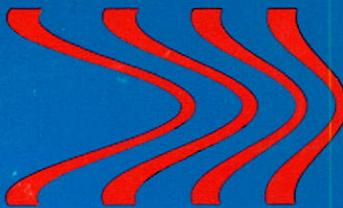


Atlantic Provinces Transportation Commission

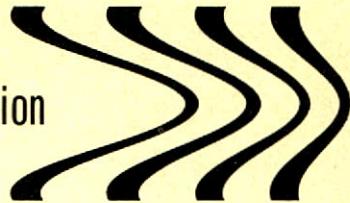


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TRANSPORTATION
REVIEW
AND
ANNUAL REPORT

... 61st Year of Service

Atlantic Provinces Transportation Commission

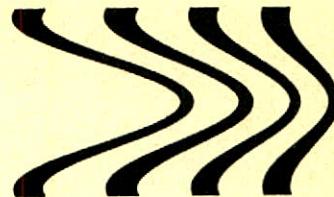


**TRANSPORTATION REVIEW
AND
ANNUAL REPORT FOR THE
YEAR ENDED MARCH 31, 1986**

The Atlantic Provinces Transportation Commission has offices at 236 St. George Street (Suite 210), Moncton, New Brunswick. The services of the Commission are freely 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 Maxine Cochran
Minister of Transportation
Province of Nova Scotia
Halifax, NS

Honourable Robert McCready
Minister of Transportation
Provinces of New Brunswick
Fredericton, NB

Honourable Ronald Dawe
Minister of Transportation
Province of Newfoundland
St. John's, NF

Honourable Peter Pope
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, 1985, to March 31, 1986. 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 1985-86.

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

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APTC DIRECTORS AS AT MARCH 31, 1986

NOVA SCOTIA

Government

G. T. H. Cooper, Q.C.

Halifax, NS

D. J. MacDougall

Halifax, NS

F. T. Stanfield

Truro, NS

Atlantic Provinces Chamber of Commerce

K. G. Anderson

North Sydney, NS

E. L. Dillman

Hantsport, NS

C. A. Meisner

Liverpool, NS

NEW BRUNSWICK

Government

G. F. Eddy

Bathurst, NB

F. H. Hatfield

Hartland, NB

W. W. Steeves

Fredericton, NB

Atlantic Provinces Chamber of Commerce

E. S. Bailey

Edmundston, NB

E. M. S. Fisher

Sackville, NB

T. S. Simms

Saint John, 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

H. M. Noel

Grand Falls, NF

E. J. O'Brien

St. John's, NF

Atlantic Provinces Chamber of Commerce

B. K. Wentzell

Corner Brook, NF

S. R. Winter

St. John's, NF

ALSO

President, Atlantic Provinces Chamber of Commerce

STAFF

Craig S. Dickson, General Manager

Ramsay M. S. Armitage, Assistant General Manager

Lorne M. Mitton, Transportation & Distribution Officer

Austin S. Durant, Senior Traffic Analyst

Peter A. Vuillemot, Assistant Transportation & Distribution Officer

Dale V. Ronalds, Traffic Analyst

Sheldon B. Steeves, Assistant Traffic Analyst

Debbie E. Matchett, Assistant Traffic Analyst

Charles D. Mollins, Research Officer & Accountant

Mona Savoie, Senior Tariff Clerk

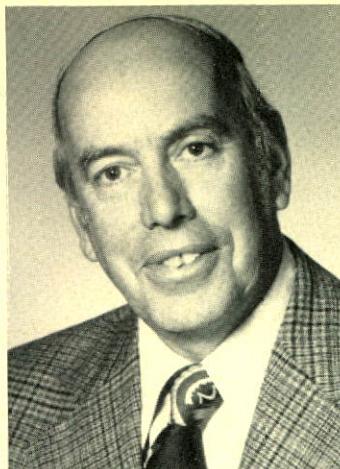
Cathy Peters, Staff Secretary

Susan Wilson, Assistant Staff Secretary

1985 - 1986

EXECUTIVE

COMMITTEE



GEORGE KEY

Chairman

President

JO-EL Investments Ltd.

Summerside, PE



GEORGE T. H. COOPER, Q.C.

Vice-Chairman

McInnes, Cooper & Robertson

Halifax, NS



E. S. BAILEY

Vice-President of Purchasing,
Transportation & Stores

Fraser Inc.

Edmundston, 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



E. J. O'BRIEN

Director of Transportation

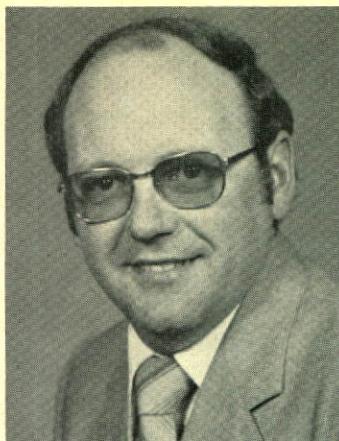
Province of Newfoundland

St. John's, NF

1985 - 1986

EXECUTIVE

COMMITTEE



W. W. STEEVES

Director
Transportation & Communications Policy

Province of New Brunswick

Fredericton, NB



Brian K. WENTZELL

Martin, Woolridge, Poole,
Althouse & Clarke

Corner Brook, NF

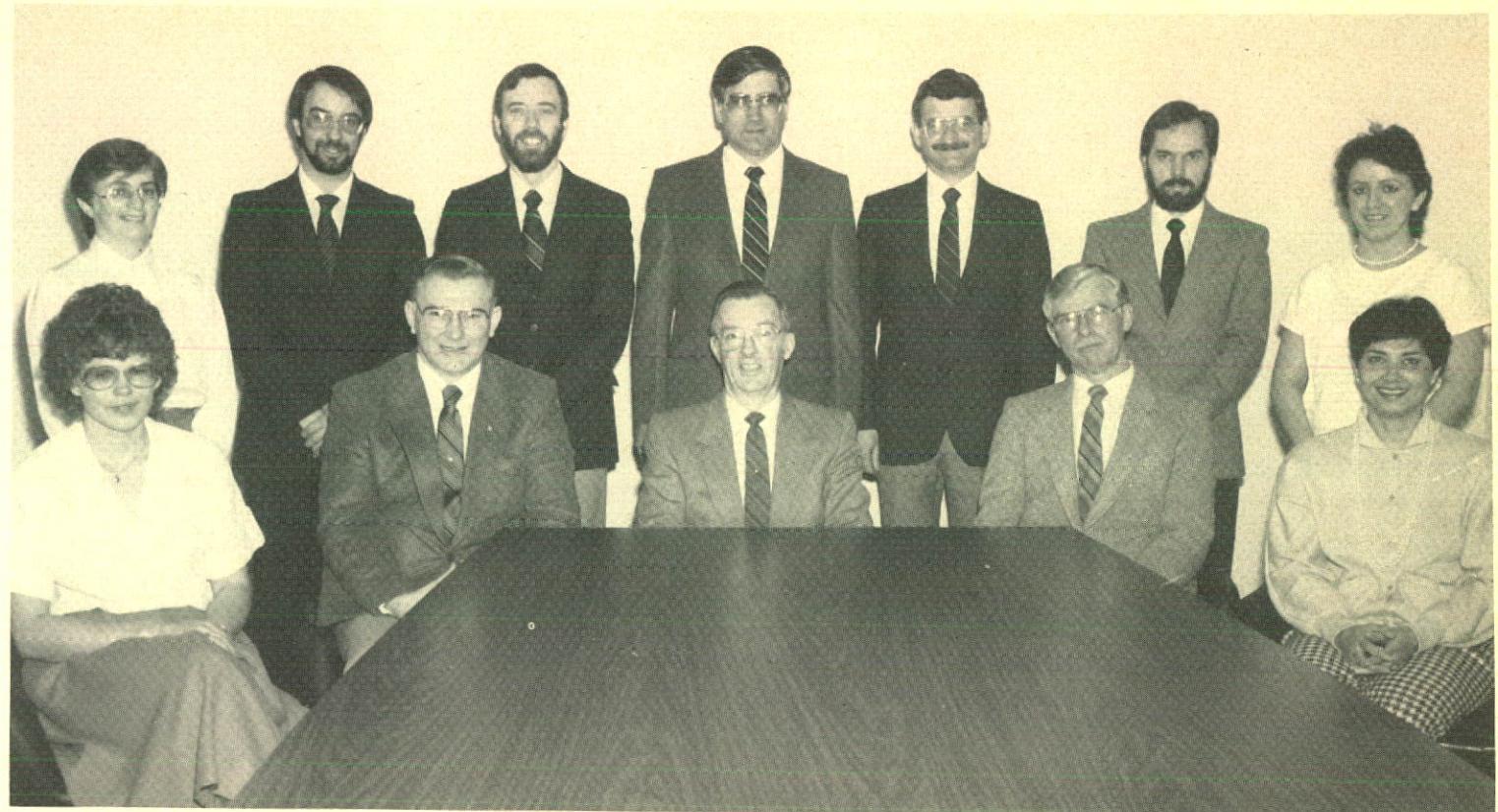


C. S. DICKSON

General Manager

Moncton, NB

COMMISSION STAFF



Left to Right: seated - Susan Wilson, Lorne Mitton, Craig Dickson, Ramsay Armitage, Cathy Peters; standing - Debbie Matchett, Charles Mollins, Peter Vuillemot, Sheldon Steeves, Austin Durant, Dale Ronalds, Mona Savoie

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 free of charge 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, Telex 014-2842.

GENERAL TRANSPORTATION REVIEW

The year 1985-86 saw the beginning of a major change in Canada's national transportation policy with the publication by the Minister of Transport on July 15, 1985, of a position paper entitled "Freedom to Move - framework for transportation reform". In the highway field, three of the Atlantic Provinces relaxed their highway economic regulations in varying degrees. Highway carriers were faced with substantial increases in liability insurance premiums or reduced coverage as a result of the continent-wide crisis in the insurance industry. Renewed interest in a fixed crossing between New Brunswick and Prince Edward Island developed during the year with two groups advancing design proposals for such a crossing. A number of new air line companies applied for operating authority to provide local air services in the region. As deep-sea shipping sought to increase market shares or reduce costs, or both, a number of changes in shipping patterns at Atlantic ports occurred. These and other transportation developments and statistical data are presented in the pages that follow.

Rail

Rail carloadings for the nation held relatively stable in 1985 as evidenced in the table below (figures for the Atlantic Provinces are not available).

