Rene Bussiere Inc., which included Bel-Mont Transit, Transport de l'Est Ltee, Demenagements de la Metis Inc. and Demenagements Theberge Ltee, allows Day & Ross to serve Montreal City, the Montreal-Rimouski routes, as well as the Gaspé Peninsula. Breadner Transport Ltd. was acquired to expand Day & Ross operations in southwestern Ontario and to broaden the base of activities of their Sameday Courier Division. Breadner also holds operating authorities in the Provinces of Quebec, Manitoba, Saskatchewan and Alberta, as well as the United States. Day & Ross also created a US Division by purchasing Right-O-Way Inc. of Tustin, CA, the largest privately held air freight forwarder in the United States.

Midland Transport Ltd. acquired three Newfoundland carriers during March, 1988: Sealine Transport, Roadway Transport (Nfld.) Ltd., Roadway Courier and Roadway Terminals Ltd. These acquisitions allow Midland to provide service from Ontario and the Maritimes to most points in Newfoundland. Daily service within Newfoundland is now provided with terminals in Grand Falls, Corner Brook, Clarenville, Marystown and St. John's.

Group Cabano/D'Anjou Inc. of Riviere-du-Loup, PQ, purchased the operations of Group Brazeau Inc. of Montreal and Expeditex Inc. of Quebec City giving Cabano/D'Anjou operating authority from St. John's, NF, to Vancouver, BC.

Transport Route Canada of Toronto, ON, obtained Holmes Transportation Inc. of Westboro, MA, a major trucking company in the northeastern United States.

## Air

During April of 1987, the Canadian Transport Commission (CTC) awarded the Boston, MA/Saint John, NB, route to Air Atlantic Ltd. and the Boston, MA/Yarmouth, NS, route to Air Nova Inc., with each airline designated as backup on the other's route. Both airlines made application to serve each of these routes using deHavilland Dash-8 turbo prop aircraft. Air Canada had provided DC-9 jet service on both routes but has now discontinued jet service on the Boston/Yarmouth route in favour of the Air Nova turbo prop service.

The newly deregulated airline industry in Atlantic Canada suffered a casualty during 1987 when Air Bras d'Or ceased operation. They provided service with deHavilland Dash-6 aircraft and were licensed to service Bathurst, Charlo, Fredericton, Moncton, Saint John and St. Leonard, NB, as well as Digby, Halifax, Port Hawkesbury and Sydney, NS, and Charlottetown, PE.

Other applications made to or dealt with by the CTC (National Transportation Agency of Canada effective January 1, 1988) during 1987-88 to provide a commercial air service to points in Atlantic Canada include:

- An application by Commandair Inc. to provide air service to Bonaventure, Gaspé, Port Menier, Havre aux Maisons and Sept-Iles, PQ; Charlo, NB; and Charlottetown, PE, was made during 1987. Approval was granted; however, service had not commenced as of March 31, 1988.
- Air Nova Inc. applied to provide service to the additional points of Montreal and Quebec City, PQ, and Bathurst, NB, during 1987. No decision has been announced at March 31, 1988. Air Nova is currently licensed to serve Deer Lake, Gander, Goose Bay, St. Anthony, St. John's and Stephenville, NF; Blanc Sablon, PQ; Halifax, Sydney and Yarmouth, NS; Charlottetown, PE; and Fredericton, Moncton and Saint John, NB.
- Air New Bec Inc. applied for and received temporary authority to provide air service between Bathurst and Fredericton, NB, during 1987. Service had not commenced as of March 31, 1988.
- Air Atlantic Ltd. applied to provide service to the additional points of Churchill Falls and Goose Bay, NF, during 1987. No decision has been announced at March 31, 1988. Air Atlantic

is currently licensed to serve Deer Lake, Gander, St. John's and Stephenville, NF; Halifax, Sydney and Yarmouth, NS; Charlottetown, PE; Fredericton, Moncton and Saint John, NB; as well as Magdalen Islands, PQ.

- Bradley Air Services, who operates under the firm name of First Air, has applied to provide air service to Goose Bay, NF, during March of 1988, with no decision announced as of year end. This airline currently serves several points in the Northwest Territories, as well as Montreal, PQ, and Ottawa, ON.

The following table shows the operational statistics for Air Canada during the year under review. (Figures for Canadian Pacific Air Lines, Air Atlantic and Air Nova are not available.)

AIR CANADA

	<u>1987</u>	<u>1986</u>	<u>Percent Change</u>
Revenue Passengers Carried	11,000,000	11,300,000	-2.7%
Revenue Passenger Miles (X'000)	14,358,000	14,425,000	-0.5%
Revenue Ton Miles (X'000)	585,000	581,000	+0.7%
Passenger Load Factor	71.1%	67.7%	+5.0%
Net Income (Loss) After Taxes	45,700,000	40,398,000	+35.8%

Source: Air Canada

## Marine

Overall, cargo tonnage at Ports Canada ports in Atlantic Canada increased by 9% during 1987 with traffic patterns holding similar to the previous year. Saint John had increases in bulk shipments of petroleum, potash and sugar; however, container traffic again declined significantly. Halifax recorded another banner year with increases in all categories and record totals for overall cargo and container traffic. Increases in shipments of flour, grain, petroleum products and gypsum were noted. Traffic at St. John's, NF, continued to reflect the trend from general cargo to containers. Belledune, NB, recorded increased tonnage with fertilizer, chemicals, lead and petroleum being the major commodities handled. The following table provides details:

**WATER CARGO TONNAGE, LOADED OR UNLOADED AT  
PORTS CANADA PORTS OF SAINT JOHN, NB,  
HALIFAX, NS, ST. JOHN'S, NF, AND BELLEDUNE, NB**

(In Metric Tonnes)

<u>CALENDAR YEAR</u>	<u>SAINT JOHN</u>	<u>HALIFAX</u>	<u>ST. JOHN'S</u>	<u>BELLEDUNE</u>	<u>TOTAL</u>
<u>ALL CARGO</u>					
1987	13,043,067	15,790,590	866,403	423,092	30,123,152
1986	12,334,692	14,106,916	884,983	322,878	27,649,469
Increase or (Decrease)	708,375	1,683,674	(18,580)	100,214	2,473,683
% Change	+5.74%	+11.94%	-2.10%	+31.04%	+8.95%
<u>GENERAL CARGO*</u>					
1987	872,000	640,820	114,067	-	1,626,887
1986	894,000	562,802	145,400	-	1,602,202
Increase or (Decrease)	(22,000)	78,018	(31,333)	-	24,685
% Change	-2.46%	+13.86%	-21.55%	-	+1.54%
<u>CONTAINER CARGO</u>					
1987	211,092	2,792,194	309,004	-	3,312,290
1986	545,594	2,264,572	251,381	-	3,061,547
Increase or (Decrease)	(334,502)	527,622	57,623	-	250,743
% Change	-61.31%	+23.30%	+22.92%	-	+8.19%

\* Excludes bulk cargo

Source: Canada Ports Corporation

A \$140,000 marketing study for the Port of Saint John, which was completed during 1987, recommended a five-year extensive market development strategy to attract more cargo. Included in the recommendations were: a new port marketing organization; a full service port sales agency; establishment of a container bulk operation on European and Far East trade routes; the creation of a shipper data base; and promotion of the New York feeder service. In addition, the port introduced a volume incentive plan for containerized shipping lines and an "appointment arrangement" for trucking companies receiving or delivering cargo at the port's container terminal, as well as a reorganization of tariffs and services to make using the port easier and more attractive.

During 1987, ASL Atlantic Searoute acquired a larger vessel to operate on their weekly ro/ro container service between Halifax, NS, and St. John's, NF. The "MV ASL Sanderling", with a capacity of 1127 TEU's (twenty-foot equivalent units), increased the capacity of this service from 430 TEU's. With the increased capacity, the weekly year round service was extended to Corner Brook, NF, in January, 1988, thereby allowing the port connections with all the ocean containership lines that serve Halifax.

Effective March, 1988, ACE Atlantic Container Express acquired a larger ro/ro vessel which provided increased capacity on its Montreal, PQ/St. John's, NF, service, as well as allowing Corner Brook, NF, to be added as a port of call with five-day, year round service. The "MV Cabot", with a 470 TEU capacity, has replaced the "MV Lucien Paquin" which has a 310 TEU capacity, and will compliment the capacity of the "MV Cicero". The change re-establishes a container service between Corner Brook and Central Canada, as well as providing connections with the shipping lines that serve the Port of Montreal.

