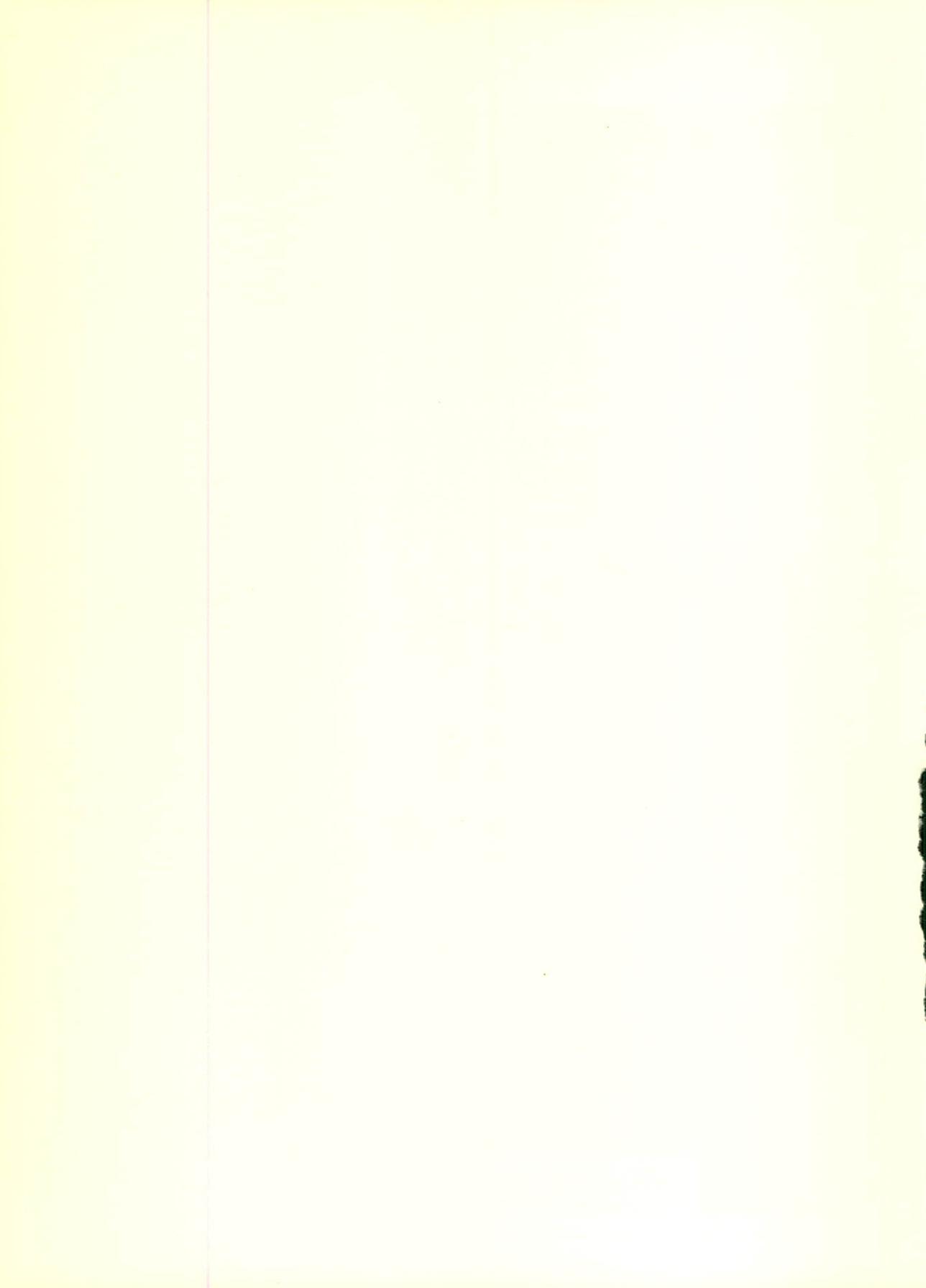


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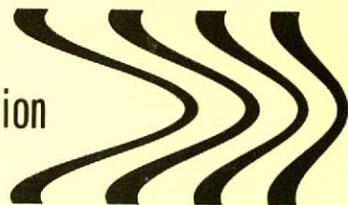
TRANSPORTATION
REVIEW
AND
ANNUAL REPORT