RAILWAY CARLOADINGS 1985

(Tonnes X'000)	1985	1984	% Change
Carload Traffic Loaded	238,211	239,866	-0.7
Non-Carload Traffic Loaded	40.3	42.6	-5.4

Source: Statistics Canada Railway Carloadings, December, 1985

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)	1985	1984
System Profit (loss)	117.6	242.0
Income From Divisions Before Taxes:		
CN Rail	105.5	304.4
CN Route	(42.6)	(29.8)
TerraTransport	(39.9)	(32.9)

CANADIAN PACIFIC LIMITED

(In Millions)	<u>1985</u>	<u>1984</u>
System Profit (loss)	246.7	376.9
Income From Divisions Before Taxes:		
CP Air	(8.9)	13.8
CP Rail	133.4	185.5
CP Ships	(19.1)	(23.6)
CP Trucks	2.8	3.1

Payments received to December 31, 1985, by both major railways under terms of the National Transportation Act, in respect of the maintenance of services 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 1984

(Payments to December 31, 1985)

	<u>Canadian National Railways</u>	<u>Canadian Pacific Limited</u>
	<u>Claimed</u>	<u>Paid</u>
<u>Sections 256 and 258 of the Railway Act</u>		
In respect of uneconomic branch lines		
	\$14,341,496	\$2,831,326
		\$5,295,319
		\$3,257,219

Source: Canadian Transport Commission, Nineteenth Annual Report

A breakdown of the subsidies paid for uneconomic branch lines on a regional basis was not available at the time of writing. A possible indicator of the regional breakdown of the uneconomic branch lines is that subsidy claimed by the two railways for lines in the Atlantic Provinces is less than 10.9% of the total claimed.

During April of 1985, CN's TerraTransport Division placed a \$5.5 million order for containers and related equipment. The order called for the design and construction of 200 dry freight containers, 103 "Supertherm" containers and 100 tri-axle 40 foot container chassis.

CN Rail's and CP Rail's application to test the operation of cabooseless trains for the purpose of experimentation and the gathering of data on such an operation was approved by the CTC in September, 1985. The CTC concluded that two types of tests were required: one to evaluate the reliability of end-of-train equipment and associated devices; and, a second test to evaluate the

acceptability of the risks arising from loss of the functions not provided by those devices but which are currently provided by an employee or employees stationed in a caboose at the rear of trains. The tests commenced on November 1, 1985, to run for periods of four and six months respectively.

During hearings held in this matter, the APTC presented a short submission in support of the testing of cabooseless trains and urged the CTC to closely monitor the tests to ensure that adequate data is assembled and assessed to determine whether the operation will result in both economic improvements and an acceptable level of safety.

Following the introduction of double-stacked container trains in the US, CN Rail began testing, in January, 1986, this concept on its regularly scheduled intermodal "Clipper" train between Halifax and Toronto for a six-month test period temporarily using four modified "Thrall" cars. CN Rail has purchased \$1 million worth of 280 foot long articulated cars, each of which can carry ten 40 foot containers. Halterm and Zim Container Service in Halifax, NS, are co-operating with CN in this project.

On February 24, 1986, the House of Commons gave first reading to a Bill designated to become the National Rail Passenger Transportation Act. The proposed legislation sets out a national rail passenger transportation policy and establishes a national network of services. Financial performance objectives are set out for the various services and those not meeting these objectives may be terminated.

Highway

During December of 1985, the Government of Newfoundland issued Regulation 291/85 under the Highway Traffic Act called the Highway Traffic (Load Security) Regulations 1985. The regulations apply to all commercial vehicles and trailers carrying loads in the Province of Newfoundland and include the requirements for sideboards, stakes and tiedowns. Load security legislation has been in effect in Nova Scotia since 1983 and in New Brunswick since June 1, 1985. At present, Prince Edward Island does not have highway load security legislation. In addition, the Newfoundland government during February, 1986, enacted regulations governing the transportation of dangerous goods by vehicles to bring the province in line with federal regulations. The regulations divide dangerous goods into explosive and non-explosive categories and the more dangerous the material the more elaborate the precautions. The regulations are

to be enforced through the Highway Department's weigh scale operations. Dangerous goods legislation was enacted in the other three Atlantic Provinces during 1985.

During 1985, CN Rail's trucking arm, CN Route, sold its 50% interest in Speribel Transport to the Quebec Government which in turn sold the whole operation to Corporation La Verendrye for 15% of La Verendrye's total shares. Corporation La Verendrye is the parent company of Brazeau Transport. The merging of Brazeau, which has authorities from Montreal west to Vancouver, with Speribel, which operates east of Montreal and in the Maritime Provinces; thereby creates a new nation-wide trucking operation.

During the year under review, Canpar, the small parcel division of CP Express & Transport Ltd., initiated a small parcel service for packages up to 50 lbs. between Canada and the United States. Shipments are routed via Canpar to Buffalo, NY, to connect with United Parcel Service of America for distribution throughout the continental United States. In addition, during March, 1986, Canpar, in conjunction with Canadian Pacific Air Lines, initiated a new two-day delivery service within Canada for parcels up to 34 kilograms in weight. At the time of writing, the new Canpar service only handles inbound parcels to Atlantic Canada, with pick-up service planned for later in 1986.

Air

The overall scope of air service in Atlantic Canada is in the process of undergoing major changes due, at least in part, to the federal government's decision to deregulate air transportation. CP Air moved into Atlantic Canada in 1984 with the intention to rival Air Canada as a national carrier by purchasing Eastern Provincial Airways, which it operated as a subsidiary of CP Air along with the EPA subsidiary, Air Maritime. Early in 1986, CP Air commenced integrating the EPA operation with CP Air and phasing out the Air Maritime operation. CP Air has also changed its name to Canadian Pacific Air Lines (CPAL) and is in the process of implementing a new red, white and blue colour scheme on its aircraft. CP Air formed an alliance with a new commuter airline to operate Air Maritime's routes. Air Atlantic has received approval from the Canadian Transport Commission (CTC) to fly 37 seat de Havilland Dash-8 aircraft in serving the following points: St. John's, Gander, Deer Lake and Stephenville, NF; Sydney, Halifax and Yarmouth, NS; Moncton, Saint John and Fredericton, NB; Charlottetown, PE; and Magdalen Islands, PQ, and began operations early in 1986.

A second new airline, Air Nova, an expansion of Labrador Airways, has received CTC approval to provide service on the former Labrador Airways routes between St. John's, Gander, Deer Lake, Stephenville, St. Anthony, NF, Blanc Sablon, PQ, and Goose Bay, Labrador, NF, as well as the new points of Halifax, Sydney, Yarmouth, NS, Charlottetown, PE, Moncton, Fredericton and Saint John, NB, using 37 seat de Havilland Dash-8 aircraft. Air Nova has reached an agreement with Air Canada whereby the new airline will provide a feeder service for Air Canada similar to the arrangement Air Atlantic has with Canadian Pacific Air Lines. Air Nova plans a three stage entry into the Atlantic Canada market beginning with service in Newfoundland and Labrador during the summer of 1986.

Other companies which have made application to the CTC to provide commercial air service to points in Atlantic Canada are as follows:

- Wardair Canada Inc., an Edmonton, AB, based airline, has received approval from the CTC to provide service to Halifax, NS; however, the airline is not expected to exercise their option on this route in the near future. Wardair currently operates a fleet of seven jumbo jets with plans to reorganize the fleet and add up to four wide-bodied medium haul aircraft by the fall of 1986.
- Air Bras d'Or of Sydney, NS, which is affiliated with the Ontario airlines, Air-Dale and NorOntair, has received CTC approval to operate a service between Sydney, Port Hawkesbury, Halifax, Digby, NS, Charlottetown, PE, Moncton, Fredericton, Saint John, St. Leonard and Charlo, NB, using two 19 passenger Twin Otter aircraft with service expected to begin in August, 1986.
- IMP Group of Halifax, NS, has received CTC approval to resume daily Halifax-Yarmouth flights using 19 passenger turbo-prop aircraft and have further applied for routes connecting Halifax, Sydney, Charlottetown, Moncton, Fredericton and Saint John.
- Bar Harbour Airlines of Bangor, ME, has received CTC authorization to operate from Portland, ME, to Halifax, NS, and from Bangor, ME, to Saint John, NB, using 19 seat Beechcraft turboprop aircraft. The airline plans to have the Portland/Halifax service in operation by late May, 1986.
- Valley Airlines of Frenchville, ME, has received CTC authorization to operate a route from Bangor, ME, to Fredericton, NB, using 10 seat multi-engine aircraft.

- Hummingbirds Ltd. of Moncton, NB, has applied to provide air service to Moncton, Saint John, Bathurst, Fredericton, St. Leonard, NB, Greenwood, NS, Charlottetown and Summerside, PE, using twin-engine aircraft with no CTC decision as of this report.

In 1985, Air Canada had a net loss of \$14.8 million compared with a profit of \$28.1 million in 1984. Atlantic Region traffic showed modest increases during the year with passenger carryings up 2% and cargo volumes up 1%.

The following table shows the operational statistics for Air Canada and Eastern Provincial Airways during the year under review:

	AIR CANADA			EASTERN PROVINCIAL		
	<u>1985</u>	<u>1984</u>	Percent Change	<u>1985</u>	<u>1984</u>	Percent Change
Revenue Passengers Carried	11,200,000	11,300,000	-0.9%	#	823,250	#
Revenue Passenger Miles (X'000)	14,130,000	13,905,000	+1.6%	#	392,980	#
Freight Ton Miles (X'000)	#	#	#	#	4,497	#
Revenue Ton Miles X'000)	534,000	501,000	+6.6%	#	#	#
Passenger Load Factor	65.0%	68.2%	-4.7%	#	56.0%	#
Net Income (Loss) After Taxes	(14,821,000)	28,128,000	-152.7%	#	#	#

Not available at time of writing

Source: Air Canada and Canadian Pacific Air Lines

Marine

Traffic totals at Canada Ports Corporation ports in Atlantic Canada showed a reduction of 4% for 1985, thus following the trend for shipping in most parts of North America. The slight increase in overall cargo at the Port of Saint John was attributed to increases in the bulk shipments of petroleum, potash and salt; however, there were significant reductions in general cargo and container traffic. Reductions in shipments of flour through the Port of Halifax contributed to its lower total tonnage. Traffic at St. John's equalled the previous year with a healthy increase in container cargo. Smaller shipments of fertilizer and fertilizer materials contributed to the decline at Belledune, NB.

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

(In Metric Tones)

<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>					
1985	8,661,880	14,022,745	1,056,722	302,901	24,044,168
1984	8,609,280	14,825,304	1,055,968	552,508	25,043,060
Increase or (Decrease)	52,520	(802,559)	754	(249,607)	(998,892)
% Change	+0.61%	-5.41%	+0.07%	-45.18%	-3.99%
<u>GENERAL CARGO</u>					
1985	836,000	504,066	172,069	-	1,512,135
1984	1,043,990	575,580	168,106	-	1,787,676
Increase or (Decrease)	(207,990)	(71,514)	3,963	-	(275,541)
% Change	-19.92%	-12.42%	+2.36%	-	-15.41%
<u>CONTAINER CARGO</u>					
1985	810,530	1,953,636	274,785	-	3,038,951
1984	945,780	1,983,103	245,741	-	3,174,624
Increase or (Decrease)	(135,250)	(29,467)	29,044	-	(135,673)
% Change	-14.30%	-1.49%	+11.82%	-	-4.27%

Source: Canada Ports Corporation

In 1985, the Port of St. John's, NF, gained corporation status under the Canada Ports Corporation Act. It became the sixth Canadian port to be granted this status. The other five are Halifax, NS, Montreal and Quebec City, PQ, and Vancouver and Prince Rupert, BC. The new board of directors, known as the St. John's Port Corp. Board, replaces the St. John's Port Authority.