The major additions to and changes in international steamship services during 1987-88 involving Atlantic ports are summarized below:

- After only a few months of operation, a barge feeder service provided by Hale Container Line Inc. of Baltimore, MD, between Saint John, NB, and New York/New Jersey was discontinued due to insufficient traffic.
- Kent Line Limited commenced a container service between Europe and Saint John, NB, in May of 1987. The 28-day service for 20 foot and 40 foot containers operates from Rotterdam to Saint John and, in addition, offers through bills of lading to Montreal, PQ, and Toronto, ON. The service also connects with Kent Lines' Caribbean route.
- The Maersk Line of Denmark added the Port of Halifax, NS, with weekly calls on its new trans-Atlantic non-conference container service between North Europe and North America effective May, 1988. Maersk serves the European Ports of Le Havre, Rotterdam, Bremerhaven and Felixstowe on a direct basis. Scandinavia and all inland points in Europe are served through dedicated feeder and land transportation arrangements. Cargo is accepted for Europe, the Far East, the Middle East, the US Atlantic and Pacific coasts and the Caribbean. Other North American ports of call include New York, Baltimore and Charleston. Twelve ships provide a full line of container service each with a capacity of approximately 3500 TEU's.

- The Evergreen Line of Taiwan added Halifax, NS, as a port of call during March of 1988, with weekly calls on its Western Mediterranean/North America container service. Other ports of call include New York/New Jersey, Norfolk, VA, Savannah, GA, Valencia, Spain, Fos, France, and Livorno, Italy.

## Ferries

The 1987 traffic totals for the major ferry operations in Atlantic Canada showed increases when compared with the previous year. Totals for passengers increased 3%, automobiles and pick-up trucks increased 2.6%, with trucks and tractor trailers increasing 9.8%.

Statistics for the year 1987 appear below, with 1986 figures in brackets:

### FERRY OPERATING STATISTICS FOR ATLANTIC CANADA

<u>Service</u>	<u>Passengers</u>		<u>Automobiles And Pick-Up Trucks</u>		<u>Trucks And Tractor Trailers</u>	
<b>Marine Atlantic Service</b>						
Cape Tormentine - Borden	1,713,110	+3.1%	585,617	+2.7%	131,070	+9.4%
	##(1,662,088)		(570,413)		##(119,771)	
North Sydney - Port aux Basques	325,210	+7.0%	86,038	+10.4%	56,190	+18.8%
	##( 304,053)		( 77,903)		( 47,309)	
North Sydney - Argentina (1)	31,296	+0.7%	8,207	+0.2%	74	-20.4%
	( 31,082)		( 8,192)		( 93)	
Yarmouth - Bar Harbour	119,163	-2.3%	29,667	-4.5%	3,722	-5.7%
	( 121,915)		( 31,051)		( 3,949)	
Saint John - Digby	223,062	-1.0%	56,053	+0.5%	25,577	-0.4%
	( 225,414)		( 55,766)		( 25,675)	
<b>Northumberland Ferries Service</b>						
Wood Island - Caribou (2)	538,591	+1.6%	172,273	+0.5%	21,350	+8.5%
	( 530,095)		(171,412)		( 19,672)	
<b>Prince of Fundy Service</b>						
Yarmouth - Portland (3)	165,896	+9.9%	26,176	+3.5%	1,098	-18.5%
	( 150,979)		( 25,285)		( 1,347)	

# Revised figures

- (1) 1987 operated June 15 to September 13  
1986 operated June 15 to September 13
- (2) 1987 operated May 7 to December 20  
1986 operated April 29 to December 10
- (3) 1987 operated May 7 to October 25  
1986 operated May 1 to October 26

Source: Marine Atlantic Inc.  
Northumberland Ferries Limited  
Prince of Fundy Cruises Limited

A seasonal ferry service between Dalhousie, NB, and Miquasha, PQ, went into operation during July of 1987 as a result of efforts by local investors aided by partial government funding. Dalmig Marine Inc. operated with a ferry purchased from the Quebec government, and renamed "The Dalmig" which has a capacity of 35 vehicles and 300 passengers. Service ceased for the 1987 season during September. The previous ferry service on this route ceased operation in September of 1981.

Design work on a new ferry for the Black's Harbour to Grand Manan, NB, service was completed during 1987-88 with tentative capacity for 250 passengers and 60 vehicles; however, a construction timetable has not been announced at year end. In addition to plans for a new ferry, Marine Atlantic has acquired all the shares of Coastal Transport, the operators of this service. The service will continue to operate under the Coastal Transport banner under contract with the Province of New Brunswick.

During 1987, Marine Atlantic leased a new roll-on/roll-off vessel to improve their freight service from Lewisporte to Northern Labrador ports. The 78.6 metre "MV Duke of Topsail" carries 1,000 tonnes of cargo and is fitted with a crane and cargo hatch to accommodate pallets, containers or rubber tired vehicles. It replaces a smaller vessel, the "Topsail Star", which had been leased for a five-year period.

Both Marine Atlantic Inc. and Northumberland Ferries Limited scheduled increases of approximately 4% for 1988. The effective date for Marine Atlantic was January 1, 1988, with Northumberland Ferries on the beginning of its season, May 1, 1988.

## GENERAL LEVEL OF RATES

Freight rate increases implemented during the year under review were, for the most part, in the area of 4% to 5%. There were many exceptions to this to reflect the high degree of competition in the marketplace.

In past annual reports, we have attempted to identify the exact increases that were applied to the rates by specific modes and carriers. Due to new trends and a rapidly changing transportation environment, we now feel that the past method of reporting freight rate changes is no longer meaningful.

Rail and truck rates are often subject to increases on specific commodities or commodity groups at various times of the year. General rate increases are usually subject to numerous exceptions. A growing list of independent or non-tariff bureaux carriers account for a large percentage of traffic moving from, to and within the Atlantic Region. The task of monitoring and reporting the freight rate changes by all of these carriers would be impossible and to report only the tariff bureaux changes would not give a true illustration of the general level of rates.

Events over the past year, some of which are reported in more detail elsewhere in this report, affecting the general level of rates are:

- Under the provisions of the new transportation legislation, effective January 1, 1988, among other things, the obligation of rail and truck carriers to publish and file their rates and to make all rates available to the public has been greatly reduced.
- Effective January 1, 1988, Day & Ross Inc. withdrew its participation in the Atlantic Provinces Motor Carrier Tariff Bureau and the Quebec Tariff Bureau. Day & Ross will maintain their own tariffs and rate structure in future.
- A number of carriers and tariff bureaux in Ontario, Quebec and the Atlantic Provinces have, in recent years, been charging an insurance surcharge in addition to the regular freight rate. During the year under review, many of these carriers rolled the surcharge, which ranged up to 4%, into the general rate structure. The effect of this roll-in will be that carriers will continue to collect this revenue regardless of future insurance costs.
- As a result of a number of rail line abandonments or in anticipation of abandonments in the Atlantic Provinces, some traffic must move by alternate modes and bear any increased cost of transportation as a result.

- Effective July 1, 1987, rail car service to Newfoundland was discontinued. Companies were forced to utilize other modes for shipments which formerly moved in rail cars via the ferry from North Sydney, NS, to Port aux Basques, NF, which, in some cases, resulted in higher rates.

## NEW NATIONAL TRANSPORTATION ACTS AND NEW AGENCY

On January 1, 1988, Canada entered a new era of economic transportation regulatory reform for the nation's transportation industry. On that date, the **National Transportation Act, 1987**, and the **Motor Vehicle Transport Act, 1987**, became effective. These two Acts and their regulations, together with the **Shipping Conferences Exemption Act, 1987**, which is covered elsewhere in this report, will govern transportation in Canada in future years. The new legislation is designed to encourage economic growth and development by placing a greater reliance on competition, by reducing economic regulation of carriers and by providing a greater role for market forces in the transportation industry. Many changes, including some key safeguards sought by the APTC, are contained in the new legislation. Some of the key changes are:

### The National Transportation Act, 1987

- ". . . transportation is recognized as a key to regional economic development and commercial viability of transportation links is balanced with regional economic development objectives in order that the potential economic strengths of each region may be realized," added as part of the National Transportation policy.
- Where a shipper has access to the lines of only one railway company at the point of origin or destination, the railways' must, at the shipper's request, establish rates for movements over more than one railway. These are called competitive line rates, or CLR's.
- Interswitching (the movement of freight in rail cars between the loading or unloading point on the lines of a terminal carrier and the point of interchange with the line haul carrier) limits have been extended from within 4 linear miles to a 30 km radius, at a prescribed rate.
- Shippers and railways may enter into confidential contracts and, although summaries of such contracts must be made available for public information, the details are to be kept confidential between the contract parties.