...60th Year of Service

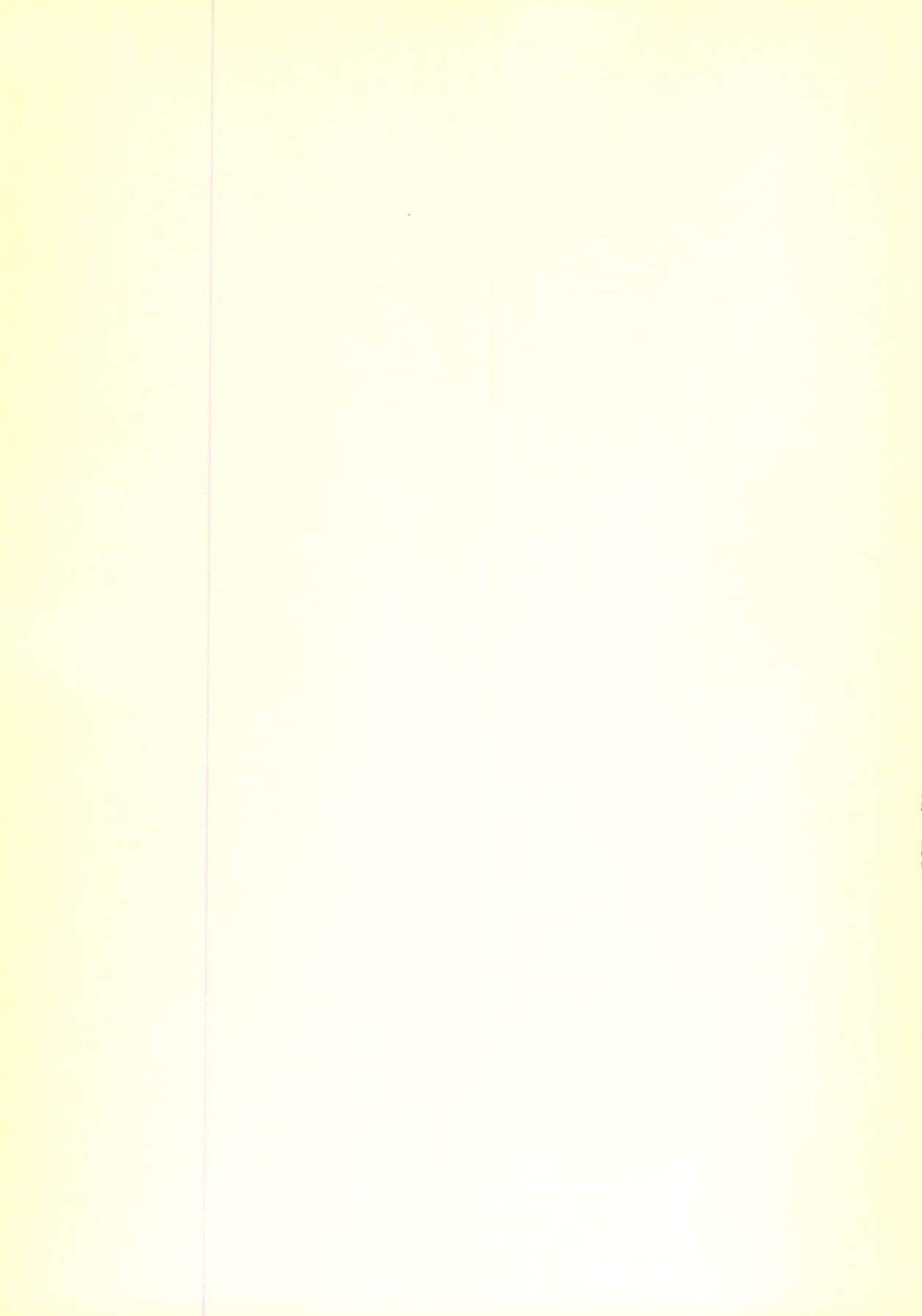


Atlantic Provinces Transportation Commission

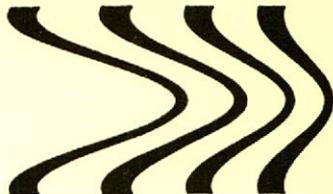


**TRANSPORTATION REVIEW
AND
ANNUAL REPORT FOR THE
YEAR ENDED MARCH 31, 1985**

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 Jack MacIsaac
Minister of Transportation
Province of Nova Scotia
Halifax, N. S.

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

Honourable W. G. Bishop
Minister of Transportation
Province of New Brunswick
Fredericton, N. B.

Honourable Gordon Lank
Minister of Transportation &
Public Works
Province of Prince Edward Island
Charlottetown, P. E. I.

Sirs:

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, 1984, to March 31, 1985. 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 1984-85.

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.

E. S. Bailey
Chairman



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**DIRECTORS OF THE
ATLANTIC PROVINCES TRANSPORTATION COMMISSION
AS AT MARCH 31, 1985**

NOVA SCOTIA

Government

G. T. H. Cooper
D. J. MacDougall
F. T. Stanfield

Halifax, N.S.
Halifax, N.S.
Truro, N.S.

Atlantic Provinces Chamber of Commerce

D. G. Burchell
E. L. Dillman
C. A. Meisner

North Sydney, N.S.
Hantsport, N.S.
Liverpool, N.S.

NEW BRUNSWICK

Government

G. F. Eddy
F. H. Hatfield
W. W. Steeves

Bathurst, N.B.
Hartland, N.B.
Fredericton, N.B.

Atlantic Provinces Chamber of Commerce

E. S. Bailey
E. M. S. Fisher
T. S. Simms, Jr.

Edmundston, N.B.
Sackville, N.B.
Saint John, N.B.

PRINCE EDWARD ISLAND

Government

K. A. MacKenzie
David A. Scales

Charlottetown, P.E.I.
Charlottetown, P.E.I.

Atlantic Provinces Chamber of Commerce

N. Clarey
G. Key

Montague, P.E.I.
Summerside, P.E.I.