The major additions to and changes in international steamship services during the year under review involving Atlantic ports are summarized below:

- Italian Line and Spanish Line began a new joint ocean carrier service from the Port of Saint John, NB, during 1985 operating under the name Medamerica Express. In February, 1986, the line moved its operations to the Port of Montreal, PQ.
- Effective January 15, 1986, Associated Container Transportation (ACT/PACE), an ocean containership service operating between Eastern Canada and Australia-New Zealand, moved its

port of call from Saint John, NB, to Halifax, NS. This line also entered into a "cross charter agreement" with Columbus Line that includes co-ordinated sailings, vessel sharing and equipment exchange.

- The Shipping Corporation of Trinidad and Tobago Limited (SCOTT) initiated a regular container shipping service from Halifax, NS, to the Caribbean area during 1985-86. The new service calls at Halifax every two weeks and carry full 20 foot and 40 foot dry container, as well as 40 foot refrigerated containers to New York, Miami, Trinidad, Tobago and Port au Prince, Haiti.
- Maragua Line commenced a monthly conventional and container shipping service from Saint John, NB, to the Venezuelan Ports of La Guaira and Puerto Cabella, with other ports on inducement.
- North British Shipping Limited initiated a general cargo line shipping service between Sydney, NS, and the Ports of Swansea, Wales and Antwerp, Belgium. The new service operates on an approximately monthly schedule.
- Atlanttrafik Express Service, which provided service to and from Australia and New Zealand using Halifax, NS, as a port of call, ceased operations during February, 1986.
- Neptune Orient Lines and Orient Overseas Container Line will change their Eastern Canadian port of call from Saint John, NB, to Halifax, NS, during April and May, 1986. Kawasaki Kisen Kaisha Ltd. (K-Line) is scheduled to make the same move in June, 1986. These lines provide service to and from Japan and the Far East.
- During March, 1986, Zim-American Israeli Shipping Co. Inc. began operating an independent container service from the United States and Canada to West Africa, previously operated by Nigerian Star Line. The service connects the US West Coast, US Gulf Coast, US East Coast and Canadian East Coast with the Ports of Monrovia, Liberia; Abijan, Ivory Coast; Tema, Ghana; and Lagos and Port Harcourt, Nigeria. The Canadian port of call is Halifax, NS.
- During early April, 1986, Sea-Land Services Inc., the only US based container line to call at Halifax, NS, announced plans to replace vessel calls at Halifax with over the road truck links to Toronto, ON, and Montreal, PQ, from the container terminal in Port Elizabeth, NJ.

- Day & Ross inaugurated a new marine division during 1985-86 providing door-to-door service from Eastern Canada to the Ports of Bridgetown, Barbados and Port of Spain, Trinidad. The new service offers twice monthly sailings from Bayside, NB, for dry and reefer cargoes in both full trailerloads and less-than-trailerloads.

Ferries

The 1985 traffic totals for the major ferry operations in Atlantic Canada increased only slightly when compared with the previous year. Overall, totals for passengers increased 1.3%, automobiles and pick-up trucks increased 2.2% and trucks and tractor trailers increased 4.0%.

Statistics for the year 1985 appear below, with 1984 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>
CN Marine Service					
Cape Tormentine - Borden	1,614,950 (1,583,298)	+2.0%	546,292 (532,331)	+2.6%	115,356 (107,709)
North Sydney - Port aux Basques	278,715 (276,801)	+0.7%	69,040 (67,187)	+2.8%	43,278 (40,925)
North Sydney - Argentia (1)	30,962 (31,471)	-1.6%	7,988 (8,547)	-6.5%	112 (144)
Yarmouth - Bar Harbour	120,969 (122,069)	-0.9%	29,522 (29,626)	-0.4%	5,100 (6,116)
Saint John - Digby	226,883 (229,061)	-1.0%	55,217 (55,305)	-0.2%	26,357 (25,310)
Northumberland Ferries Service					
Wood Island - Caribou (2)	527,108 (525,026)	+0.4%	168,399 (165,166)	+2.0%	20,848 (22,520)
Prince of Fundy Service					
Yarmouth - Portland (3)	148,040 (141,854)	+4.4%	23,742 (22,938)	+3.5%	1,310 (1,452)

(1) 1985 operated June 17 to September 15
1984 operated June 17 to September 17

(2) 1985 operated April 26 to December 9
1984 operated May 3 to December 20

(3) 1985 operated May 2 to October 27
1984 operated May 3 to October 28

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

The year-round "Bluenose" ferry service between Yarmouth, NS, and Bar Harbour, ME, was retained when an offer of a \$600,000 subsidy by the Nova Scotia government was accepted by the federal government to help fund the operation. The federal government had earlier announced plans to reduce the schedule to a six month "summer" service. The above agreement also averted an interim arrangement whereby the "Bluenose" would have provided nine months-a-year service and the Prince of Fundy cruise ferry "Scotia Prince" would have increased its operations from Yarmouth, NS, to Portland, ME, to nine months, thereby creating an overlapping year-round service.

During the 1985-86 year, CN Marine awarded contracts for the construction of two new vessels to be used in their Atlantic Canada ferry system. A \$20 million contract was awarded during August, 1985, to Port Weller Dry Docks of St. Catharines, ON, for a freight and passenger vessel scheduled for service in the Newfoundland ferry system during August, 1986. The Versatile-Davie Shipyard at Levis, PQ, was awarded a \$130 million contract during March, 1986, for a second ferry for use on the North Sydney, NS, to Newfoundland service. At the time of this report, the Davie yard is nearing completion of testing and trials on the \$121 million "Caribou", now scheduled to enter service between North Sydney, NS, and Port aux Basques, NF, during May, 1986.

CN Marine, soon to be known as Marine Atlantic Inc., announced an average increase of 6 percent for all ferry services in Atlantic Canada effective April 1, 1986. Also, Northumberland Ferries Limited has scheduled a 6 percent increase for the beginning of the season, May 1, 1986.

GENERAL LEVEL OF RATES

Rail Rates - Domestic and Express

During the year under review, domestic rail rates were subject to various selective rate increases. Generally, increases were applied as follows:

- 6% during March, April, May and June, 1985, applying on rates last increased prior to July, 1984;
- 2% on April 1, 1985, and 6% on the anniversary date during July, August and September, 1985;

- 2% on July 1, 1985, and 6% on the anniversary date between October, 1985, and April, 1986; and,
- 3% on October 1, 1985, applying on domestic rail tank car rates only.

Rail express rates were increased by various amounts throughout the year. The increases are too detailed to list in this report.

Rail piggyback Plan II rates between the Maritimes and Central Canada were increased by 6% on January 24, 1986, while rates between the Maritimes and Western Canada were increased by 6% on February 24, 1986.

Export/import rail container rates were increased on average by 6.7% on May 17, 1985.

Rail Rates - International

During the year under review, international rail rates applying between Canada and the United States were subject to a 1.1% increase effective January 1, 1986, under Rail Carrier Cost Recovery Tariff X086. Certain commodities, such as, woodpulp and potash, were exempt from this increase. In addition, a series of selective joint line increases ranging up to 8.5% were implemented during June, July, August and September, 1985, by individual rail lines on a route basis under Master Tariffs 9000 and 9500.

Truck Rates

The following table outlines the general freight rate increases during the year under review for those highway common carriers that are members of tariff bureaux.

TABLE SHOWING TARIFF BUREAUX TRUCK RATE INCREASES

<u>DATE</u>	<u>APPLICATION</u>	<u>INCREASE</u>
<u>Between The Maritime Provinces And Ontario</u>		
September 1, 1985	All Rates	7.0%
March 3, 1986	All Rates	4.0% (1)
<u>Between The Atlantic Provinces And Quebec</u>		
September 1, 1985	All Rates	5.0% (2)
January 2, 1986	All Rates	7.0%
March 3, 1986	All Rates	4.0% (1) (3)

DATEAPPLICATIONINCREASEWithin The Maritime Provinces

January 1, 1986	All Rates	5.0%
March 31, 1986	All Rates	4.0% (1)

Between Newfoundland And Maritime Provinces

September 1, 1985	All Rates	8.0%
March 31, 1986	All Rates	4.0% (1)

Between Newfoundland And Ontario

September 1, 1985	All Rates	8.0%
March 3, 1986	All Rates	4.0% (1)

Within The Province Of Newfoundland

July 1, 1985	All Rates	5.0%
March 31, 1986	All Rates	4.0% (1)

The above table outlines the general rate increases with exceptions having been made for certain commodities and carriers.

References: (1) - Insurance surcharge.
 (2) - Except eastbound Freight All Kinds rates to Newfoundland 8%.
 (3) - Not applicable between Quebec and Newfoundland.

During March, 1986, for the first time, the tariff bureau motor carriers implemented an insurance surcharge of 4% (see preceding table, Note 1). The insurance surcharge was in response to increasing insurance costs and the instability of the insurance market.

On October 1, 1985, the member carriers of the Quebec Tariff Bureau published a fuel surcharge on rates between Quebec and the Atlantic Provinces. The fuel surcharge was 1.0% on less-than-truckload and 2.0% on truckload rates. This was increased to 1.5% and 2.5% respectively on December 1, 1985. The fuel surcharge was rolled into the rate schedule on January 2, 1986. On September 16, 1985, the member carriers of the Atlantic Provinces Motor Carrier Tariff Bureau published a fuel surcharge of 1.0% on less-than-truckload rates and 2.0% on truckload rates between points in the Maritime Provinces. This fuel surcharge was rolled into the rate structure on January 1, 1986.

The carriers providing through truck rates between the Maritime Provinces and the US New England and Middle Atlantic territories published individual tariffs during the year under review. As a result, no overall general rate increases applicable to all carriers can be reported since the carriers amended their tariffs on an individual basis.

Pool Car And Domestic Water Rates

The pool car operators providing freight service from Ontario and Quebec to the Maritime Provinces increased their rates and charges by generally 5.0% effective April 1, 1985.

Atlantic Container Express, Inc., providing a domestic water freight service between Montreal, PQ, and St. John's, NF, and Atlantic Searoute Limited, providing a domestic water freight service between Halifax, NS, and St. John's, NF, are not required to file rates and, therefore, a history of the rates of these two carriers for the period under review is not publicly available.

ATLANTIC REGION FREIGHT ASSISTANCE

Payments under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act for the year 1985 were approximately \$75 million, reflecting an increase of \$6.5 million or roughly 9% 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

<u>CALENDAR YEAR</u>	<u>RAIL</u>	<u>TRUCK</u>	<u>WATER</u>	<u>TOTAL</u>
<u>Intra-Regional</u>				
1985	7,018	28,129	329	35,476
1984	5,804	24,736	540	31,080
<u>Westbound-Basic</u>				
1985	14,625	15,691	-	30,316
1984	*14,532	13,620	-	28,152
<u>Westbound-Selective</u>				
1985	4,456	5,170	-	9,626
1984	*4,884	4,766	-	9,650
<u>Total Payments - Intra-Regional & Westbound</u>				
1985	26,099	48,990	329	75,418
1984	25,220	43,122	540	68,882
Increase/ Decrease	+879 +3.5%	+5,868 +13.6%	-211 -39.1%	+6,536 +9.5%

* Revised figures

Source: Canadian Transport Commission

The increases in both the intra-regional subsidy payments and the basic westbound payments are attributable to a combination of a larger volume of eligible traffic, a higher level of freight rates, and the processing of more claims by the Canadian Transport Commission.