- Methods of resolving disputes between shippers and railways have been improved, with a mediation process and a binding final offer arbitration process being added. The time frame for settling disputes has been shortened.
- Steps for abandoning rail branch lines have been streamlined, with the railways given more freedom in eliminating money-losing lines, but shippers may receive funds to improve alternative transport facilities to enable more cost effective transport. Also, a railway cannot abandon more than 4% of its total route mileage in each of the five years subsequent to January 1, 1988.

### **The Motor Vehicle Transport Act, 1987**

- "Public convenience and necessity" test of extra-provincial trucking has been replaced by a "fitness" entry test and a "reverse onus" public interest test.
- "Fit" applicants are those who have adequate insurance coverage and comply with all applicable transportation safety regulations. The fitness test requires a satisfactory safety rating based on knowledge of, and past compliance with, transportation safety law. Carriers must continue to meet the fitness criteria after receiving an operating license. The provinces remain responsible for administering federal law. Therefore, truckers must still apply for licenses in each jurisdiction in which they wish to operate.
- Under the reverse onus public interest test, all new fit applicants will be granted a license unless an opponent to the application can demonstrate that the granting of the license would not be in the public interest.
- The reverse onus public interest test is an interim measure designed to allow limited economic intervention in the entry process while the "fitness" entry procedure becomes established. On January 1, 1993, the public interest test is scheduled to expire. "Fitness" would then become the sole standard for licensing extra-provincial truck operations.

As a matter of National Transportation Policy, safety remains the first priority of the new transportation acts and another section of this report deals with safety measures adopted by the federal government and the provinces.

Upon the implementation of the new Acts, effective January 1, 1988, a new body now regulates transport firms in Canada. The National Transportation Agency of Canada replaces the Canadian Transport Commission which was in existence since 1967. The main responsibility of the Agency is to administer the provisions of

the various transportation-related Acts. In making decisions and giving orders, the Agency is bound by policy directions from the government. It has all the powers, rights and privileges of a superior court for matters within its jurisdiction. The Agency consists of up to nine permanent members appointed by Cabinet. At least one member must be appointed from each of five regions. The Agency has headquarters in Ottawa and will have regional offices, including one in Moncton, NB.

## SHIPPING POLICY AND OTHER MARINE MATTERS

### Shipping Conferences Exemption Act

The Shipping Conferences Exemption Act, 1987, which will continue to provide qualified exemption of certain shipping conference practices from the provisions of the Competition Act, assented to on June 30, 1987, was proclaimed in force December 17, 1987, except Subsection 4(3) (exception regarding independent action) was proclaimed in force February 17, 1988.

The new Act contains several significant changes from Bill C-21 which was discussed in the 1986-87 annual report. Key features of the Act are as follows:

- . mandatory right of independent action for conference members giving them the ability to provide a rate different than that of other conference members;
- . confidential service contracts made on specific quantities of goods at agreed rates over a fixed time period are permitted between an exporter with the conference (the original bill proposed that such contracts could also be concluded with individual member lines of a conference);
- . mandatory loyalty contracts have been eliminated (however, patronage agreements, which previously required shippers to bind 100% of their cargo to conference carriers, may still be utilized by mutual agreement for a "portion only" of the goods);
- . through rates involving both overland and marine transport may be offered by the conferences to shippers; and,
- . the new Act provides that any organization or association of shippers may be designated by the Minister of Transport to represent the interests of shippers in matters coming under the legislation (e.g., meetings with conferences concerning rates and related matters).

The most controversial of the changes from the original Bill was the elimination of the provision for confidential service contracts with an individual member line of a conference. The Canadian Shippers' Council, of which the APTC is a member, argued in favour of this provision, while the conferences claimed that its adoption would likely destroy the conference system.

### **Saint John Steamship Arbitrary Charge**

Member lines of ocean freight conferences operating to and from Eastern Canadian ports and United Kingdom and North European ports increased the charge per container on traffic moving under a Saint John bill of lading. The charge was increased from \$280 to \$355 per container effective July 1, 1987.

As a note of explanation, there is provision in the tariffs of the shipping conferences permitting member carriers, at their discretion, to reforward containerized cargo at carriers' expense between Halifax, Saint John and Montreal. The application of this policy in relation to the Ports of Halifax and Saint John on traffic originating or terminating in the Maritime Provinces is to use the least cost port (i.e., the port nearest the origin or destination) in the determination of inland transportation charges, regardless which of the two ports is actually used as the direct port of call by the containerline involved. While initially the lines serving the United Kingdom and Continental Europe absorbed the entire difference between the overland rate to and from the two Maritime Provinces' ports, commencing as far back as 1983 they began assessing an arbitrary to offset part of this cost. The most recent increase had the effect of diluting the benefits to exporters and importers to all but a nominal cost saving for a limited number of companies located in southwestern and western New Brunswick.

As a means of trying to prevent this increase and to maintain the benefit of the tariff absorption, the APTC organized a meeting in July, 1987, between conference line users and member carriers of the shipping conferences. This effort was unsuccessful and it has since been made clear by the shipping conferences involved that the provision of a Saint John bill of lading and absorption of any part of the inland freight cost will continue to be phased out.

### **Coasting Trade**

The Coasting Trade and Commercial Marine Activities Act, under Bill C-52, which was introduced in May, 1987, and received

second reading in September, precipitated a number of submissions at subsequent hearings of the House of Commons Legislative Committee.

The Bill would exclude foreign ships from engaging in Canadian coastal trade and thereby continue to restrict competition in the transport of goods by marine carrier. The only exception to this is a provision in the proposed Act for the granting of waivers for a vessel to obtain a license to engage in the coastal trade when it has been determined by the Canadian Transport Commission (now the National Transportation Agency) that ". . . no Canadian ship is suitable and available to provide the service or perform the activity described in the application . . ." for a waiver. The Minister of Revenue is then empowered to issue a license in respect of the ship in compliance with the application of duties under the Customs Tariff and Excise Tax Act. Currently, the duty payable upon temporary entry is 1/120 of 25% of the value of the ship per month, or part thereof.

The APTC appeared before the Legislative Committee on Bill C-52 in February, 1988. The APTC pointed out the importance of marine transportation to the Atlantic Provinces and expressed opposition to the continued exclusion of outside competition in coastal trade on behalf of the interests and needs of regional shippers. It was further noted that this policy is contrary to the underlying philosophy of the "Freedom to Move" document and the National Transportation Act.

The APTC submission addressed two areas of concern in relation to Bill C-52. First, that waivers permitting the use of foreign ships be granted expeditiously when no suitable (i.e., suitable in both a physical and an economic sense) Canadian ship is available. A specific amendment to the Bill was proposed to reflect this. The second area addressed by the APTC relates to the application of a customs duty for the use of a foreign ship. The APTC took the position that no duty whatsoever should be assessed on a foreign ship operating in Canadian coastal waters under a waiver. In support of this, it was pointed out that the duty does nothing to protect Canadian shipowners because it applies only after the granting of a waiver and only when no suitable Canadian vessel is available. Also, it becomes an added cost to Canadian manufacturers and producers and makes Canadian goods less competitive with goods from foreign sources. During the hearings, a number of shipper oriented trade associations reflected views similar to the APTC, while groups representing shipowners, shipyards and labour unions sought to impose more stringent prohibitions against the use of foreign ships.

The Legislative Committee reported Bill C-52 back to the House on March 16, 1988, with proposed changes. In relation to the position of the APTC, a key proposal is to further restrict the granting of waivers by adding a requirement for a 14-day period from the date of the application before issuing a permit to use a foreign ship. At the urging of the APTC and others, the Committee adopted a further amendment that would authorize the Minister of Revenue discretion to disregard the 14-day limitation under "special circumstances".

At the conclusion of the year, Bill C-52, as amended by the Legislative Committee, had been passed by the House of Commons and received first reading in the Senate on March 29, 1988.

### VEHICLE WEIGHTS AND DIMENSIONS CHANGES

In June of 1987, the Implementation Planning Subcommittee of the Joint RTAC/CCMTA Committee on Heavy Vehicle Weights and Dimensions released its draft final report, "Recommended Regulatory Principles for Interprovincial Heavy Vehicle Weights and Dimensions". This report represented the results of a two-year, \$3 million study into the influence of size and weight on vehicle stability and the impact of various vehicle configurations on bridges and pavements.