NEWFOUNDLAND

Government

H. M. Noel
E. J. O'Brien

Grand Falls, Nfld.
St. John's, Nfld.

Atlantic Provinces Chamber of Commerce

B. K. Wentzell
S. R. Winter

Corner Brook, Nfld.
St. John's, Nfld.

ALSO

President, Atlantic Provinces Chamber of Commerce

S T A F F

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 Savole, Senior Tariff Clerk
Cathy Peters, Staff Secretary
Susan Wilson, Assistant Staff Secretary



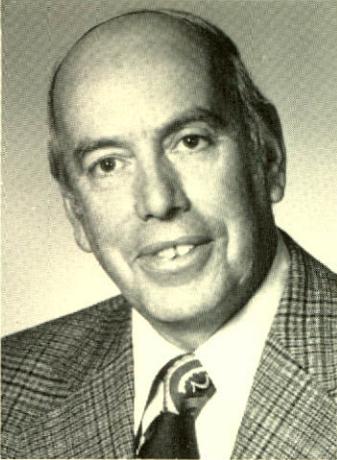
E. S. BAILEY

Chairman

Vice-President of Purchasing,
Transportation & Stores

Fraser Inc.

Edmundston, N. B.



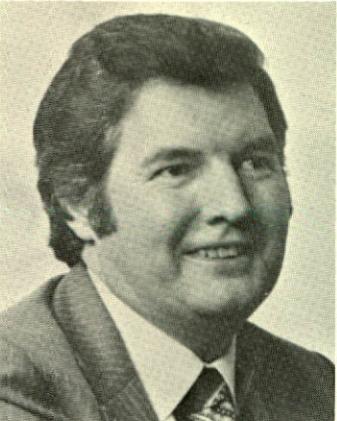
G. KEY

Vice-Chairman

President

JO-EL Investments Ltd.

Summerside, P. E. I.



E. L. DILLMAN

Group Traffic Co-ordinator

Scotia Investments Ltd.

Hantsport, N. S.



D. J. MacDOUGALL

Director, Transportation Policy

Province of Nova Scotia

Halifax, N. S.



K. A. MacKENZIE

Director, Transportation Division

Province of Prince Edward Island

Charlottetown, P. E. I.

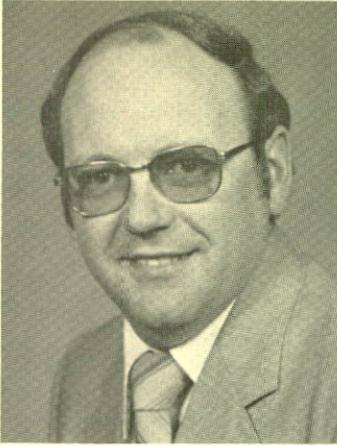


E. J. O'BRIEN

Director of Transportation

Province of Newfoundland

St. John's, Nfld.

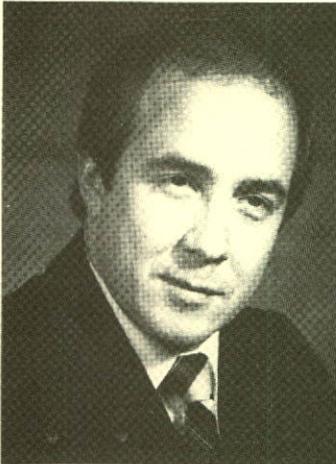


W. W. Steeves

Director
Transportation & Communications Policy

Province of New Brunswick

Fredericton, N. B.

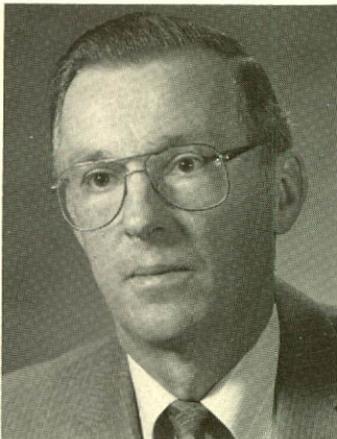


STEVE WINTER

President

Terra Nova Brokers Ltd.

St. John's, Nfld.



C. S. DICKSON

General Manager

Moncton, N. B.

COMMISSION STAFF



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

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, N.B. Inquiries should be directed to the General Manager, Atlantic Provinces Transportation Commission, P. O. Box 577, Moncton, N.B., E1C 8L9. Phone (506) 857-2820, Telex 014-2842.

GENERAL TRANSPORTATION REVIEW

Transportation events of particular significance to the Atlantic Provinces occurring during the year covered by this report were: (1) move towards reform of motor carrier regulations in Canada; (2) investigation of rail container rates to Newfoundland; (3) rail freight assistance on export grain and flour; (4) implications of U.S. rail regulations on Canada; and, (5) a deep-sea shipping policy for Canada.

Rail

Railway carloadings in Canada during 1984 reflected the movement toward economic recovery with an overall improvement of almost 16 percent. The table below contains statistics for carloadings in Canada (figures for the Atlantic Provinces are not available).