The Atlantic Region Freight Assistance program was included among the programs reviewed by the Task Force on Program Review dealing with "Services and Subsidies to Business", the results of which were released near the conclusion of the past year. These reports are dealt with under a separate heading in this report but it is pertinent to note here that the two options proposed by the study team would see an end to the assistance program. At year end, the APTC was in the process of preparing a response to these and other issues raised by the Task Force.

Eligibility of Livestock

In July, 1985, the Federal/Provincial Committee on Atlantic Region Transportation (F/P CART) handed down a negative decision in response to a request to have livestock and live poultry eligible for the intra-regional selective transportation subsidy of 10%. The request for eligibility was made by the APTC on behalf of the Maritime Farmers' Council and the Atlantic Provinces Chamber of Commerce and was supported by a number of other regional interests.

In conveying its decision, the F/P CART advised that a thorough review of the issue was carried out at the Committee's request by a working group composed of officials from Agriculture Canada, the Canadian Transport Commission and Transport Canada. This review, as stated by F/P CART, ". . . confirmed the original decision of F/P CART that livestock and live poultry are not eligible for the intra-regional subsidy, principally because they did not meet one of the two mandatory criteria, namely that commodities must be sensitive to transportation costs." Apart from concluding that transportation costs represent less than 10% of the value of these commodities, the review also questioned the validity of the argument that the industry in the Atlantic Provinces is faced with significant import substitution in the form of process meats and other packinghouse products.

MOTOR CARRIER REGULATORY REFORM

During the spring sessions of the legislatures, all three of the Maritime Provinces passed legislation to implement certain reforms governing the for-hire trucking industry. As background

to the revised legislation, there were a number of government reviews of existing regulations at the provincial level but, more particularly, the changes stem from agreements at the regional level through the Council of Maritime Premiers and nationally between the provinces and the federal government.

Briefly, the key reforms implemented or to be implemented are as follows:

	<u>EFFECTIVE DATES</u>		
	<u>NS</u>	<u>NB</u>	<u>PEI</u>
(1) Adoption of an expanded list of services and commodities to be totally exempt from economic regulation	May 17/85	Feb. 1/86	Jan. 1/86
(2) Regulatory boards to be granted authority to hold concurrent hearings with the boards of provinces	*	Mar. 1/82	Nov. 9/85
(3) Provision for intercorporate private carriage	May 17/85	**	Nov. 9/85
(4) Provision for granting licenses without public hearings when no opposition has been filed	May 17/85	Mar. 1/82	**
(5) Shifting the burden of proof on entry from the applicant to the respondent (i.e., the so-called reverse onus)	*	**	**

* Not included in legislation

** In legislative form but not yet proclaimed

From the above, it will be seen that one of the major reforms designed to make it easier to secure an operating authority, namely, the so-called reverse onus provision, has not been established by the Province of Nova Scotia. Both New Brunswick and Prince Edward Island have incorporated a reverse onus provision in legislative form (although the wording adopted by Prince Edward Island may be seen by some to be too broad and too general to ensure that the onus is placed on the respondent to prove that the granting of the license will be detrimental to the public interest) but both provincial governments have so far

elected not to bring this provision into effect. By proclamation, however, both New Brunswick and Prince Edward Island have indicated that their ease of entry provisions will be proclaimed when similar legislation has been implemented in Nova Scotia.

With this background, in November, 1985, the APTC communicated with the Minister of Transportation and the Attorney General for the Province of Nova Scotia urging the early introduction of further legislation to incorporate the reverse onus provision. The APTC representations also sought to have certain inconsistencies in the Nova Scotia list of exempt commodities removed (e.g., differences in the description governing seafoods and unprocessed products of a farm) by the adoption of the same listing as that in effect in New Brunswick and Prince Edward Island. In response to these representations, the APTC was advised that the Nova Scotia government is actively looking at legislation shifting the burden of proof from the applicant to the respondent, as well as the possibility of a fitness test to replace the existing public convenience and necessity standard. The response also pointed to the Nova Scotia amendments allowing any person to make an application to the Motor Carrier Board for the exemption of additional commodities; however, the APTC communicated further to the effect that such changes should be initiated by the government to conform with the policy objective of uniformity as enunciated by the Council of Maritime Premiers.

In December, 1985, in response to an invitation from the Canadian Conference of Motor Transport Administrators (CCMTA), the APTC submitted a proposed definition of a "fitness" test to be used for the purposes of a study of the potential impact of replacing the reverse onus test with a fitness only test. For the purposes of the study only, the APTC urged that the fitness test be limited to (1) appropriate insurance to meet both public liability and liability for cargo carried; and, (2) meeting all safety requirements.

In addition to the study into the "Potential Impact of Replacing Reverse Onus Test With a Fitness Test Only", which is scheduled to be completed during the summer of 1986, the CCMTA commissioned a broader and longer term study of the "Effect of Regulatory Reform on Performance of Extra-Provincial Trucking Industry". These studies are designed to facilitate the entire process of instituting further regulatory reforms in the extra-provincial trucking industry.

The subject of the extra-provincial trucking industry is also addressed in the paper entitled "Freedom to Move" released by

Transport Minister Don Mazankowski in July of 1985 (this document is addressed under a separate heading in this report). "Freedom to Move" makes reference to the progress made towards economic regulatory reform on February 27, 1985, when the federal/provincial Council of Transport Ministers agreed upon a number of specific steps to be incorporated in the Motor Vehicle Transport Act and thereby become a statutory requirement upon the provinces in return for continuing to extend jurisdiction of extra-provincial trucking to the provinces. Amendments are also proposed for the National Transportation Act to change the criteria for entry and rates.

The "Freedom to Move" document was the subject of an examination, including public hearings, of the Standing Committee on Transport of the House of Commons. The Committee's report dated December 18, 1985, including the following recommendations concerning extra-provincial trucking:

"RECOMMENDATIONS:

- "31. The Committee recommends that the Federal Government continue to take the initiative in the implementation of the Federal-Provincial Accord of February 1985 and pursue with vigor economic regulatory reform of extra-provincial for-hire trucking.
- "32. The Committee recommends that if, due to Federal-Provincial differences, the Accord cannot be implemented in a timely fashion, the Federal Government should repatriate the jurisdiction over extra-provincial trucking and establish with the Provinces a Federal-Provincial Agency which would control extra-provincial and international trucking activities.
- "33. The Committee recommends that the Federal Government give consideration to the negotiation of a bilateral trucking agreement with the United States which would recognize among other things the importance and need to maintain a fair and equitable balance of trade in transborder trucking services.
- "34. The Committee recommends that the "Freedom to Move" proposal to control domestic mergers and acquisitions of \$20 million be extended to cover all proposed foreign acquisitions of Canadian trucking companies no matter the value of the assets."

The first phase of regulatory reform, as reflected in the agreement between the federal/provincial Council of Transport Ministers, including the implementation of the reverse onus entry standard, is scheduled to take effect not later than January 1, 1987.

RAILWAY ABANDONMENTS

There were several new applications by the railways to abandon portions of their rail branch lines in the Atlantic Provinces in the past year. The Railway Transport Committee of the Canadian Transport Commission held a number of public hearings and issued several decisions and orders on applications which had been filed in previous years. As well, statutory reviews of several subdivisions which had previously been subject to branch line orders were held. A summary of these activities during 1985-86 follows.

New Brunswick

Following public hearings, decisions were announced to maintain the operation of the following branch lines:

Caraquet Subdivision of CN Rail from East Bathurst to Tracadie, a distance of 67.70 miles, including the Shippagan Spur. This decision will be subject to review in 1988.

St. Quentin Subdivision of CN Rail from Tide Head to INR Junction, a distance of 105.76 miles. This decision will be subject to review in 1988.

Temiscouata Subdivision of CN Rail from Edmundston, NB, to Cabano, PQ, a distance of 34.30 miles.

Following public hearings, decisions were announced to abandon the following branch lines:

Centreville Subdivision of CN Rail from mile 2.63 at Woodstock to Centreville, a distance of 25.09 miles, effective April 16, 1986. It was also recommended that the remaining portion of the line be transferred to CP Rail.

Minto Subdivision of CP Rail from South Devon to Minto, including the **Minto Industrial Spur** and **Long Spur**. The abandonment to be effective March 28, 1986.

Stanley Spur off the Nashwaak Subdivision of CN Rail from Stanley Junction to Sutherland, a distance of 2.40 miles, is to be abandoned effective April 2, 1986, following a CTC decision.

Public hearings were held into the application of CP Rail to abandon the portion of the **Shore Line Subdivision** from mile 10 to Lepreau, a distance of 12.50 miles. No decision has been announced at year end.

Nova Scotia

A decision was announced to abandon a portion of the **Devco Railway** mainline from MacAskill's Grade to Broughton Switch, a distance of 9.60 miles, including the Port Morien Extension from Morien Junction to Port Morien effective October 25, 1986.

A public hearing was held to review the 1981 decision to maintain the operation of the **Inverness Subdivision** of CN Rail from Port Hastings to Inverness, a distance of 55.64 miles. No decision has been announced at year end.

The effective date of the abandonment of the **Oxford Subdivision** from Pugwash Junction to Scott Spur, a distance of 54.94 miles, was changed from June 30, 1985, to June 30, 1986, to allow for completion of the federal government's study on short line operations and its effect on this branch line.

Prince Edward Island

A decision was announced following a public hearing to continue the operation of the **Kensington Subdivision** of CN Rail from Linkletter to Tignish, a distance of 65.16 miles. This decision will be reviewed in 1988.

A decision was announced to continue the operation of the **Souris Subdivision** of CN Rail from Royalty Junction to Souris, a distance of 55.02 miles.

ATLANTIC CONTAINER EXPRESS/ TERRATRANSPORT RATE CASE

In 1982, Atlantic Container Express (ACE) formally complained to the Federal Minister of Transport that CN, through its Terra-Transport Division, was practicing predatory pricing by the publication of non-compensatory rates for goods carried from, to or within the Province of Newfoundland. Investigation of the allegation was undertaken by the Canadian Transport Commission including public hearings.

In 1984, CN launched an appeal to the Federal Court of a CTC ruling that it must disclose at an in-camera hearing certain information considered by the railway to be confidential. An appeal was also made to the Governor in Council seeking to defer

the coming into effect of substantial rate increases ordered by the CTC. Order-in-Council P.C. 1985-575 was issued suspending the coming into force of the increased rates pending the completion of the CTC investigation and the final judicial determination of the appeal by CN to the Federal Court of Appeal on the CTC ruling respecting disclosure of certain alleged confidential information. The Federal Court of Appeal dismissed CN's application on June 19, 1985. In July, 1985, the CTC advised that it intended to resume its investigation into the ACE complaint.