The APTC reviewed the report and became concerned that a number of the recommendations, if implemented, could lead to a reduction in vehicle payload capacity from that currently being experienced in the Atlantic Provinces and could render the present truck fleet obsolete, thus necessitating large capital expenditures by carriers to replace equipment which could lead to an increase in freight costs for shippers. At the same time, there were a number of recommendations which would result in significant benefits for certain shippers and industries in the Atlantic Region.

At a public hearing held in Charlottetown in August of 1987, as part of a cross country series of hearings into the recommendations contained in the report, the APTC presented a brief outlining several concerns. These concerns were:

- the need to ensure uniformity of regulation of vehicle size and weight across Canada in terms of both the content of the regulations and the implementation date;
- that the potential loss of payload for 5-axle and 6-axle tractor semi-trailer configurations would result in increased costs for shippers in Atlantic Canada;

- the removal of tolerance would further reduce payloads; and,
- the impact that the proposed regulations would have on existing equipment.

The APTC recommended that no new regulations be implemented which would reduce tractor semi-trailer payloads, thus increasing costs for shippers, nor render present equipment obsolete until acceptable alternatives are available in the Atlantic Region.

At a meeting in September, 1987, federal and provincial Ministers of Transportation deferred a decision on implementation of the recommendations until February, 1988, to allow for further consultation with industry and shippers to ensure a clear understanding of the recommendations. The Ministers also felt that more time was needed for further examination of concerns expressed by the railways that the proposed vehicle configurations and weight limits would, if approved for use on Canadian highways, lead to a major loss of rail traffic to trucks. This loss of traffic would ultimately result in higher rates for remaining railway traffic and could result in some services and lines being put in jeopardy.

To create better awareness of the issues, in October, 1987, the APTC issued a circular letter to over 2,000 firms and individuals in the Atlantic Region, outlining the various recommendations and their implications for Atlantic Provinces shippers. In February, 1988, the Ministers of Transportation met and approved a number of the proposed recommendations. Several of the proposed recommendations were not approved. Provincial Ministers must now implement the accepted standards in their individual jurisdictions.

In the Atlantic Provinces, the Ministers of Transportation have given assurances that no regulations will be implemented which would result in a loss of payloads from those currently in effect. As well, there will continue to be tolerance permitted and some form of "grandfather" provision so that carrier's present equipment will not suddenly become obsolete.

Many shippers in the Atlantic Provinces will benefit from the recommendations to allow the use of B-Train configurations at gross vehicle weights of up to 62 500 kg. This will allow a significant increase over current payloads for shippers who can take advantage of this equipment. On the other hand, the decision not to approve the use of 53 ft. semi-trailers was a severe disappointment to a number of shippers of light and bulky products.

## CTC DECISION ON NEWFOUNDLAND RATES

The Review Committee of the Canadian Transport Commission (CTC), predecessor to the new National Transportation Agency (NTA), issued a decision in August, 1987, overturning an earlier decision of the Railway Transport Committee. The decision was issued in response to an appeal by the Attorney General for Newfoundland of a Railway Transport Committee (RTC) decision of February 12, 1986, ordering CN to review and increase a number of TerraTransport Newfoundland container rates. The APTC filed an intervention in support of the appeal.

In its Decision 1987-2, dated August 28, 1987, the Review Committee concluded that the RTC erred in law in interpreting the portion of the Railway Act whereby the railway's power to fix rates is made subject to Term 32 of the Terms of Union. This resulted in an incorrect conclusion as to the applicability of the minimum rate section (Section 276) of the Railway Act. The Committee concluded that the railway must set rates to, from and within Newfoundland which meet the requirements of the Terms of Union regardless of Section 276. The Committee also found that only when the railway wishes to set rates lower than those required pursuant to the Terms of Union must it satisfy the requirement of Section 276 of the Railway Act that the rates be compensatory.

The Review Committee stated that, by virtue of Section 32(2) of the Terms of Union, Newfoundland was made a part of the Maritime Region for the purposes of rate regulation. It is of the opinion that to the extent that there is an identifiable Maritime rate structure, Newfoundland is entitled to rates based upon that structure. Also, by Section 32(2) of the Terms of Union, Newfoundland is entitled to all-rail through rates. Mainland costs should be projected across the whole of the water expanse between the mainland and Newfoundland with actual marine costs being discounted entirely. The Review Committee stated that it does not believe that there should be a special cost concept applicable to rail movements within Newfoundland. In calculating rates, CN should relate them to the Maritime rates on similar commodities, not to the costs of moving the freight. The rates calculated in this manner will represent the maximum rates CN can charge for freight moving to, from and within Newfoundland.

The Review Committee directed CN to begin an immediate review of all its rates to, from and within Newfoundland to satisfy itself that each and every rate meets the criteria outlined in

this decision. Where rates are found to be out of line with similar mainland Maritime rates adjusted for distance, CN was directed to file new rates no later than ninety (90) days from the date of the decision.

As a result of the order, a number of rates from points in Quebec and Ontario to Newfoundland were reduced by CN Rail in November, 1987. Newfoundland shippers and receivers who feel they may benefit by the establishment of TerraTransport container rates based on "similar" mainland Maritime rates adjusted for distance, or if they feel that their existing TerraTransport rates should be adjusted to reflect this basis, were invited to submit particulars of the movement and present rates to the APTC for evaluation. At the conclusion of the year, the Newfoundland Department of Transportation, with the support of the APTC, has sought further downward rate adjustments to more fully reflect the spirit and intent of the decision of the Review Committee.

### **APTC MONITORING PROJECT**

The APTC has been engaged to assist the National Transportation Agency in its mandate to perform an annual review of new transportation legislation that was implemented early in 1988. As part of the new legislation, there is a requirement that the Agency review the operations of the National Transportation Act, 1987; the Motor Vehicle Transport Act, 1987; and the Shipping Conferences Exemption Act, 1987. From the beginning of the proposal for economic regulatory reform of the transportation industry, under the "Freedom to Move" White Paper, introduced in July, 1985, the Atlantic Provinces Transportation Commission sought to ensure that there would be an on-going monitoring of the impact on Atlantic Canada as a prerequisite to the enactment of any new legislation.

In addition to developing transportation information for each of the years 1988 to 1991, inclusive, the APTC monitoring project requires the procurement of information for the base year 1986, as well as 1987. The information being developed covers all modes of transport, viz., air, marine, rail and truck. The Agency must report the results of its monitoring to the Minister of Transport on an annual basis, with a comprehensive review required in 1992.

The APTC is pleased that it has been selected to perform the monitoring of the new legislation as it relates to companies located in the four Atlantic Provinces. Over fifty companies in

Atlantic Canada have been selected to assist the APTC in securing the necessary data to accommodate the monitoring process. The cooperation being extended to the APTC by industry with respect to this important project is most gratifying. In addition, the APTC has contacted a number of carriers, encompassing all modes, to obtain information on their services and operations. A number of area Chambers of Commerce and Boards of Trade have also been asked to provide input.

The information obtained will be included in a computerized data base. Various reports will be created analyzing the data. Comparison of these reports on a year to year basis should indicate any changes in transportation services and conditions of carriage taking place in Atlantic Canada which are the result of the new transportation legislation. These reports will then be submitted to the NTA for use in their yearly review of the operation of the National Transportation Act, 1987, the Motor Vehicle Transport Act, 1987, and the Shipping Conferences Exemption Act, 1987.

The monitoring project, in which the APTC is participating, provides an opportunity for manufacturers and producers in the Atlantic Provinces to be a part of the review process and to have input into determining the impact of transportation changes in the region. The project will assist the APTC in fulfilling its mandate to ensure that companies secure the best transportation services and costs possible to reach their markets.

#### **NATIONAL SAFETY CODE/RAILWAY SAFETY ACT**

As part of the process of lessening economic regulation of the transportation industry in Canada, federal and provincial transport authorities are in the process of developing safety standards governing the operation of commercial motor vehicles in Canada. These safety standards, which are referred to as the National Safety Code, are a series of standards that are now in effect or will be legislated by various federal and provincial agencies. To a large extent, it will be the responsibility of the provinces to enforce the standards. As many of the provinces do not now have the necessary legislation nor enforcement personnel in place, these standards will be phased in at different times in different provinces over the next 36 months. The National Safety Code standards represent minimum levels of safety regulation, and individual provinces may implement more rigid requirements in any one or more of the nineteen different standards governing the safe operation and record keeping requirements of commercial motor vehicles.