RAILWAY CARLOADINGS 1984

	<u>1984</u>	<u>1983</u>	<u>% Change</u>
	(Tonnes X'000)	(Tonnes X'000)	
Carload Traffic Loaded	239,866	*206,676	+16.1
Non-Carload Traffic Loaded	43	403	-89.3

Source: Statistics Canada Railway Carloadings
December, 1984, Catalogue 52-001

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

CANADIAN NATIONAL RAILWAYS

	<u>1984</u>	<u>1983</u>
	(in millions)	(in millions)
System Profit (Loss)	242.0	212.3
Income From Divisions Before Taxes:		
CN Marine	21.9	19.8
CN Rail	304.4	260.7
CN Route	(29.8)	(33.4)
TerraTransport	(32.9)	(34.6)

CANADIAN PACIFIC LIMITED

System Profit (Loss)	377.0	143.6
Net Income From Divisions:		
CP Air	13.8	(16.4)
CP Rail	185.5	184.0
CP Ships	(23.6)	*(74.0)
CP Trucks	3.0	5.9

* Revised figure

Payments received to December 31, 1984, 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 1983**

(Payments to December 31, 1984)

	<u>Canadian National Railways</u>		<u>Canadian Pacific Limited</u>	
	<u>Claimed</u>	<u>Paid</u>	<u>Claimed</u>	<u>Paid</u>
<u>Sections 256 and 258 of the Railway Act</u>				
In respect of uneconomic branch lines	\$184,279,483	\$162,265,941	\$179,306,461	\$151,761,203

Source: Canadian Transport Commission, Eighteenth 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 2% of the total claimed.

To improve its service, CN Rail inaugurated a new inter-modal "Clipper" train designed to carry piggyback trailers and containers from Halifax to Toronto in May, 1984. The new service, with only one stop in Moncton, N.B., to receive New Brunswick and Prince Edward Island inter-modal traffic, reduced the westbound transit time by one day along with a comparable time savings on the east-bound run.

On December 20, 1984, the Government of Canada requested the Canadian Transport Commission to inquire into and explore options and alternatives for rail branch lines affected by abandonment for the purposes of providing the most effective, efficient and reliable rail transportation system at minimum cost.

Specifically, the CTC has been asked to examine, among other things, the following areas of possible interest to Atlantic Canada:

- (1) The potential for short line rail operations in Canada including the financial and operational requirements and implications that would arise by their operation, and to determine whether short line operations would likely lead to an improvement in the capacity, efficiency, effectiveness and reliability of the overall transportation system.
- (2) The maintenance of existing infrastructure including railway right of ways to facilitate the development of new and innovative rail services.

VIA Rail, operators of Canada's passenger train network, is slated to become an independent Crown Corporation. Two changes made to VIA's service in Atlantic Canada during 1984, with another change scheduled for 1985, are as follows:

Halifax/Sydney, N.S. - The CTC granted permission for VIA to rearrange schedules for a one year trial period, effective June 3, 1984, from two trains daily to one train daily. An additional train operates between Port Hawkesbury and Halifax during weekdays.

Edmundston/Moncton, N.B. - Effective October 28, 1984, VIA Rail reinstated this service on a three day a week basis for a two year trial period. The train leaves Moncton on Mondays, Wednesdays and Fridays returning from Edmundston on Wednesdays, Fridays and Sundays. The one car dayliner makes the trip in four hours and thirty-five minutes.

Halifax, N.S./Montreal, P.Q. - The "Atlantic Limited" an overnight service will operate via Saint John, N.B., and Northern Maine with connections from several centres such as Moncton and Fredericton, N.B., effective June 1, 1985, on a two year trial basis. This reinstatement is one of six across Canada and several million dollars will be spent to refurbish coaches and locomotives as well as upgrade tracks.

Highway

During the year under review, the Minister of Transportation for the Province of New Brunswick issued Regulation 84-145 under the N.B. Motor Vehicle Act providing an expanded list of vehicles requiring a certificate of inspection by a certified mechanic. Commencing in 1985 inspections will now be required for commercial vehicles and farm trucks with an unladen curb mass of 2250 kilograms or more and semi-trailers and trailers with an assigned gross mass of 1500 kilograms or more.

The Province of New Brunswick also announced plans to implement load security standards effective June 1, 1985, for all trucks hauling cargo on N.B. highways to prevent shifting and/or spillage of loads. The standards will control adequacy of the payload area, proper blocking and bracing, as well as coverage of certain bulk materials.

During the year under review a number of ownership changes occurred in the motor carrier industry in the Atlantic Provinces, including:

- Day & Ross Inc. purchased Continental Air Freight Ltd., Canada's largest international air freight forwarder.
- A new trucking firm, Pole Star Transport Inc. was formed as a result of the consolidation of four Maritime trucking companies: Jodrey & Pulsifer Transport Limited, G. P. Feit Trucking, Donahue's Transfer Ltd., and John S. Wood Ltd.

- The following trucking operations of Canadian National Railways were consolidated under the new name of CN Route: CNX/CN Trucking, Chalut Transport, Eastern Transport, Husband Overnight, Midland Superior, Swan River - The Pas, and TPT.