On July 11, 1985, CN applied to the CTC to deal with a question of law prior to reconvening the public hearing including the in-camera session on the ACE complaint. The question of law which CN wished addressed was whether the Terms of Union between Newfoundland and Canada precluded the Committee from applying the Commission's costing regulations to Newfoundland traffic as was done by the CTC in its staff report of July, 1984. The CTC declined to rule on the matter prior to the resumption of its public hearings in Montreal on September 9, 1985. The CN application was addressed at the opening of the hearings and the Commission again declined to rule on the matter but rather reserved its decision on the whole matter of the Terms of Union until all of the evidence in the case had been heard and the costing significance of the various interpretations of the Terms of Union had been fully explained.

Public hearings and in-camera sessions were held in Montreal, Corner Brook, St. John's and Montreal on September 9th through 13th and again in Montreal on September 27th and 28th. The APTC participated in these hearings, taking the position that the Terms of Union take precedence over the Railway Act and specifically Sections 276 and 277. The APTC argued that, by the inclusion of the Terms of Union between Newfoundland and Canada in Section 269 (6) of the Railway Act, the power given to the railway to fix, prepare and issue tariffs, tolls, and rates under the Railway Act is limited by the Terms of Union. Consequently, the railways should use costs appropriate to the Maritime mainland and not the actual costs incurred in Newfoundland because of the ". . . dissimilar circumstances and conditions which pertain to the Gulf crossing and the railway operation in Newfoundland". Similar arguments were made by the Province of Newfoundland, Canadian National Railways and Lantic Sugar.

Taking opposing positions were the Atlantic Provinces Trucking Association and ACE. Also numerous submissions were received by the CTC during its public hearings in Corner Brook from community organizations concerned that the application of

the CTC determined costing criteria would be in conflict with the Terms of Union.

On February 14, 1986, the CTC issued Order R-39045 and its decision in the case. The Commission rejected the arguments of parties that the Terms of Union affected the determination of minimum compensatory rates but found instead that:

"The Terms of Union were intended to address maximum rail freight rates and not cost. They were intended to limit maximum freight rates in Newfoundland by requiring Newfoundland rates to fall within the general pattern of rates in the Maritime region. Accordingly, the Terms do not have an effect on cost determinations pursuant to Section 276 and they do not mandate a different costing methodology from that presently used by the Committee. We find that no conflict has been demonstrated between the requirements of the Terms of Union and Section 276."

The Commission did recognize that the Terms of Union do impose a limitation on the cost to be used on the Gulf between North Sydney and Port aux Basques. In this instance, the CTC decision was that the development of an appropriate cost for the imaginary rail connection between North Sydney and Port aux Basques should adhere closely to rail operations. Accordingly, costs were to be developed using mainland train performance statistics for the mileage from North Sydney to mid-point of the Cabot Strait. Costs from that point to Port aux Basques would be determined by using the train performance statistics for the Port aux Basques subdivision and the cost of capital and depreciation on TerraTransport assets used by CN Marine at North Sydney and Port aux Basques would not be included in the costing formula.

The CTC rejected the argument made by APTC, and ultimately supported by CN, that the cost of capital and other related cost factors should not include the government's grant of more than \$67 million for rehabilitation of the Newfoundland railway. The CTC had ruled earlier in a different case but with similar circumstances that federal contributions toward prairie branch line rehabilitation should not be included in cost of capital or depreciation in costing for subsidy determinations or for rate-making purposes under the Railway Act unless specifically directed to do so by the CTC. In the Newfoundland situation, the CTC reversed itself and ruled that to exclude such cost would give the railway an unfair cost advantage in a competitive marketplace with shipping companies and truckers and, consequently, the contributions by the federal government should be used in developing the cost formula.

Order R-39045 February 14th required the railway to increase those rates found to be in violation of Section 276 within 60 days of the order. Due to rate increases applied since the order of December, 1984, and the modification of the costing criteria on the Gulf, the level of rate increases resulting from CTC Order R-39045 of February 14, 1986, are not as great as those which would have resulted from the 1984 order.

Because of the adverse ruling of the CTC on the position taken by the province and supported by other parties on the application of the Terms of Union to rate-making from, to and within Newfoundland, the Province of Newfoundland has initiated an application to the Federal Court of Appeal to appeal the CTC decision and an application to the Review Committee of the Canadian Transport Commission for a review of its decision.

CTC INVESTIGATION OF US STAGGERS RAIL ACT ON CANADA

Early in April, 1985, the Canadian Transport Commission held public hearings across Canada pursuant to a request by the Minister of Transport under Section 48 of the National Transportation Act to inquire into and report on the question of deregulation of domestic traffic and export/import traffic through Canadian ports and whether rail traffic that is overseas import/export traffic through Canadian ports where terminals or transshipment facilities are served by only a single railway carrier should be provided with competitive rail services through the extension of running rights to one or more other carriers. The APTC held a meeting in Moncton on April 3rd of interested shippers to provide input into the preparation of a position for the public hearings. The APTC appeared at the hearings held in Halifax on April 15th and presented its views on the issues. Because of divided opinion among shippers in the Atlantic region, the APTC did not endorse the position that domestic traffic in Canada should be given treatment similar to international (transborder) traffic due to the fact that much of the Atlantic Provinces is served by only one railway and there is little or minimal opportunity for intra rail competition.

On the second issue of whether overseas import/export traffic through Canadian ports should be given treatment similar to international (transborder) traffic, the APTC supported the principal that such traffic via both Canadian and United States ports be treated alike for rate regulation purposes.

On the third issue of whether rail traffic that is overseas import/export traffic through Canadian ports where terminals are served by only a single rail carrier should be provided with competitive rail service by the extension of running rights, the APTC supported the introduction of competition but noted that it was uncertain whether an imposed requirement upon the railways to implement running rights arrangements in order to introduce rail competition is either feasible or practicable.

The APTC supported the revision of Section 279 of the Railway Act so as to curtail the collective rate-making ability of the railways provided shippers are able to meet collectively with railways to negotiate rates, service, equipment supply and related matters.

During the public hearings in Halifax, the CTC raised the question with the APTC of how it would be possible to maintain the Atlantic Region Freight Assistance Program and permit the railways to enter into confidential rail rate contracts. The APTC indicated that nothing must interfere with the continued availability of the Atlantic Region Freight Assistance Program and that confidential rate contracts cannot, and must not, be considered as a substitute for that program.

Early in June, the report of the CTC was released to the public. It found that a regime of confidential contracting should be permitted between railways and shippers on domestic traffic and on overseas import/export traffic through Canadian ports similar to international (transborder) traffic.

On the issue of whether traffic that is overseas import/export traffic through Canadian ports where terminals or trans-shipment facilities are served by only a single railway, the CTC found that there was no compelling argument to force directly competitive rail services on such traffic.

In addressing some of the subsidiary questions raised under the issues examined by the CTC, the report recommended that railways should not be permitted to see each other's confidential rate contracts. Confidential rate contracts should be filed with the Commission. Rebates should be permitted. Section 279 of the Railway Act should be retained to permit the exchange of cost information between railways but not to permit exchange of rate information. Collective rate-making should be permitted to continue for all rates other than those of a confidential contract nature and that the railways should continue to be exempt from the operations of the Combines Investigation Act. Furthermore, the CTC report recommended that no appeal process

should be afford shippers in respect of a confidential rate contract should such contracts be permitted. The railways should continue to be required to perform their common carrier obligations although they could agree to limit their liability without Commission approval where both shipper and railway agree to such limitations and the agreement is filed with the CTC.

In the CTC report, the concern of the APTC over the impact of confidential contracting on the Atlantic Region Freight Assistance Program was noted and the report suggested that administrative changes may have to be made to the associated subsidy determination mechanism should confidential contracting and rebates be introduced. The report suggested that confidential contracts should be filed with the CTC and summaries of such contracts containing non-confidential information should be publicly filed.

The recommendations of this report and the earlier CTC report on transborder traffic are reflected in some measure in the federal position paper "Freedom to Move" issued by the Minister of Transport on July 16, 1985.

NATIONAL TRANSPORTATION POLICY CHANGES

On July 16, 1985, the Federal Minister of Transport released a discussion paper entitled "Freedom to Move - A Framework For Transportation Reform". In releasing the report, the Minister said, "It will be the government's aim to increase the degree of competition within the various transportation sectors - air, land and water - as well as enhancing competition between these sectors." In short, the main thrust of the paper is to introduce competition within each transport mode, as well as to encourage competition between the various modes. The paper proposed to largely maintain the National Transportation Policy statement found in the National Transportation Act revising it to "... promote actively both intramodal and intermodal competition and to provide a regulatory process that is more open, flexible and accessible to all Canadians."

The paper proposes to establish in legislation a family of problem solving mechanisms embracing mediation, final-offer arbitration, reparations and a modified procedure under Section 23 of the National Transportation Act.

A key provision of the "Freedom to Move" paper is the proposal to introduce confidential contracts for domestic, trans-border and overseas export/import traffic including the use of rebates under such confidential contracts. The paper proposed to allow no appeal in respect of confidential contracts and no information would be published respecting confidential contracts. Confidential contracts subject to the Maritime Freight Rates Act/Atlantic Region Freight Assistance Act would be filed with the regulatory agency. All other published tariffs will not be filed but would be available for public scrutiny in the offices of the railway company.

Collective rate-making by the railways would be eliminated. However, the paper is silent on whether shippers, as a group, may continue to negotiate with a railway for rates, etc.

The maximum rate control presently provided by the Railway Act under Section 278 is to be repealed as it is deemed to be ineffective. The discussion paper proposes that shippers on the line of one railway only will have access to the lines of competing carriers ". . . through provision in legislation for joint line rate from the traffic's origin to its destination."

A new regulatory agency would be created to replace the CTC and could be decentralized with western, central and eastern branches. The Minister, with the approval of the Governor in Council, may issue policy directions to the agency on matters falling within its jurisdiction and such policy directives will be tabled in the House of Commons.

The paper proposes to eliminate the requirement that railway rates meet a compensatory level. Anti-Combines legislation would apply to predatory pricing.

The paper proposes a modified branch line abandonment procedure in which the railways would not have to prove an operating loss and the processing of their application for abandonment would be speeded up. It is further proposed to provide authority for a "short line railway" to take over the operation of the line which the railway wishes to abandon.

The paper proposes that, where the public interest or consideration of the economy and efficiency of the rail system justifies the imposition of joint traffic usage or shared running rights, the Governor in Council would be empowered to so order.

In respect of crown corporations, the policy paper proposes that they operate as good corporate citizens but is silent on what the government proposes if they do not heed this direction.

The government proposes in its paper to revise the Motor Vehicle Transport Act to reflect the conditions of the Memorandum of Understanding signed by the Federal/Provincial Ministers in February of 1985. In addition, the paper proposes that Part III of the National Transportation Act be amended to change the entry criterion from a test of public convenience and necessity to a fit, willing and able test.

Finally, in respect of marine transportation, the paper proposes to restrict Canada's coasting trade to Canadian vessels and to amend the Shipping Conferences Exemption Act by including, among other things, provision that would (1) prohibit conference carriers from requiring shippers to transport 100% of their cargoes under loyalty contracts; (2) give shippers the right to negotiate confidential service contracts with individual conference members; (3) give the right of independent action to conference members; and, (4) prohibit conferences (as opposed to individual member lines) from negotiating the inland portion of a multi-modal conference rate with non-ocean carriers.