Railway safety has not been overlooked as the federal Minister of Transport introduced into the House of Commons Bill C-105, the Railway Safety Act. This Act, which received first reading in the House of Commons on January 18, 1988, will provide the necessary legislative framework to provide for safety standards for the operation and maintenance of railway operations.

## FEDERAL SALES TAX ON TRANSPORTATION

The federal Minister of Finance, in a White Paper on Tax Reform released in June, 1987, proposed that the current federal sales tax be replaced with a broad-based, multi-stage, value added tax. The proposed multi-level tax would be imposed on most products and services at all stages in the production and distribution chain. Services which are not presently subject to federal sales tax would become taxable, including the provision of transportation services. The proposed multi-stage tax will extend to the retail level and the ultimate consumer will bear the full cost of the tax. A system of input tax credits will remove the tax from products and services purchased and consumed in the production of other goods and services.

The proposed tax would apply to all domestic freight transportation services. International freight services to a foreign destination supplied in Canada will be taxable if they are billed to someone in Canada. An exporter will be allowed to claim an input tax credit in respect of the amount paid for such services. Inbound international freight services will be tax free.

In a brief to the House of Commons Standing Committee on Finance and Economic Affairs, the APTC pointed out that, due to distance Atlantic Canadian producers and manufacturers must overcome to reach the marketplace, industry in this region is faced with proportionately higher transportation costs. A tax on transportation costs may increase this disadvantage of Atlantic Region firms by further increasing the total cost of their goods to the consumer. Atlantic Canadian consumers would also be faced with higher costs and pay a heavier burden of tax due to proportionately higher freight costs on inbound finished goods. The APTC's submission concluded that transportation costs should not be included in the value for tax in any of the proposed sales tax reforms.

At year end, the House of Commons Standing Committee on Finance and Economic Affairs had decided not to hold public hearings on this matter until more details of the operation of the tax were available. The matter was still under evaluation by the APTC at the conclusion of the year.

## RAILWAY ABANDONMENTS

The pace of railway abandonments and applications increased towards the latter part of the past year which probably stems from more flexible abandonment procedures in the new NTA. There were a number of new applications filed and decisions rendered by the CTC on previous applications resulting in a number of lines being abandoned during the year. Particulars follow:

<u>Subdivision</u>	<u>Between</u>	<u>And</u>	<u>Total Miles</u>	<u>Status</u>
<b>New Brunswick</b>				
<u>Abandonments</u>				
CN Albert Spur	Salisbury 0.00	Synton 2.85	2.85	Ordered Abandoned July 17, 1987
CN Bartibog	Bartibog 0.00	Heath Steele 23.13	23.13	Ordered Abandoned October 15, 1987
CN Caraquet	East Bathurst 4.34 (Incl. Shippagan Spur)	Tracadie 72.04	74.97	Ordered Continued April 1, 1986; to Reconsider 1988
CN Centreville	Valley 0.00	Woodstock 2.63	2.63	Ordered Abandoned January 8, 1988
CP Shore Line	Bay Shore 0.00 (Incl. Lancaster Spur)	Allan Cot 10.80	10.80	Ordered Abandoned January 25, 1988
<u>Notices of Intent to Abandon</u>				
CP Aroostook	Aroostook 0.00	Intl. Boundary 4.80	4.80	Notice Filed March 4, 1988
CP Houlton	Debec Jct. 0.00	Intl. Boundary 5.00	5.00	Notice Filed March 4, 1988
CP Shogomoc	Near Upper Kent 88.50 Near Woodstock 51.50	Near Aroostook 104.60 Near Newburg 54.20	16.10 2.70	Notice Filed March 4, 1988 Notice Filed March 4, 1988
CP St. Andrews	Champlain Ind. Park 18.12	St. Andrews 27.50	9.38	Notice Filed February 11, 1988
CP Tobique	Perth Jct. 0.00	Plaster Rock 27.50	27.50	Notice Filed March 4, 1988

<u>Subdivision</u>	<u>Between</u>	<u>And</u>	<u>Total Miles</u>	<u>Status</u>
<b>Nova Scotia</b>				
<u>Abandonments</u>				
CN Hopewell (Thorburn Spur)	New Glasgow 0.00	Thorburn 5.95	5.95	Ordered Abandoned January 13, 1988
<u>Notices of Intent to Abandon</u>				
CN Chester	Near East River 42.25	Liverpool 109.07	66.82	Notice Filed March 18, 1988
CP Kentville	Near Coldbrook 4.60	Annapolis Royal 58.40	53.80	Notice Filed March 25, 1988
CP Yarmouth	Annapolis Royal 0.00	Yarmouth 86.00	86.00	Notice Filed March 25, 1988

#### Newfoundland

<u>Abandonments</u>				
CN Carbonear	Brigus Junction 0.00	Carbonear 38.50	38.50	Ordered Abandoned February 2, 1988
CN Clarenville (Lewisporte Spur)	Notre Dame Jct. 0.00	Lewisporte 9.40	9.40	Ordered Abandoned February 2, 1988
CN Stephenville	White's Road 0.00	Stephenville 7.00	7.00	Application Filed November 10, 1987

### FUTURE OF RAILWAY SERVICES IN THE MARITIME PROVINCES

In May, 1987, the APTC completed a study of the "Impact of Future Changes in Railway Services in the Maritime Provinces". This study, as reported in the 1986-87 annual report, was supported by the Maritime Provinces' governments to assess the impact on rail users and on the highway system stemming from potential loss of railway lines resulting from projected railway abandonments in both the short and long term. A more detailed outline of the terms of reference is contained in the 1986-87 annual report.

The report estimates that close to one-half of current rail lines in the Maritime Provinces may be abandoned within the next five years. Prince Edward Island is expected to lose all rail lines, while Nova Scotia and New Brunswick will be affected to varying degrees, as illustrated in the following table:

Status of CN Rail and CP Rail  
Lines in the Maritime Provinces

<u>Province</u>	<u>Total CN &amp; CP Rail Lines (Miles)</u>	<u>Potential Rail Abandonments (Miles) (Percent of Total)</u>	
Nova Scotia	739	290	39%
New Brunswick	1,448	653	45%
Prince Edward Island	<u>235</u>	<u>235</u>	<u>100%</u>
Totals:	<u>2,422</u>	<u>1,178</u>	<u>49%</u>

In Nova Scotia, CN Rail lines along the south shore and the Dominion Atlantic Railway are identified as potential candidates for abandonment. In New Brunswick, CP Rail lines serving St. Stephen, Fredericton and the Upper Saint John River Valley areas, as well as CN Rail lines serving Fredericton and Havelock, may face abandonment. Prince Edward Island is expected to be without any rail service within five years.

Through questionnaires and interviews of existing and potential users served by the rail lines involved by the APTC, a number of concerns over the possible loss of direct rail service were identified, as follows:

- Increased freight costs;
- Capital costs (for changes in shipping or receiving facilities, additional storage and specialized trucking equipment);
- Loss of competition and ultimately increases in truck rates;
- Availability of adequate trucks (particularly during peak shipping periods);
- Congestion and delays on ferry services (PEI companies);
- Condition of highways and spring weight restrictions;
- Difficulty of product transfer between rail and truck (availability and adequacy of transfer facilities, loss of and damage to product and safety); and,
- Loss of markets.

Increases in freight costs were projected to be \$4.2 million per year in the event that all the anticipated rail line abandonments take place. Twenty-six shippers anticipate the need for changes in shipping or receiving facilities, additional storage

and specialized trucking equipment, representing an estimated capital outlay of \$7.1 million (1987 dollars). A major impact would be an increase of heavy truck traffic on Maritime highways. Estimated increases in truck traffic amounted to 19,300 vehicles in New Brunswick, 6,800 in Nova Scotia and 4,500 in Prince Edward Island.

Several sections of rail line were identified as requiring further study to fully assess the potential for short line railways. The report also points out that the railways will be required to apply for abandonments and there will be opportunities to oppose applications on the grounds that the line is required in the public interest. Also noted is the provision for funding by the federal government to improve transportation facilities in the area served by a line to be abandoned to assist shippers in the transition to alternative transportation services.

The report recommended that provincial governments seek increased federal funding for highway projects to meet the impact of increased truck traffic as a result of rail line abandonments.

Apart from what is felt to be constructive and useful information identified in the report, through the study an important additional need was met by alerting shippers and receivers who utilize the rail lines involved of the potential loss of rail service to enable them to examine alternatives. Through the impact analyses undertaken as part of the study, the APTC is in an excellent position to assist shippers in evaluating the least cost means of alternative transportation.