Air

On April 16, 1984, CP Air announced the purchase of Eastern Provincial Airways and EPA's short haul subsidiary Air Maritime from Newfoundland Capital Corporation. EPA remains as a separate entity but an integrated subsidiary of CP Air. Through the acquisition CP Air became a truly trans-continental airline with flights from British Columbia to Newfoundland. The purchase was approved by the Canadian Transport Commission during August, 1984. In addition, the CTC granted EPA the right to fly to Toronto from points in Atlantic Canada in addition to their existing service from Halifax, as well as permission to fly from points in New Brunswick to Montreal and from Sydney to Boston. EPA has further applied to fly into Ottawa and between St. John's, Nfld., and Toronto. In March, 1985, CP Air was granted permission to operate non-stop between Halifax and Toronto.

The 1984-85 year saw construction begin on a \$4.4 million air cargo terminal for Air Canada at the Halifax International Airport. Construction of the new facility will cost \$3.9 million with \$1.5 million for additional equipment. The 43,000 square foot terminal will quadruple the airline's terminal space and will feature the first freighter aircraft dock in Atlantic Canada, enabling an aircraft to bring its freight door right to the terminal's loading bridge to directly load or unload cargo. The terminal is scheduled for completion by the spring of 1985.

During the year under review Air Canada began a major restructuring of its freight and cargo services under a new name, Express Air Canada. Same Day Express, Overnight Express and Second Day Express are the categories designed to provide levels of service as the names imply. Overnight Express was introduced in October of 1984 in Canada and scheduled for expansion into the United States and international markets during 1985. It guarantees delivery by noon the next day or if the customer chooses by 5:00 p.m. at a lower rate. Pick-up and delivery are included and the service features improved tracing and simplified waybills. Overnight Express also includes the new Mini-Airvelop and Maxi-Airvelop services. Mini-Airvelop is used for small and light documents whereas Maxi-Airvelop has a larger capacity with no weight limitation. Same Day Express was implemented on passenger flights within North America in early 1985 with full money back refund or 150 percent credit if the promised service is not met. Air Canada work with Pacific Western Airlines, NorOntair, Torontair, Greyhound, Grey Goose and Saskatchewan Transportation Services to carry cargo to destinations which they do not serve and are negotiating with Quebecair and Voyageur bus line in Quebec.

During 1984-85 construction valued at \$13 million was undertaken at the Yarmouth, N.S., airport. Included are a terminal building/flight service station with a glass cab to allow 360 degrees of unobstructed vision, enlargement of the field electrical system, aircraft ramp enlargement, landscaping and road and parking lot construction.

In 1984 Air Canada's net income, after taxes, increased to \$27 million compared with \$3.8 million in 1983. Atlantic Region traffic showed modest increases during the year with passenger carryings up 2% and cargo volumes up 8%.

The income figure for Eastern Provincial Airways was not available at this writing; however, passenger totals and freight ton miles increased substantially over 1983 when traffic levels were depressed due to the lengthy pilot strike.

	<u>AIR CANADA</u>			<u>EASTERN PROVINCIAL</u>		
	<u>1984</u>	<u>1983</u>	<u>Percent Change</u>	<u>1984</u>	<u>1983</u>	<u>Percent Change</u>
Revenue Passengers Carried	11,300,000	10,500,000	+7.6	823,250	556,900	+47.8
Revenue Passenger Miles (X'000)	13,905,000	12,728,000	+9.2	392,980	290,910	+35.1
Freight Ton Miles (X'000)	#	#	#	4,497	3,690	+21.9
Revenue Ton Miles (X'000)	501,000	437,000	+14.6	#	#	#
Passenger Load Factor	62.8%	65.0%	+4.9	56.0%	54.0%	+3.7
Net Income (Loss) After Taxes	27,000,000	3,800,000	+610.5	#	#	#

Not available at time of writing

Source: Air Canada and Eastern Provincial Airways

Marine

The Canada Ports Corporation ports in Atlantic Canada reported an overall increase of 10.2% in tonnage during 1984 with the Port of Halifax leading the way at 14.3%. The Halifax container terminals established a record during the year and overall cargo was just short of the 1979 record year. Shipments of refined oil, gypsum and flour also showed major increases. The Port of Saint John recorded a 3.1% increase which can be attributed to first year shipments of potash and slight increases in grain, oil, flour and forest products. The large 75.4% increase at Belledune, N.B., can be attributed to shipments of fertilizer and fertilizer materials. The totals for St. John's, Nfld., were off slightly at 1.6% with an increase in general cargo and a reduction in containers.

**WATERBORNE CARGO TONNAGE, LOADED OR UNLOADED AT
CANADA PORTS CORPORATION PORTS OF SAINT JOHN, N.B.,
HALIFAX, N.S., ST. JOHN'S, NFLD., AND BELLEDUNE, N.B.**

(In Metric Tonnes)