The APTC held a policy conference in Halifax on August 20th at which Keith Thompson, the Minister's Co-ordinator of Regulatory Reform spoke to the paper and the views of various sectors of the region's economy were presented by panellists.

The afternoon session addressed issues to be dealt with by the APTC in its response to the Minister's policy paper. The issue of protection for the small and medium-size shippers without intra rail competition was of real concern to persons in attendance and a small sub-committee of the meeting was appointed to work with APTC staff to develop a position on this issue.

As a result of the conference and the appointment of the sub-committee, the APTC was able to prepare a comprehensive response to the Minister's policy paper which was filed with him on September 24th.

The paper drew attention to the importance of transportation in the economic development of the region and urged that transportation be recognized in the National Transportation Policy as a key to regional economic development. It urged that any administrative problems associated with the application of the MFRA/ARFAA program to confidential contracts and rebates must be resolved so that the introduction of this type of rate making would neither impede the opportunity for Atlantic Provinces' shippers to receive rebates nor reduce the benefits of the assistance program to the shipper. A procedure for third party appeals of confidential contracts was advanced. Shipper organizations and

trade groups must be specifically exempt from Combines legislation in respect of rate negotiating activity on behalf of their members. Protection for captive shippers must be broad enough to embrace those shippers in the Atlantic Provinces who do not have intra rail competition and that an effective alternative rate be available for such shippers. The procedures for branch line abandonment must include as a minimum the present requirements in the Railway Act and the paper noted that the potential for local railway operations in the Atlantic Provinces is limited. The problem solving mechanisms of the reform paper were endorsed.

In respect of extra-provincial trucking, the APTC urged the Minister to implement the inter-provincial accord concurrently with the regulatory reform in the other modes. Care must be taken in the application to inter provincial ferry services of the cost recovery principle found in the reform paper in order not to disadvantage and penalize the region's two island provinces.

In respect of marine transportation, the APTC urged the Minister to ensure that the proposed restricting of the coasting trade to Canadian vessels be accompanied by a waiver procedure satisfactory to the region which would allow the use of non-Canadian vessels when no suitable Canadian vessel is available and, furthermore, such a vessel be permitted to operate in Canada under a waiver free of duty, taxes or fees. In respect of the proposed changes to the Shipping Conferences Exemption Act, the APTC generally supported the recommendations but noted that confidential contracts by members of ocean conferences should be subject to the Combines legislation as is proposed for confidential contracts made by the railways.

A number of meetings have been held with the Minister's Regulatory Reform officials and it is anticipated that the new legislation will embrace the recognition that transportation is a key to regional economic development. It is anticipated that many of the points made by the APTC in its response to the policy paper will be met in the proposed legislation.

On October 7, 1985, the Standing Committee on Transport of the House of Commons was directed to examine and report on the proposals contained in the document entitled "Freedom to Move". It scheduled public hearings in Ottawa, Vancouver, Winnipeg and Halifax. The APTC appeared before the Committee during its hearing in Halifax on November 25, 1985, and spoke to the response paper it had submitted to the Minister of Transport on September 24, 1985, and answered questions from the Committee members.

On December 19, 1985, the Sixth Report of the Standing Committee on Transport was tabled in the House of Commons. That report recognized most of the concerns presented by the APTC with one exception. That exception was that the grounds it proposed for an appeal by a shipper affected by a confidential contract were far too narrow. It proposed appeals only on the grounds that a confidential contract violates Section 276 (minimum compensatory rate level) of the Railway Act or impinges on the railway's ability to meet its common carrier obligations.

At year end, the legislation has not yet been tabled in Parliament. One issue of particular interest to Atlantic Provinces' shippers and shippers generally is the question of how intra rail competition can be introduced or simulated for shippers served by the lines of only one railway. Both Canadian railways are strongly opposed to that part of the "Freedom to Move" which states ". . . the government proposes to allow shippers captive to one rail line to have access to the lines of competing rail carriers, through provision in legislation for a joint line rate from the traffic's origin to its destination." To assist in resolving this issue, the Minister of Transport appointed Frank Trotter to assess the implications of the joint line rate initiative. Mr. Trotter is to report the results of his investigation to the Minister on or before March 17, 1986. At year end, the report of Mr. Trotter's investigation has not been made public.

EXPORT GRAIN AND FLOUR

In response to an invitation from the Honourable Don Mazankowski, Minister of Transport, the APTC developed and submitted specific proposals designed to make the so-called "At and East" subsidy program more effective and efficient while, at the same time, ensuring that the program responds to three regional economic objectives, namely:

1. maintain the grain elevators as viable units at Halifax and Saint John;
2. maintain the commercial viability of the flour mill at Halifax; and,
3. maintain a consistent flow of grain and flour by rail through the Ports of Halifax and Saint John.

The invitation from the Transport Minister followed an earlier submission by the APTC stressing the economic importance of the movement of export grain and flour through the Atlantic Ports of Halifax and Saint John and requesting the maintenance of the "At and East" program, at least until alternatives to the present frozen rate levels can be fully evaluated. The first submission was made in March of 1985 and is outlined in last year's Annual Report.

The second submission went forward to the Minister in August of 1985 and proposed that rates on export grain and flour to St. Lawrence ports be permitted to rise to compensatory levels, thereby removing the need for subsidy for this portion of the transportation, with rates to Maritime ports being maintained at a fixed differential in relation to St. Lawrence ports. The APTC proposal also calls for the application of the program to include the use of water transportation to the Maritime ports (i.e., the most efficient mode for this traffic during the season of open navigation on the St. Lawrence Seaway) and for the federal government to provide funding for a marine receiving facility for grain at the Port of Saint John to permit the use of water transportation to that port and reduce the level of subsidy that would otherwise be required to support the use of higher cost rail transportation.

The APTC estimated that the adoption of this proposal would result in a savings to the federal government in the range of \$22 million in transportation subsidies per year, or roughly one-half of the total cost of the program.

The APTC submission was circulated to a number of regional trade organizations and received the support of: Canadian Feed Industry Association - Atlantic Division, Dover Mills Limited, Halifax Board of Trade, Halifax-Dartmouth Port Development Commission, Maritime Farmers' Council, Nova Scotia Federal of Agriculture, and the Saint John Port Development Commission.

No action was taken by the federal government to alter or terminate the "At and East" program during the past year but the matter was included among the programs examined by the Study Team on Agriculture and included in their report to the Federal Task Force on Program Review. While the reports to the Task Force concerning transportation matters are dealt with under a separate heading in this report, it is pertinent to note that the study team saw the program in a negative light and recommended the following option:

"OPTIONS:

"The study team recommends to the Task Force that the government consider terminating the program (with or without a Halifax-Saint John offset program). This would require legislative change. It would also eliminate the rationale for the Stop Off Charge subsidy"

At the conclusion of the year, the APTC was in the process of preparing a response to these and other recommendations made to the federal Task Force concerning transportation programs.

PILOTAGE

The Atlantic Pilotage Authority filed notice in the Canada Gazette on June 15, 1985, that it was proposing an increase in the pilotage charges at compulsory ports under its jurisdiction. The proposed tariff would impose a separate pilot boat charge of \$55.00 in Halifax and \$80.00 in all other compulsory areas. In addition, there would be an extra administration charge of \$28.00 for each assignment performed in Saint John, NB. The implementation of these tariff changes would yield an overall increase in revenue to the Authority of 13.6% with increases varying on a port by port basis from 6% to 19.4%. A number of objections and interventions were filed with the Canadian Transport Commission in opposition to the proposed increase in pilotage charges, including an intervention filed by the APTC on July 9, 1985.

In its intervention, the APTC expressed concern with the magnitude of the increase being sought by the Authority and asked the CTC to ensure that the charges proposed are justified and do not adversely affect the economic activity of one or more of the ports in the Atlantic Provinces. The APTC was also concerned that the Authority took every possible action to conduct its operations in an efficient and economical manner.

On July 30, 1985, the CTC announced that an Inquiry Officer had been appointed as part of their investigation into the proposed new pilotage tariff. The Inquiry officer was to inquire into all the economic, financial and operational matters which appeared to be relevant to the proposed tariff increase.

On October 24, 1985, the APTC submitted its concerns in this matter to the Inquiry Officer and requested that the following areas be reviewed:

1. The number of pilots employed by the Authority and its ability to reduce pilot strength in times of reduced traffic while still maintaining an adequate service to industry.
2. The recommendations of the Operational Review of the Authority conducted by the firm of Currie, Coopers & Lybrand in 1982 and whether all of these recommendations have been implemented.
3. The productivity of the Authority in the present climate of rising costs and reduced traffic.
4. The impact that the proposed increases of as high as 19% will have on present and future vessel traffic at these ports.

In December, 1985, the Inquiry Officer's report was released to the public. Its general conclusion was that the proposed tariff should be implemented and that no public hearings be held on the matter. On March 7, 1986, the CTC released its decision (No. WTC-2-86). It recommended that the proposed tariff be implemented as published, with two exceptions:

- (a) in lieu of imposing a pilot boat charge, the Authority increase the basic rate in its present pilotage tariff for all compulsory pilotage assignments involving the use of a pilot boat by an amount equivalent to that proposed for the pilot boat charge; and,
- (b) the Authority reinstate the maximum pilotage charge of \$3,500.04 levied on vessels subject to compulsory pilotage in Zone "C" Canso which had been eliminated by the June 15, 1985, amendment to the regulations.

As at the end of the year in review, the effective date of the new pilotage tariff was not known; however, it was expected to come into effect in early April, 1986.

SHIPPING POLICY AND OTHER MARINE MATTERS

The Task Force on Deep-Sea Shipping Policy appointed in April of 1984 completed its study and its report was released to the public on June 24, 1985. The Task Force had been asked to determine whether the international shipping market had changed to the detriment of Canadian interests and what, if any, changes in government policy would be appropriate to meet Canadian needs.

The Task Force found that the present fiscal and regulatory regime in Canada adds an additional burden in the operation of deep-sea shipping which effectively prevents shipowners from competing internationally under Canadian flag except in special market circumstances which tend to be of limited duration. As a result, the Task Force recommended that, "The federal government not take steps towards the establishment of a core deep-sea fleet under Canadian flag." It did recommend that Canada encourage and strengthen its expertise and interest in international shipping and the Canadian government should create a fiscal environment conducive to the establishment and maintenance of international ship management activities in Canada. Furthermore, it recommended that an Advisory Board consisting of representatives from industry, labour and government be created to monitor the international shipping environment on an on-going basis. Such a Board would provide the government with a mechanism enabling it to react in the event of intervention in Canadian shipping markets by foreign governments. Finally, the Task Force recommended that further consideration be given to certain issues which arose and which were deemed to be outside the mandate of the Task Force. These issues were:

1. discussions should be undertaken with Canadian shipowners to develop an agreement of understanding on the availability of Canadian owned deep-sea vessels in an emergency situation;
2. an appropriate multi-disciplinary group should be appointed to co-ordinate and promote Canadian interest in the field of Arctic shipping; and,
3. the impact of economic and technical rules and regulations on the ability of Canadian shipowners to compete in international shipping markets should be reviewed.