#### **AUDITOR GENERAL'S REPORT - AT AND EAST/MFRA/ARFAA SUBSIDIES**

The Auditor General of Canada, in reporting to the House of Commons for the fiscal year ending March 31, 1987, criticized the administration of transportation subsidies paid under the "At and East" export grain and flour movements, as well as Maritime Freight Rates Act (MFRA) and Atlantic Region Freight Assistance Act (ARFAA). The report also raised questions as to the effectiveness of certain aspects of these programs. Specifically, the Auditor General recommended that Transport Canada and the Canadian Transport Commission (now the National Transportation Agency) should:

- analyze program alternatives to diminish unintended adverse effects and inefficiencies of the At and East Grain and Flour Subsidy Program;

- . improve the claim verification process for At and East claims;
- . carry out an evaluation of the Maritime Freight Rates Act and Atlantic Region Freight Assistance Act program and reevaluate the At and East program by considering whether its objectives are being achieved and whether the original justification for the program is still valid; and,
- . improve administrative controls over the MFRA/AFRAA subsidy, including controls over program eligibility and better monitoring of adherence to program regulations.

Regarding the "At and East" subsidy, as reported in previous annual reports, the APTC is clearly on record in favour of changes to reduce cost and eliminate inefficiencies provided certain objectives are met (i.e., the key objective being the continued movement of export grain and flour through the Ports of Halifax and Saint John). Therefore, the recommendations of the Auditor General concerning the "At and East" subsidy are not inconsistent with the position of the APTC.

The recommendation for an evaluation of the MFRA and ARFAA program completely ignores the fact that a full evaluation was undertaken in 1983 by James F. Hickling Management Consultants Ltd. under the direction of Transport Canada. The final report, entitled "The Impact of Freight Transportation Subsidies Under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act", provided strong support for the program in terms of promoting job creation, economic development and regional export markets. The recommendation for a further evaluation of the assistance program at this time is, in the opinion of the APTC, without foundation or merit. On the other hand, the recommendation to improve administrative controls is a sound objective and one that we believe the NTA is already working towards.

### FREE TRADE AGREEMENT

The much discussed subject of free or "freer" trade took a major step forward in December, 1987, when the text of the Canada-US Free Trade Agreement was released. In general, the APTC viewed the removal of trade barriers as a positive step. One major concern that was identified by the APTC and submitted to the four Atlantic Premiers pertained to the Atlantic Region Freight Assistance program (ARFA). The wording of a draft annex to the trade agreement, which was subsequently dropped, cast some doubt as to the future of the ARFA program. Through representations to the Atlantic Premiers, the APTC sought to ensure that

the ARFA program, which is a critical factor in the ability of industry in Atlantic Canada in reaching domestic markets, would not be jeopardized by the trade agreement.

Both countries' transportation services were candidates for inclusion in the coverage of the Services chapter of the Free-Trade Agreement. Transportation negotiations were undertaken early in 1987. Eventually, as a consequence of U.S. maritime industries' refusal to agree to exchange domestic trade rights, and refusal to agree to principles which would have prevented future discrimination in each country's transportation laws and regulations, transportation services were excluded from the services and investment provisions of the Agreement. The Agreement does not therefore apply to government regulatory or investment measures affecting the provision of any transportation services, or services related to transportation such as freight forwarding, customs brokering, and aircraft refuelling.

The federal government, based on a statement released by the Minister of Transport, is of the opinion that the exclusion of transportation services does not mean that the free trade agreement will detrimentally affect the impact upon Canadian and American transportation services. Rather, the government believes that the demand for transportation services will rise significantly as a result of increased flow of goods and people across the border with resulting benefits to the transportation industry.

### **CTC CABOOSELESS TRAIN DECISION**

On December 14, 1987, the Railway Transport Committee of the Canadian Transport Commission ruled that cabooses are no longer needed to ensure safe freight train operations. In its decision, the Committee said the railways must meet 37 conditions before they can begin cabooseless train operations. These requirements include the use of electronic end-of-train information systems, increased trackside inspections, marshalling rules for dangerous or dimensional loads, improved radio communications and better trackside equipment to detect overheated wheels and dragging equipment.

This ruling by the Railway Transport Committee followed a series of hearings and testing of cabooseless trains which commenced in 1984. The APTC supported the railways' applications as the elimination of cabooses is expected to save the two major Canadian railways many millions of dollars.

## PRINCE EDWARD ISLAND FIXED CROSSING

The debates on the pros and cons of a fixed crossing between Prince Edward Island and New Brunswick continued through 1987, leading up to a January 19, 1988, plebiscite. Sixty-five percent of eligible PEI voters turned out, with the final tally being 60% in favour and 40% opposed to a fixed crossing.

The result of the plebiscite gave the Prince Edward Island government the mandate to negotiate a deal with the federal government. Negotiations will involve issues such as compensation for laid-off ferry workers, upgrading of Island roads to handle perceived increases in traffic, and the formation of a five person panel to review the environmental impact studies to date.

The \$500 to \$700 million estimated cost is to be borne by the developer with the successful bid. Revenue will be derived from tolls and subsidies from the federal government. The federal government has stated that the tolls will be the same as the existing ferry tolls plus inflation. As a further requirement of the federal government, the subsidies will be the same as what is now paid to Marine Atlantic plus inflation.

On March 28, 1988, the federal government called for unpriced technical proposals from the seven prequalified developers. The proposals which pass the government's economic, environmental and technical criteria will be asked to submit a price. The determining factor will be cost since the government has determined the technical and environmental aspects of a bridge or a tunnel are roughly equal.

## PILOTAGE

As reported in last year's review, a committee of Transport Canada and Canadian Transport Commission officials was appointed to investigate a number of pilotage issues. In January of 1988, this committee released its report which recognized that regional control of pilotage authorities is both desirable and workable and that the regional authorities must react more quickly to changes in their economic environments. The report recommended that Transport Canada provide expertise and assistance to regional authorities and, where requested, take a more active role in such areas as the delineation of compulsory pilotage areas and the certification of Masters and Mates as pilots. The

report also recommended that constraints in the commercial decision-making process be further investigated and identified. The report concludes that ". . . at this point in time there is no need to change the Act, since the full range of remedies available to government has not yet been used."

The Atlantic Pilotage Authority filed notice in the Canada Gazette, Part I, on October 17, 1987, of a proposed increase of 4% in the pilotage charges at compulsory pilotage ports under its jurisdiction. The Water Transport Committee received several objections to the proposed increase, as well as a number of interventions. The APTC requested that it be considered an interested party to any proceedings in the event of any objection and reserved the right to participate in any inquiry or investigation by the Water Transport Committee (WTC).

On December 23, 1987, the WTC appointed an Inquiry Officer to investigate the economic, financial and operational matters which appeared to be relevant to the proposed tariff increase. The report of the Inquiry Officer was released March 3, 1988. Key issues analyzed in the report included:

- financial results and cost efficiency;
- cross-subsidization among ports;
- allocation of administrative overhead expense; and,
- discrimination in pricing.

The report concluded that ". . . the proposed across-the-board tariff increase is prejudicial to the public interest . . ." and did not recommend it.

The National Transportation Agency asked for comments on this report from interested parties and objectors by April 15, 1988, and is awaiting those comments before deciding on further actions or public hearings.

#### **ATLANTIC REGION FREIGHT ASSISTANCE**

Payments under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act for the year 1987 were approximately \$86 million, reflecting an increase of roughly \$500,000 or less than 1% from the previous year. Details of the payments for the past two years are as follows:

**TABLE SHOWING PAYMENTS UNDER THE  
ATLANTIC REGION FREIGHT ASSISTANCE PROGRAMS**

(\$X'000)

<u>CALENDAR YEAR</u>	<u>RAIL</u>	<u>TRUCK</u>	<u>WATER</u>	<u>TOTAL</u>
<b><u>Intra-Regional</u></b>				
1987	6,972	33,899	495	41,366
1986	7,021	32,489	503	40,013
<b><u>Westbound-Basic</u></b>				
1987	13,062	20,363	-	33,425
1986	13,610	20,410	-	34,020
<b><u>Westbound-Selective</u></b>				
1987	4,195	6,958	-	11,153
1986	4,800	6,591	-	11,391
<b><u>Total Payments - Intra-Regional &amp; Westbound</u></b>				
1987	24,229	61,220	495	85,944
1986	25,431	59,490	503	85,424
Increase/	-1,202	+1,730	-8	+520
Decrease	-4.7%	+2.9%	-1.6%	+0.6%

Source: National Transportation Agency of Canada

**1988-91 ATLANTIC PROVINCES TRANSPORTATION DIRECTORY**

The 1988-91 edition of the "Atlantic Provinces Transportation Directory" was issued by the APTC in April, 1988. This is the fifth edition of the directory which is designed to assist firms doing business in the Atlantic Provinces with information covering all modes of transport, including air, highway, rail and water. This directory was completely updated and revised since the 1985-88 edition. With deregulation in the transportation industry, the motor carrier transport section of the directory has been changed to include carriers of many deregulated commodities transported where this information was provided by the carrier. The highway distance guide was also improved by using a data base computer program to calculate distance between points.