<u>Calendar Year</u>	<u>Saint John</u>	<u>Halifax</u>	<u>St. John's</u>	<u>Belledune</u>	<u>Total</u>
<u>ALL CARGO</u>					
1984	8,609,280	14,285,304	1,059,968	552,508	24,503,060
1983	8,346,831	12,493,356	1,072,726	314,992	22,227,905
Increase or (Decrease)	262,449	1,791,948	(16,758)	237,516	2,275,155
% Change	+3.1%	+14.3%	-1.6%	+75.4%	+10.2%
<u>GENERAL CARGO</u>					
1984	1,043,990	575,580	168,106	-	1,787,676
1983	950,806	466,353	126,460	-	1,543,619
Increase or (Decrease)	93,184	109,227	41,646	-	244,057
% Change	+9.8%	+23.4%	+32.9%	-	+15.8%
<u>CONTAINER CARGO</u>					
1984	945,780	1,983,103	245,741	-	3,174,624
1983	913,998	1,506,029	266,772	-	2,686,799
Increase or (Decrease)	31,782	477,074	(21,031)	-	487,825
% Change	+3.5%	+31.7%	-7.9%	-	+18.2%

Source: Canada Ports Corporation

In 1983, the Canadian Transport Commission (CTC) held hearings into alleged payments of a rebate by CN to CAST on containers carried by CN Rail between Montreal and points in the United States between 1979 and 1981. In a decision handed down during January, 1985, the CTC ruled that the payments were illegal but action could not be taken because more than six months had elapsed before the complaint was filed.

During the CTC hearings on the CN - CAST matter, the Halifax-Dartmouth Port Development Commission and the Nova Scotia government asked for an inquiry into links between railways and North Atlantic shipping lines. The Halifax interests were of the opinion that railway interests in North Atlantic shipping lines operating through Montreal, P.Q., had for several years encouraged the routing of traffic through the Port of Montreal, P.Q., rather than the Port of Halifax. The CTC agreed to such an inquiry and announced on February 13, 1985, that a wide-ranging public inquiry into the railway/shipping lines issue would be held during 1985. The inquiry was cancelled by the CTC in March, 1985, upon the request of the Halifax-Dartmouth Port Development Commission. The announcement by the Minister of Transport to review the National Transportation Act and the Railway Act and to continue hearings into rail rate deregulation on domestic and export/import traffic made the inquiry unnecessary at this time.

During the year under review, design and engineering work was completed for an additional roll-on roll-off cargo loading ramp at the Port of Saint John, N.B. The 250 foot long ramp to cost approximately \$6 million would enable the port to load and discharge stern and quarter loading ro-ro ships 24 hours a day regardless of the tidal range. Further details such as exact location, financial arrangements and construction dates were not finalized at the time of this writing.

Atlantic Container Express Inc. acquired a new combination ro-ro container vessel for its service between the Ports of Montreal, P.Q., and St. John's, Nfld., during 1984-85. The new vessel "M.V. Cicero" replaced vessels "M.V. Catalina" and "M.V. Lady Crosbie". The new vessel has a capacity of up to 470 twenty foot container equivalent units as well as the ability to handle any type of rolling equipment.

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

- The Port of Saint John, N.B., was chosen by the Neptune Orient Lines Ltd. of Singapore and Orient Overseas Container Line of Hong Kong as the East Coast port of call for a new round the world service scheduled to begin in April or May of 1985. These two lines, operating as a consortium but use the same ships, presently use Saint John as their East Coast port. The new service will mean enlargement of their fleet and the introduction of some third-generation ships, and will offer the first direct call from Eastern Canada to the Port of Singapore.
- Eastern Caribbean Container Line inaugurated a non-conference container and breakbulk shipping service from the Port of Saint John, N.B., to ports in the Caribbean area. Operating on a two week departure schedule, vessels will call at Saint John, N.B., and the Caribbean countries of Trinidad, Barbados, Jamaica and Haiti, with inducement calls at the Dominican Republic.
- Sylvan Shipping Co. Inc. inaugurated an ocean container shipping service from the Port of Saint John, N.B., to ports in Northern Europe. The forest products vessel "Dryso" is providing a monthly service on a non-conference basis for 20 foot and 40 foot dry containers from Saint John, N.B., to the Ports of La Pallice, France; Boulogne, France; Tilbury, England; Rotterdam, Netherlands; and, Bremen, Germany.
- During June, 1984, the Iceland Steamship Co. Ltd. commenced operation of a new containership service between Halifax, N.S., and the European Ports of Rotterdam and Antwerp. The line will utilize two 300 twenty foot equivalent container unit vessels with calls at the following ports: Halifax, N.S.; Reykjavik, Iceland; Rotterdam, Netherlands; Antwerp, Belgium; Portsmouth, Virginia; and, New York, N.Y. A vessel leaves Halifax every two weeks and transit time to Rotterdam is approximately nine days.

- Hapag-Lloyd, an ocean containership operator providing a North Atlantic service from the Port of Halifax, N.S., commenced a weekly container service from Halifax, N.S., to Hamilton, Bermuda, during 1984. The new service provides a trans-shipment service Halifax/New York via Hapag-Lloyd and New York/Hamilton via Lloyd-Bermuda line. The new service provides 20 foot dry containers for both full containerloads (weekly) and less than containerloads (monthly).
- In March, 1985, Samband Line commenced a monthly shipping service from Halifax to Europe via Iceland. Utilizing a newly built 164 TEU vessel the service will provide calls at U.S. east coast ports and Halifax. The port of call in Iceland is Reykjavik with connecting Samband service to the United Kingdom and continental Europe.