After reviewing the Task Force report, the APTC Board of Directors wrote to the Federal Minister of Transport indicating the APTC's support for the recommendations of the Task Force and urged the Minister to adopt them as government policy. It also offered to recommend a nominee to the Advisory Board should the Minister create the recommended Advisory Board.

During a meeting between the Exporters' Coalition on Canadian Maritime Policy and the Minister of Transport held in late September, 1985, the Minister of Transport indicated his general acceptance of the recommendations of the Task Force report.

Following the publication of the Task Force report, Transport Canada officials retained the firm of Clarkson Gordon to develop a fiscal model for taxation of international ship management

activities pursuant to the Task Force recommendation that the government create a fiscal environment conducive to the establishment and maintenance of international ship management activities in Canada. In late January, 1986, a meeting was held between Transport Canada officials and the Exporters' Coalition at which the proposed taxation model was discussed. The model proposed in the Clarkson Gordon paper received general support of the Exporters' Coalition and the Minister was urged to take the necessary steps to implement the Task Force recommendations.

In other shipping policy matters, the government has indicated that it intends to introduce a Coasting Trade Act but, at year end, the legislation has not been tabled in Parliament.

In late April, 1985, the APTC became aware of the fact that the Federal Department of Finance was seeking input from various parties on the possibility of increasing the temporary duty assessed on foreign vessels operating in Canadian waters under waiver provisions. Ship-building interests had made representations to the Government of Canada urging that the present 1/120th duty assessment be at least doubled as a means of encouraging the sourcing of ships from Canadian ship yards. The APTC communicated with the Department of Finance indicating that it is strongly opposed to any increase in the level of duty for the temporary entry of foreign vessels into Canada's coasting trade. In fact, the Commission reiterated its long-standing position that, when a non-Canadian ship is operated within Canadian waters under a waiver provision because no suitable Canadian ship is available, there should be no duty assessed on the foreign vessel. The APTC urged other users of marine services in the Atlantic Provinces to communicate their views to the Department of Finance and a number of companies did so.

The release of the "Freedom to Move" policy paper in July also provided an opportunity for the APTC to reiterate to the Minister of Transport that it is opposed to the continued assessment of duty on foreign vessels operated in Canadian waters under waiver provisions.

At year end, the Department of Finance has not made any statement as to whether the current policy will be changed either by removing the temporary duty or increasing it as requested by the shipbuilders.

On September 24, 1985, the Federal Minister of Transport introduced in the House of Commons a Bill (Bill C-75) to amend the Canada Shipping Act and other Acts. This Bill contained a revision to Section 665 of the Canada Shipping Act which has been

the legislation under which the Governor in Council exempts certain ships from Part XV of the Canada Shipping Act when operating in the coasting trade of Canada where no suitable Canadian ship or vessel is available. The revised Section 665 is designed to clarify the power of the Governor in Council to grant such exemptions and it is not intended to either extend or restrict any of the existing arrangements whereby a foreign vessel may operate in the Canadian coasting trade when no suitable Canadian vessel is available.

Bill C-75 contains a provision (Clause 4) which has generated substantial opposition throughout Canada. The Clause in question provides the Governor in Council authority to make regulations respecting charges to be assessed against any ship or vessel for services provided by the Canadian Coast Guard for such things as aids to navigation, dredging, vessel traffic services, ice-breaking services and escorting services whether such services are actually provided to that particular ship or vessel. The purpose of such regulations would be to help defray the cost of navigational services provided by the Government of Canada through the Canadian Coast Guard. Many organizations, including organizations that are traditionally opposed to subsidies, have expressed strong opposition to this enabling legislation which would permit the government to recover costs associated with the provision of Coast Guard services. The Federal Minister has indicated that it is not the government's intention to recover full cost of Coast Guard services but rather up to 15%. In the Atlantic Region, areas which are basically ice free and have little demand for dredging view the introduction of charges for Coast Guard services as reasonable. Areas which depend upon ice-breaking services, dredging and other services provided by the Canadian Coast Guard are very much opposed to the clause. After consideration of the matter, the APTC wrote the Federal Minister of Transport urging that, should the enabling legislation be enacted, the implications of such charges on Atlantic Region ports and on industries using such ports be carefully assessed to ensure that economic activity and development in this region of Canada is neither discouraged nor prevented.

The Shipping Conferences Exemption Act of 1979 provides qualified exemption for certain shipping conferences' practices from the provisions of the Combines Investigation Act. The Act originally carried an expiry date of March 31, 1984, but has been extended for two one-year periods by federal Orders-in-Council in March, 1984, and again in March, 1985. Changes to the Act are proposed in the federal position paper "Freedom to Move" (see "National Transportation Policy" section of this report).

Pending the implementation of these changes by legislation, the Act has again been extended for a one-year period from March, 1986.

During the summer of 1985, the ocean steamship conferences operating between Eastern Canada and the United Kingdom and Continental Europe advised that their members would eliminate Saint John, NB, as a base rate port effective January 1, 1986. The members of these conferences issue a Saint John bill of lading subject to an additional arbitrary charge of \$280.00 per container. Elimination of Saint John as a base rate port would result in those shippers and receivers who use this bill of lading being required to pay the full inland freight between Halifax and the origin or destination of such cargo moved by the member lines. This would mean significant increases for exporters and importers in New Brunswick who use this provision.

The APTC, on behalf of shippers affected by the elimination of the Saint John bill of lading provision, met with members of the executive committee of the Canada-United Kingdom and Continental Conferences in Fredericton, NB. Representatives from major users were in attendance to discuss the proposed elimination.

On September 25, 1985, a representative of the APTC attended a meeting of the Canadian Shippers' Council and the owner representatives of the Canada-United Kingdom and Continental ocean freight conferences in Toronto, ON. At the request of the APTC, the subject of the elimination of the Saint John, NB, bill of lading provisions was discussed. After presentation of the argument by the APTC against the lines cancelling this provision, the conference lines decided to defer for the time being their decision to cancel the Saint John bill of lading arrangements.

In January, 1986, Transport Canada announced a new schedule of rates and charges for the use of public harbours and port facilities (not Canadian Port Corporation facilities) to become effective on April 1, 1986. During the period of late January and early February, 1986, a number of information meets were held in the Atlantic Region by Transport Canada for the purpose of discussion and consultation with the port users concerning the new level of port charges. The new schedule of charges will result in an approximate 30% increase for the majority of ports in the Atlantic Region.

In announcing the increase, the federal government stated that it was necessary to reflect the increasing costs of providing the public harbour and ports infrastructure, and to increase the level of cost recovery for public harbours and ports of the federal government's deficit reduction exercise.

On February 10, 1986, the APTC expressed its concern to Transport Canada over the magnitude of the proposed increase in fees and that such an increase will have a negative impact on the manufacturers and producers in this region that rely on the services provided at smaller ports through which their export cargo must move.

NIELSEN TASK FORCE ON PROGRAM REVIEW

In September, 1984, the federal government created a Task Force under the direction of the Deputy Prime Minister, the Honourable Erik Nielsen, to review federal programs with the twin objectives of better service to the public and improved management of government programs. Over 1,000 federal programs were examined by the Task Force. The review was carried out by a group of study teams composed of over 220 individuals from the public and private sectors.

The Report of the Task Force, consisting of 21 volumes, was tabled in the House of Commons on March 11, 1986. In tabling the report, the Deputy Prime Minister stated that the options presented by the study team, ". . . do not represent government policy nor are they decisions of the government."

Among the programs and services reviewed by the Task Force of particular interest to the Atlantic Provinces were the Atlantic Region Freight Assistance program under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act, the At and East Export Grain and Flour Subsidy, the Feed Freight Assistance, Ferry Services and CN Marine, Newfoundland Railway Service, Pilotage, Branch Line Subsidies, and Port and marine navigation services.

The several volumes of the Task Force report have been referred to various Standing Committees of the House of Commons; for example, the Transportation volume has been referred to the Transport Committee, the Agriculture volume to the Agriculture Committee, and the Services and Subsidies to Business to the Regional Industrial Expansion Committee. (The review of the At and East Subsidy and the Feed Freight Assistance are found in the Agriculture volume and the Atlantic Region Freight Assistance program, CN Marine and Ferry Subsidies are found in the Services and Subsidies to Business volume.)

The APTC has been in contact with the three House of Commons Standing Committees and it will be making representations to those committees and taking other action to make sure that the views of this region's shippers on the Task Force options affecting major transportation programs and services in Atlantic Canada are well known by the government.

1985-88 TRANSPORTATION DIRECTORY

The 1985-88 edition of the "Atlantic Provinces Transportation Directory" was issued by the APTC in May, 1985. This is the fourth 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 edition was completely updated and revised since the previous edition published in 1982. New information in the fourth edition includes highway overhead clearances, Atlantic Region Freight Assistance programs, a ports and harbour listing, and dangerous goods regulations information. Greatly improved highway distance guide and specific commodity and contract carrier sections, as well as color coding for quicker and easier use, have made the fourth edition a much more useful information guide than previous issues.

The "Transportation Directory" is the only publication issued by the APTC for which a fee is charged. The fee is designed to recover the out-of-pocket costs associated with publication and distribution.

APTC COMPUTERIZATION

Supported by a feasibility study by DMR and Associates and with major financial support by the federal Department of Regional Industrial Expansion, the APTC instituted a micro computer system during the past year to automate and streamline office procedures. The main objective of the new system is to improve and expand services provided to regional shippers. A micro system featuring a Local Area Network (LAN), considered to be state-of-the-art and one of the first of its kind in Atlantic Canada, has been installed and, at year end, is gradually being implemented to accommodate more and more office functions.

Present planning calls for the following applications of the computer system:

1. Various word processing functions;
2. Electronically filed mailing list to accommodate a variety of mailing needs (e.g. "Tips & Topics", Annual Report, Transportation Directory, potato shippers, exporters, etc.);
3. A computerized rate advisory service (tailored specifically to the needs of individual shippers in the region covering both incoming and outgoing shipments);
4. A filing system for truck tariffs based on commodities and geographical coverage; and,
5. Various spreadsheet applications.

Data is presently being loaded into the LAN system and, while the manual and electronic systems will function simultaneously during the early stages, it is anticipated that the information system will be fully automated by the end of 1986.

SERVICE TO INDUSTRY

In the year covered by this report, the APTC has again assisted business and industry in the Atlantic Provinces on a wide range of matters, such as rate and service information, expertise on rate negotiation, information on carriers' liability, subsidy programs, transportation regulations, currency exchange, private truck costing, railway line abandonment hearings, small package charges, to name a few. Because much of this type of work is of a very specific nature and, as a result, confidential, it is not possible to provide detailed coverage in this report. To give an indication of the range of matters that have been dealt with, the following information is provided.

Both Prince Edward Island and New Brunswick **potato** shippers called on the services of the APTC to assist them in negotiating and evaluating rates for the movement of their 1985-86 crop.