The "Transportation Directory" is expected to have a circulation of over 800. A fee is charged for the directory to recover expenses related to publication and distribution.

## SERVICE TO INDUSTRY

The primary objective of the APTC is to assist business and industry in the Atlantic Provinces with transportation matters in order to become more competitive in the marketplace. The APTC provides a wide range of assistance on such matters as rate and service information, expertise in rate negotiations, information on carrier's liability, subsidy programs, transportation regulations, private truck costing, and railway line abandonment, to name a few. Much of this type of work is of a very specific nature and, to a significant degree, confidential. Therefore, it is not possible to provide detailed coverage in this report. However, the following information is provided to give an indication of the wide range of matters that have been dealt with during the past year.

The APTC assisted **potato** shippers in both New Brunswick and Prince Edward Island in securing a postponement in a 4.5% increase on carload rates scheduled for June 1, 1987, to become effective September 1, 1987.

A number of inquiries from both industry and carriers concerning the settlement of **loss and damage claims** utilized APTC's resources in the settlement of such claims during the year. While the APTC is not an arbitrator in such matters, information is provided based on past experience and knowledge, as well as the availability of technical articles and material in the APTC library.

As in previous years, the preparation of extensive tabulations of freight rates for particular industry groups were undertaken at regular intervals to reflect rate changes. Rates on **potatoes** from New Brunswick and Prince Edward Island to markets in Ontario and Quebec were distributed to the potato industry. Similar statements were also prepared and distributed to the **feed** industry on inbound feed and feed ingredients from Central and Western Canada, to the **peat moss** industry and to the **fertilizer** industry.

As a supplement to the APTC's freight rate advisory service, a customized tabulation of freight rates structured in the form of a computer database is offered to regional shippers on a cost recovery basis. The information is distributed on a weekly basis in hard copy form or on computer diskettes. This is a relatively new service in relation to which the APTC serves four subscribers located in New Brunswick and Nova Scotia.

As in previous years, in response to a number of requests from companies throughout the region, the APTC prepared statements showing freight rates on a variety of commodities to and

from the Atlantic Region via marine, rail, truck, piggyback, or various combinations.

A number of companies were assisted during the year with the application for inclusion of their products under the Atlantic Region Freight Assistance Act **selective westbound program**.

A Prince Edward Island **metal** company was assisted by the APTC in analyzing various quotes from a carrier for shipments of their products.

A proposal of freight rates for a Nova Scotia **newsprint** company was developed by the APTC which resulted in a significant reduction in their transportation costs for inbound materials.

A Nova Scotia manufacturer of **decoys** was provided with information on a more cost efficient method of transportation for their products.

The APTC was engaged by the Nova Scotia Dairy Commission to undertake a rate analysis project for them.

A Newfoundland **fluorspar** company was provided with a tabulation of major movements in coastwise shipping and international seaborne shipping from and to key Newfoundland points.

A **softdrink** company in Newfoundland utilized the APTC's assistance in reviewing the level of rates on their inbound shipments of bottles.

At the invitation of Marine Atlantic, the APTC identified sensitive areas that should be given special consideration in relation to any future rate increases for ferry services and coastal shipping services.

During the year under review, the APTC supported a New Brunswick **newsprint** company seeking authority to utilize electronic transfer of shipping data with a motor carrier in lieu of a standard bill of lading.

Support was also given by the APTC to a Prince Edward Island ferry organization seeking additional ferry capacity for their operation.

A New Brunswick **mining** company was assisted with a railway demurrage problem involving a large number of rail cars held at an intermediate stop-off point.

## MEETINGS AND CONFERENCES

In addition to being a member and participating in regular meetings of the Transportation Committees of several regional trade organizations, the following summarizes the APTC's participation in meetings and conferences during the past year where an address, prepared report, or a specific leadership role was involved:

<u>Date</u>	<u>Conference/Meeting/Organization</u>	<u>Nature of Participation</u>
<b><u>1987</u></b>		
Apr. 20	NS Trade and Transportation Seminar	Display Booth
May 12	PEI Chamber of Commerce	Address
May 13	NS Trade Development Authority Council	Address
June 2	Canadian Industrial Trans. League Symposium	Panelist
June 4	National Conference on Trade With the Developing World	Address
June 3	Maritime Lumber Bureau Annual Convention	Panel Chairman
June 15	Senior Management Training Institute	Lecture
June 22	UNB Transportation Group Seminar	Panel Chairman
June 23	European Countries Seminar	Display Booth
Aug. 31	Halifax Shipping Association	Address
Sept. 17	CFIA Semi-Annual Meeting	Report
Sept. 27	Maritime Lumber Bureau Annual Meeting	Address
Nov. 7	New Brunswick Pork Fest '87	Address
Nov. 23	Transportation Deregulation Seminar	Organizer/ Panel Chairman
Dec. 5	NB Potato Shippers Annual Meeting	Address
<b><u>1988</u></b>		
Jan. 18	Maritime Farmers' Council	Address
Feb. 12	NS Forest Products Assoc. Annual Meeting	Address
Mar. 4	Newfoundland Chamber of Commerce Transportation Conference	Organizer/ Panel Chairman
Mar. 16	Transportation Club of Moncton	Address
Mar. 23	Purchasing Management Association	Address

In April, 1987, the APTC coordinated a seminar that was co-sponsored by the Exporters' Coalition on Canadian Marine Policy and the International Trade Section of External Affairs Canada. The theme of this seminar was "Canada's Trade With the Developing World - Trade Solutions to Transportation Policies". Thirty-five persons attended this seminar.

In November, 1987, the APTC, in conjunction with the Trade & Transportation Information Group, presented a one-day workshop/seminar on the National Transportation Act, 1987, and the Motor Vehicle Transport Act, 1987. This workshop/seminar was attended by 118 persons.

In March, 1988, the APTC, in conjunction with the Newfoundland and Labrador Chamber of Commerce, presented a transportation panel as part of the Chamber's annual conference. The panel discussion was entitled "Transportation Newfoundland/ Labrador: Where We Are And Where We're Going". Attendance was 50 persons.

#### OTHER ACTIVITIES

During the past year, 6,481 Rate Advices were issued by the APTC. This is a marked decline from the previous year due, in part, to fewer short term tariff publications being available to the APTC, plus greater use of computerized rate statements to convey information on new or changed rates to shippers. Keeping companies in the Atlantic Provinces advised of rate changes being made by the various carriers that are of direct or indirect interest to them continues to be an important part of the mandate of the APTC, although it will become more and more difficult as fewer and fewer tariffs are made available to the public.

Nine circular letters covering a number of subjects were directed to a specific industry or industry group during the year under review. Average distribution of such circular letters was 23.

"Tips & Topics", the APTC's newsletter, continued to be published monthly during the past year with an average circulation of 3,150 copies.

The APTC was called upon for assistance by provincial government departments and other industrial development agencies for transportation information for new or expanded industrial plants. Assistance was provided in response to 22 industrial development inquiries during the year covered in this report.

The APTC maintains a close association with a number of organizations both within and outside the Atlantic Region. Specifically, liaison is maintained with the Atlantic Provinces Chamber of Commerce, the Atlantic Division of the Canadian Industrial Traffic League, the Atlantic Branches of the Canadian Manufacturers' Association, the New Brunswick Potato Shippers' Association, and the Prince Edward Island Potato Marketing Commission. The APTC is represented on the New Brunswick Trade Development Board and is a member of the Transportation Committees of the Annapolis Valley Affiliated Boards of Trade, the Halifax Board of Trade, the Canadian Feed Industry Association (Atlantic Division), the Maritime Lumber Bureau, the Nova Scotia Forest Products Association, and the Transportation Sector of the Voluntary Planning Group of Nova Scotia.

Membership in such groups as the Canadian Ports and Traffic Development Committee, the Canadian Transportation Research Forum, the Canadian Industrial Transportation League, the Greater Moncton Chamber of Commerce, and various transportation clubs in the region has been maintained. The General Manager is a member of the Canadian Chamber of Commerce Transportation Committee and the Maritime Regional Advisory Council (on port matters), as well as being a Director of the Canadian Shippers' Council.