Ferries

The 1984 traffic totals for the major ferry operations in Atlantic Canada showed little changes when compared with the previous year. Overall totals for passengers increased 1.6%, automobiles and pick-up trucks increased 3.0% and trucks and tractor trailers decreased 1.4%. The latter two percentages are slightly distorted due to a change in the recording of pick-up truck totals by one ferry service as shown in the statistical table.

Statistics for the year 1984 appear below, with 1983 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>	
<u>CN Marine Services</u>						
Cape Tormentine - Borden	1,583,298 (1,565,603)	+1.1%	532,331 (524,859)	+1.4%	107,709 (102,335)	+5.3%
North Sydney - Port aux Basques	276,801 (284,421)	-2.7%	47,187 (49,124)	-3.9%	40,925 (41,386)	-1.1%
North Sydney - Argentia (1)	31,471 (32,535)	-3.3%	8,547 (8,825)	-3.2%	144 (100)	+44.0%
Yarmouth - Bar Harbour	122,069 (127,555)	-4.3%	29,626 (31,727)	-6.6%	6,116 (4,660)	+31.2%
Yarmouth - Portland						
Saint John - Digby	229,061 (216,509)	+5.8%	55,305 (57,457)	-3.7%	25,310 (26,115)	-3.1%
<u>Northumberland Ferries Service</u>						
Wood Island - Caribou (2)	525,026 (496,400)	+5.8%	165,166 *(141,346)	+16.9%	22,520 #(31,269)	-28.0%
<u>Prince of Fundy Service</u>						
Yarmouth - Portland (3)	141,854 (141,285)	+0.4%	22,938 (22,507)	+1.9%	1,452 (1,258)	+15.4%

- | | |
|---|--------------------------------|
| (1) 1984 operated June 17 to September 15 | * Pick-up trucks not included. |
| 1983 operated June 18 to September 11 | # Pick-up trucks included. |
| (2) 1984 operated May 3 to December 20 | |
| 1983 operated May 22 to December 19 | |
| (3) 1984 operated May 3 to October 28 | |
| 1983 operated May 5 to October 28 | |

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

As part of the government's effort to reduce the federal deficit, major changes in east coast ferry tolls and services as well as corporate structure were announced during 1984-85. CN Marine was directed to add 15% additional revenue commencing April 1, 1985. This additional revenue is to be made up of a combination of fare increases and in some instances, reduced service. Some of the major changes are summarized below:

- The 4% fare increase proposed for January 1, 1985, was cancelled.
- Major changes to fare structure will become effective on April 1, 1985. While some reductions in fares will take place, the majority of the changes are increases to make up the designated portion of the 15% revenue increase, along with the cancellation of special return fares on certain services. Two other significant changes are the initiation of special rates for frequent travellers, including both auto and truck traffic and reduced rates for senior citizens.
- CN Marine, now a subsidiary of Canadian National, is slated to become a separate Crown Corporation with an estimated annual saving of \$21.5 million in administrative costs.
- Elimination of rail carload traffic to and from Newfoundland, effective December 31, 1985. This change has been on-going for some time and is intended to be the final step in the conversion of Newfoundland rail traffic to containers.
- The replacement of six Newfoundland ferries with three modern vessels during the next three years.
- Probably the most significant reduction in service is slated for December 31, 1985, when the year-round "Bluenose" service between Yarmouth, N.S., and Bar Harbour, Maine, is scheduled to be reduced to a six-month "summer" service. The impact of the termination of the winter service would be greatest on the fishing and Christmas tree industry in Western Nova Scotia. Due to numerous expressions of concern by these industries and by the Nova Scotia Government, a study funded by the federal government was conducted to determine the economic impact of the curtailment. The APTC accepted an invitation to name a representative to the Steering Committee for the federal study. The results of the study and a final decision on this service had not been made public at the end of the year under review.

A \$2.35 million second level docking bridge and ramp approach was constructed during 1984-85 at Port aux Basques, Nfld., to accommodate the CN Marine Gulfspan ferry "M/V Caribou" currently under construction for service between Port aux Basques and North Sydney, N.S., in 1985-86. This construction will enable two decks to be loaded or unloaded simultaneously. In addition, a new CN Marine passenger terminal building valued at \$2.2 million was constructed at North Sydney, N.S., along with a new access route between Highway 105 and the new terminal facilities valued at \$1.1 million. This construction completed preparations for the "M/V Caribou" and together with previous upgrading of docking facilities at North Sydney, N.S., will enable the new ferry to operate on a one hour turn-around basis when necessary.

GENERAL LEVEL OF RATES

Rail Rates - Domestic & Express

In February, 1984, the federal Minister of Finance and the Minister of Transport announced the continuation of the federal government's wage and price restraint program. Consistent with the guidelines, increases in domestic rail carload rates, including agreed charge rates, rail piggyback Plan II rates and rail express rates were held to a maximum of 4%. Rates subject to this increase were intended to remain in effect for the 12 month period beginning the day following the expiration of rates that were increased by 5% for the previous 12 month period.

When it became apparent in early 1985 that the guidelines were being terminated, the APTC communicated its concerns to the federal Minister of Transport as to the possibility of large freight rate increases occurring now that the program has been terminated and that such a "catch-up" policy will curtail any improvements that have taken place in the regional economy of the Atlantic Provinces as a result of the federal price guidelines.