The APTC undertook and completed an extensive **transportation cost analysis** for three companies. One each in Nova Scotia, New Brunswick and Prince Edward Island. In two cases, the studies were directed toward determining from a standpoint of transportation cost the most attractive location for the introduction of or expansion of manufacturing and processing facilities. The

third study was directed toward analyzing transportation practices and costs of the company to determine whether improvements could be made in their transportation/distribution practices.

Two **Newfoundland companies** received assistance from the APTC in negotiating adjustments in CN Marine charges for shipments to Newfoundland coastal points.

More than twenty companies located in all four Atlantic Provinces utilized the APTC to secure information on the Atlantic Region Freight Assistance Program and, in a number of cases, to secure assistance in preparing their application for inclusion under the **selective westbound program**. In one or more cases, the APTC was able to advise the company, after consultation with the Canadian Transportation Commission, that the product was already eligible under the selective westbound program.

The APTC undertook for the **PEI Department of Transportation and Public Works** an assessment of traffic that could be affected should rail service to Prince Edward Island be discontinued and what the economic cost might be to present rail users of alternative services versus existing rail service.

A major **Nova Scotia company** engaged the APTC to do an assessment of its private trucking costs. This project is underway at year end.

A Nova Scotia fish processor utilized APTC services to assist it in negotiating rail rates on shipments of its product to destinations in Western Canada.

The APTC checked for the PEI Development Agency ocean rates and charges for **machinery** being imported from overseas for a plant in Prince Edward Island and found that overcharges existed.

A New Brunswick **wood** processing company utilized the APTC's knowledge of rates and charges to reduce its inbound cost of raw materials.

Following receipt of a request from the **Maritime Lumber Bureau** and a resolution passed by that Bureau, the APTC communicated with the New Brunswick Minister of Transportation concerning the application of new regulations affecting the securing of loads on highway vehicles in the Province of New Brunswick. Subsequently, certain modifications were made to the regulations.

A number of **companies in Nova Scotia and New Brunswick** asked the APTC to seek reinstatement of certain rates which these companies were utilizing and which had been cancelled by the carriers. These requests originated as a result of the APTC's rate advice service notifying companies of the cancellation.

A **Nova Scotia company** utilized the APTC's tariff library to secure a history of rate changes on one of its major product lines over a period of several years.

The APTC endeavoured to assist a Newfoundland **steel fabricator** in respect of inbound rates on its product by analyses of other steel rates to the region.

A new **manufacturer in Prince Edward Island** received assistance from the APTC in respect of freight rates on its products, as well as ocean rates on inbound materials.

Lime companies in New Brunswick used the APTC's services to assist them in determining the potential for lower rail rates on lime shipments.

Again this year, the APTC received and handled a number of inquiries from both shippers and carriers concerning the settlement of **loss and damage claims**. The APTC is not an arbitrator in such matters but advice is provided based on past experience and knowledge, as well as the availability of technical articles and materials in the APTC's library.

Assistance was rendered to the Newfoundland Department of Agriculture in analysing transportation costs on the movement of **lime**.

The APTC assisted New Brunswick exporters of **frozen foods** and **fish** and the New Brunswick Liquor Commission, as an importer of **alcoholic beverages**, in opposing an increase in the charge assessed by the North Atlantic ocean carriers on Saint John bills of lading.

The APTC undertook to provide **rate and service information** as part of a project undertaken by the Transportation Division of the Federal Department of External Affairs designed to assist and encourage Atlantic Provinces' shippers exporting to the eastern, southern and southwestern United States.

A firm located in Nova Scotia and involved in the **offshore oil** activities from both Nova Scotia and Newfoundland used the APTC's services to analysis its transportation cost and practices to ensure that it was properly managing its transportation functions.

On behalf of **feed** manufacturers in both Newfoundland and Nova Scotia, the APTC made representation to the railways concerning the availability and handling of rail cars containing grain.

A firm actively exploring the development of a **natural resource** in Nova Scotia has used the APTC's knowledge and expertise in assessing transportation cost by road, rail and water for its product.

A Prince Edward Island **fertilizer** company drew upon the APTC's knowledge of transportation regulations in respect of the handling of certain products on ferry services in view of the possible abandonment of rail service to its manufacturing facility.

At the request of the Nova Scotia Department of Transportation, the APTC held discussions with the railway and a Nova Scotia **container** manufacturer in an effort to assist the firm in securing suitable rates to enable it to compete for certain business.

A number of **companies utilizing rail service** to Newfoundland called upon the APTC for assistance in respect of the pending discontinuance of rail car ferry service to Newfoundland at the end of 1985. Also, the disruption of rail service in Western Newfoundland early in 1986 resulted in the APTC providing assistance to manufacturers in Newfoundland in arranging rates via alternative transportation methods for their raw materials.

A **Newfoundland manufacturer** called on the APTC's expertise on the Atlantic Region Freight Assistance Program to ensure that it would continue to benefit from the program in the development of alternative mode of transport to move its product.

As in previous years, a number of companies throughout the region have called upon the APTC for **rate information** on a wide range of products.

The APTC continued this year its preparation of an extensive tabulation of freight rates applicable on rail carload, truck and piggyback shipments of **potatoes** from New Brunswick and Prince Edward Island to destinations in Canada. Similar statements were also prepared and distributed to the **peat moss** industry, the feed industry on inbound feed and feed ingredients from Central and Western Canada, and on **fertilizer and fertilizer** ingredients of interest to the industry in the Atlantic Provinces.

In April, 1985, the APTC organized and conducted a **transportation** seminar in conjunction with the Annapolis Valley Affiliated Boards of Trade. The seminar covered such topics as responsibilities in the handling of dangerous goods; ways to minimize transportation costs; loss and damage liability and claims; and the Atlantic Region Freight Assistance Program. The seminar was attended by approximately 30 persons.

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>
1985		
April 15	Truro Transportation Club	Address
April 17-18	APTC/AVABT Seminar	Organizer
May 2	Canadian Coast Guard/Harbours & Ports Annual Management Meeting	Address
May 8	Canadian Feed Industry Assoc. Annual Meeting	Report
May 28	Atlantic Provinces Chamber of Commerce Annual Meeting	Report
June 5-6	Maritime Lumber Bureau Annual Meeting	Panellist
August 20	National Transportation Policy Conference	Address
October 1	DRIE Seminar	Address
October 15	NS Provincial Conference on the Economy	Address
October 16	PEI Export Management Seminar	Address
October 23	NS Agricultural College	Address
October 30	CITL Claims Seminar	Panellist
November 6	Canadian Feed Industry Assoc. Semi-Annual Meeting	Report
November 6	Nova Scotia Health Organization	Address
November 14	UNB Transportation Group	Address
November 16	NB Potato Shippers' Association	Address
November 27	Transportation Forum	Address
1986		
January 20	Springhill Chamber of Commerce	Address
February 6	NS Forest Products Association Annual Meeting	Address
February 18	Saint John Fundy Region Development Commission	Address
March 18	PEI Federation of Agriculture and Department of Transportation Seminar	Address

OTHER ACTIVITIES

A major part of the APTC's mandate is to keep companies in the Atlantic Provinces advised of rate changes being made by the various carriers that are of direct or indirect interest to regional manufacturers or producers. During the year, over 15,255 Rate Advices were issued by the APTC, reflecting a more than 30% increase over the previous year.

In addition, six circular letters covering a number of subjects were directed to a specific industry or industry group during the year under review. Average circulation of such circular letters was 70.

"Tips & Topics", the APTC newsletter, continued to be published monthly during the past year with an average circulation of 3,477 copies.

The APTC was called upon during the year for assistance by provincial government departments and other industrial development agencies for transportation information for new or expanded industrial plants. Approximately twenty-five industrial development inquiries were dealt with during the year, an increase of four over the previous year.

Close association has been maintained by the APTC during the year with a number of organizations both within and outside the Atlantic Region. Specifically, liaison has been maintained with the Atlantic Provinces Chamber of Commerce, the Atlantic Division of the Canadian Industrial Transportation League, the Atlantic Branches of the Canadian Manufacturers' Association, the New Brunswick Potato Shippers' Association, and the New Brunswick/Prince Edward Island Marketing Board. 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 Canadian Feed Industry Association (Atlantic Division), the Maritime Lumber Bureau, the Nova Scotia Forest Products Association, and the Voluntary Planning Group of Nova Scotia.

The APTC has maintained membership in such groups as the Atlantic Provinces Economic Council, Canadian Transportation Research Forum, Canadian Shippers' Council, and the Greater Moncton Chamber of Commerce. The General Manager of the APTC serves as Secretary of the Canadian Transportation Research Forum. He is a member of the Canadian Chamber of Commerce Transportation Committee and, during 1985, became a member of the

Chartered Institute of Transport. Two of the APTC's staff are graduates of the Canadian Institute of Traffic and Transportation program and maintain association with that organization. The Assistant General Manager serves as Chairman of the Transportation Committee of the Greater Moncton Chamber of Commerce. The Chairman serves as a director of the Atlantic Provinces Chamber of Commerce.

COMMISSION DIRECTORS

In June of 1985, David C. Burchell completed his term of office on the APTC Board of Directors. Mr. Burchell was appointed by the Atlantic Provinces Chamber of Commerce in 1963 and had served as APTC Chairman during the years 1971 to 1974 inclusive, continuing on the Executive Committee until 1978. During his twenty-two years as a Director, he had been exceedingly faithful in attendance at meetings of the Directors, having rarely missed a meeting. His statesman-like qualities were invaluable to the APTC in its relationship with governments and other organizations. He gave extensively of his time and activities to the Commission and the Board of Directors and staff extend their sincere thanks and appreciation for the direction and leadership he has given to the Commission.

The Atlantic Provinces Chamber of Commerce has appointed Mr. K. G. Anderson of North Sydney to replace Mr. Burchell.

At the APTC annual meeting in May of 1985, Mr. E. L. Dillman retired from the Executive Committee of the APTC, having served on it since 1978. Newly elected to the Executive Committee were Mr. George T. H. Cooper, Q.C., of Halifax, and Mr. Brian K. Wentzell of Corner Brook.

ACKNOWLEDGMENTS

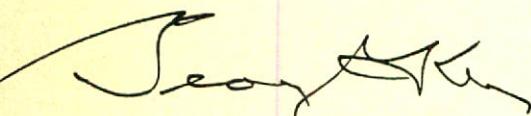
The Chairman, Directors and General Manager express to the governments of the four Atlantic Provinces sincere thanks for both the financial support received and the personal co-operation and assistance rendered by their appointees to the APTC. Without this financial support and the participation of the 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 co-operation of the carriers serving the region. This co-operation is mutually beneficial and the thanks of the Directors and staff go to the carriers and their agencies.

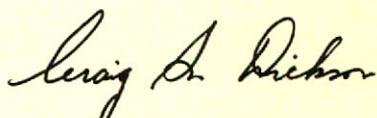
The direction and support given to the work of the Commission by its Board of Directors is, in no small measure, responsible for the success of the APTC's activities year after year. These Directors serve without remuneration and represent a broad range of economic interest and wide geographic representation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

Finally, the success of the APTC would not be possible without loyal and dedicated staff. 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



Craig S. Dickson
General Manager