At the request of the Physical Distribution Advisory Service, the APTC undertook an evaluation of certain freight rates for the federal Department of Regional Industrial Expansion located in Newfoundland. The report was entitled "A Transportation Profile of Freight Services and Rates for Newfoundland and Labrador".

In response to an invitation from the federal Deputy Minister of Transport, the APTC participated in public consultations on a proposed new cost recovery policy for the Department of Transport as it relates to air and marine facilities and services. The APTC submitted a paper urging the government and its agencies to recognize that regional economic development must not be disadvantaged by federal cost recovery policies.

In June, 1987, the APTC opposed a proposal of the federal Department of Finance that would mean additional costs to Canadian railways when using non-duty paid rolling stock of foreign origin between points in Canada. The APTC pointed out that the added costs would ultimately be borne by shippers and detract from the competitive position of Canadian industry in the marketplace. At the conclusion of the year, the matter was still under consideration by the Department of Finance.

In response to a request from a sub-committee of the Nova Scotia Trade Council, the APTC undertook an examination of the merits and potential benefits from the formation of a shippers'

association to collectively negotiate better shipping rates with ocean and air carriers. With the assistance of the Nova Scotia Department of Development, and as a first step, a survey of a limited sample of Nova Scotia exporters and importers was undertaken to determine the level of interest and support, as well as the areas where the potential need is greatest. While the results of the sample survey were sufficiently supportive of the concept of shippers' negotiating groups to indicate some potential, and particularly so in relation to exports via ocean carriers to the UK/Continent, for a number of reasons set out in the completed report, it was concluded that it would not be appropriate to encourage the establishment of such groups for Nova Scotia or for the Maritime Provinces at this time.

Stemming from discussions with a number of steamship conference lines, the APTC undertook an evaluation of inland container rates in the Maritimes and Quebec. The purpose was to compare rates of various truckers for moving containers within the Maritime Provinces with rates for similar movements outside this region. The rates within the Maritimes compared favorably.

During the past year, the APTC was asked by the Nova Scotia Chamber of Commerce to comment on the feasibility of railway electrification in terms of enhancing the competitive position of the Port of Halifax and the competitive position of Nova Scotia industry in the marketplace. The reply, which was based solely on a number of related studies and papers on the subject, contained the following conclusion:

"From the foregoing, it is apparent that we have not been able to identify either a need for or any real benefits from railway electrification as it relates to users of transportation services in the Atlantic Provinces, unless the project is fully funded by the Government of Canada and the railway is directed by the government not to reflect this capital and the cost of such capital in its rates for traffic moving over the electrified line. Secondly, the huge capital requirement could affect the availability of existing and future federal funding for other transport services and facilities which would continue to be essential even after railway electrification."

In the fall of 1987, the APTC made a submission to a "working group" of the Canadian Council of Motor Transport Administrators (CCMTA) which was formed to examine the feasibility of eliminating rate filings by various provincial licensing jurisdictions. The APTC went on record in opposition to the elimination of rate

filings and outlined seven key areas where the availability of tariffs (other than confidential contracts) is important to the work of the APTC. Key among the reasons in support of the availability of tariffs is the extensive rate advisory service provided by the APTC. This was followed by a meeting of the working group with representatives of the CTC and the APTC in January, 1988. While it was generally agreed that the provinces could continue to require rate filings or the availability of rates for public inspection, this would be limited to carriers of a purely local nature (i.e., their entire operation within the boundaries of one province) with the result that a major part of the motor carrier industry would be excluded and relatively few tariffs would be available.

### COMMISSION DIRECTORS

In June, 1987, Mr. E. S. Bailey of Edmundston, NB, completed his term of office on the APTC Board of Directors. Mr. Bailey was first appointed to the APTC Board of Directors by the Atlantic Provinces Chamber of Commerce (APCC) in June of 1980. He served as Chairman for a two-year term commencing in 1983. Mr. Bailey was a very dedicated Director and contributed greatly to the affairs of the APTC.

In 1987, Mr. E. J. O'Brien of St. John's, NF, retired from the position of Director of Transportation for the Province of Newfoundland and Labrador and, in so doing, relinquished his role as an APTC Director. Mr. W. T. Beckett, newly appointed Director of Transportation Policy Development and Planning for the province, was appointed to the APTC Board in the summer of 1987 to replace Mr. O'Brien.

In July, 1987, Mr. S. R. Winter of St. John's, NF, resigned as a Director of the APTC due to business commitments. Mr. Winter served as a Director for five years having been appointed by the APCC in 1982. In January, 1988, Mr. George T. H. Cooper, Q.C., of Halifax, NS, resigned his post as Vice-Chairman and APTC Director after serving as an appointee of the Province of Nova Scotia since 1983. Mr. B. K. Wentzell was appointed as interim Vice-Chairman to fill the vacancy created by Mr. Cooper's resignation.

Mr. J. L. Shotbolt of St. Stephen, NB, resigned as a Director of the APTC to become effective on April 1, 1988. Mr. Shotbolt was appointed by the APCC in May, 1987, and found it necessary to resign before completing his two-year term due to business commitments. At the conclusion of the year, the vacancies

created by the resignations of Messrs. Cooper, Shotbolt and Winter remained to be filled.

Sincere thanks and appreciation is extended to the former Directors for their contribution to the work of the APTC.

### STAFF CHANGES

On February 1, 1988, Craig S. Dickson, General Manager of the APTC, retired after roughly 35 years of service with the APTC to accept an appointment as a member of the newly created National Transportation Agency. Mr. Dickson began his career with the former Maritime Provinces Transportation Commission as a Junior Clerk on May 4, 1953, and quickly advanced through several positions before becoming the General Manager in 1961. Mr. Dickson guided the affairs of the APTC with unqualified dedication and served regional shippers and other clients of the APTC in a like manner during his many years of service.

Ramsay M. S. Armitage, formerly Assistant General Manager, was appointed General Manager effective with Mr. Dickson's retirement. Other staff changes effective February 1, 1988, were as follows:

<u>Staff Person</u>	<u>Position</u>
Lorne M. Mitton	Manager, Administration & Special Projects
Peter A. Vuillemot	Transportation & Distribution Officer
Dale V. Ronalds	Senior Traffic Analyst
Mona E. Savoie	Assistant Traffic Analyst
Charles D. Mollins	Computer Development Officer
Sheldon B. Steeves	Administration & Accounting Officer
Susan M. Wilson	Staff Secretary

Other support staff, including those with changes in responsibilities, are:

<u>Staff Person</u>	<u>Position</u>
Jack A. MacQuarrie	Traffic Analyst
Debbie E. Matchett	Assistant Traffic Analyst
Cathy E. Peters	Staff Secretary

Mr. Brian A. Botten of Moncton, NB, was engaged in March, 1988, to fill the position of Tariff Clerk.

This new alignment of staff responsibilities is designed to enable the APTC to better serve the shipping public of the region as Canada enters the new era of a less economically regulated transportation environment.

## ACKNOWLEDGMENTS

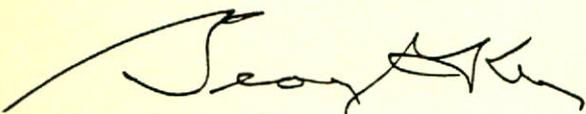
The Chairman, Directors and General Manager express to the governments of the four Atlantic Provinces sincere thanks for both the financial support received and the personal cooperation and assistance rendered to the APTC by their appointees to the Board of Directors. Without this financial support and the participation of the governments and their officials in the APTC's work, the benefits of the Commission to the industrial and business community would not be possible.

Also, the APTC's work would not be successful without the cooperation of the carriers serving the region. This cooperation is mutually beneficial and the thanks of the Directors and staff go to the carriers and their agencies.

The success of the APTC's work during the year is due, in no small measure, to the direction and support given by the Board of Directors. These Directors serve without remuneration and represent a broad range of economic interest and a wide geographic representation from throughout the four Atlantic Provinces. The Chairman and General Manager express their thanks to this dedicated management group.

Finally, without a loyal and dedicated staff, the APTC's work would not achieve for business and industry the success that it does. The APTC is indeed fortunate to have such a staff. To them, the Chairman and General Manager extend sincere thanks for discharging their duties in a conscientious and efficient manner.

All of which is respectfully submitted.



George Key  
Chairman



Ramsay M. S. Armitage  
General Manager