The railways in announcing their 1985 pricing program following the termination of the guidelines have advised that they will be implementing a four phase program of selective rate increases of approximately 8% commencing in March, 1985.

Rail Rates - International

During the year under review, international rail rates applying between Canada and the United States were subject to a 0.4% increase effective July 1, 1984, under Rail Carrier Cost Recovery Tariff X084A. This increase was combined with the existing 4.1% increase that became effective January 1, 1984, to provide an accumulated increase of 4.5% depending on the specific route of movement. Also, depending on the routing, some rates were not subject to the additional 0.4% increase. In addition, a series

of selective joint line increases ranging from 1% to 6% were implemented commencing on October 4, 1984, by individual rail lines on a route basis under Master Tariffs 9000B 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>		
July 1, 1984	All Rates	5.0%
January 1, 1985	All Rates	5.0%
<u>Between The Atlantic Provinces And Quebec</u>		
July 1, 1984	All Rates	5.0%
January 1, 1985	All Rates	5.0%
<u>Within The Maritime Provinces</u>		
December 1, 1984	FAK Rates	5.0% (1)
January 1, 1985	Commodity Rates	5.0%
<u>Between Newfoundland And Maritime Provinces</u>		
January 1, 1985	All Rates	5.0%
<u>Within The Province Of Newfoundland</u>		
May 7, 1984	All Rates	3.0% (2)

The above table outlines the general rate increases for which exceptions were made for certain commodities and carriers.

References:

FAK - Freight All Kinds

(1) - FAK rates for 30,000 lbs. and over increased by 2.5%.

(2) - Up to 39,999 lbs. only.

Maritime-Ontario Freight Lines, a major carrier operating between the Maritime Provinces and Ontario and not a member of a tariff bureau, increased its class and freight all kinds rates by 5.0% effective January 1, 1985, but did not apply a general commodity rate increase during the period under review.

On December 3, 1984, the member carriers of the Quebec Tariff Bureau published a fuel surcharge on rates between Quebec and the Atlantic Provinces. The fuel surcharge was 1.5% on less than truckload and 1.0% on truckload rates. The fuel surcharge was cancelled on January 3, 1985, and republished on February 1, 1985,

as 1.0% on truckload rates only. On February 7, 1985, the member carriers of the Atlantic Provinces Motor Carrier Tariff Bureau published a fuel surcharge of 1.0% on truckload rates between Ontario and the Maritime Provinces.

The carriers providing through truck rates between the Maritime Provinces and the U.S. 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 services from Ontario and Quebec to the Maritime Provinces increased their rates and charges by generally 5.0% effective July 3, 1984.

Atlantic Container Express, Inc., providing a domestic water freight service between Montreal, Que., and St. John's, Nfld., and Atlantic Searoute Limited, providing a domestic water freight service between Halifax, N.S., and St. John's, Nfld., 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 1984 were approximately \$69 million, reflecting an increase of \$7.5 million or approximately 12% 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**

(\$'000)

<u>Calendar Year</u>	<u>Rail</u>	<u>Truck</u>	<u>Water</u>	<u>Total</u>
<u>Intra-Regional</u>				
1984	5,804	24,736	540	31,080
1983	6,309	21,543	416	28,268
<u>Westbound-Basic</u>				
1984	14,560	13,620	-	28,180
1983	11,548	13,366	-	24,914
<u>Westbound-Selective</u>				
1984	4,876	4,766	-	9,642
1983	* 4,003	4,208	-	* 8,211

<u>Calendar Year</u>	<u>Rail</u>	<u>Truck</u>	<u>Water</u>	<u>Total</u>
<u>Total Payments - Intra-Regional & Westbound</u>				
1984	25,240	43,122	540	68,902
1983	*21,860	39,117	416	*61,393
Increase	+3,380 +15.5%	+4,005 +10.2%	+124 +29.8%	+7,509 +12.2%

* Revised figures

Source: Canadian Transport Commission

The increase in the assistance payments was for the most part attributable to an upturn in the regional economy resulting in an increase in traffic levels both within and westbound from the Atlantic Region.

Eligibility of Livestock

In 1978, when the intra-regional subsidy under the Atlantic Region Freight Assistance Act was made selective in terms of commodity eligibility, livestock and live poultry became ineligible for the assistance. At that time it was apparently determined that these commodities failed to meet the eligibility criteria.

During April, 1984, on behalf of the Maritime Farmers' Council and the Atlantic Provinces Chamber of Commerce, and with the support of a number of other organizations, the APTC submitted a brief to the Federal/Provincial Committee on Atlantic Region Transportation (FP/CART) seeking to have livestock and live poultry added as eligible commodities under the intra-regional transportation subsidy of 10%. The submission makes a strong case for the inclusion of these commodities on the grounds that:- (1) livestock and live poultry do, in fact, meet the original criteria for eligibility; and, (2) the element of import substitution (a key part of the eligibility criteria) in the form of processed meats and packing-house products is substantial and clearly establishes that regional employment in livestock and poultry production and in processing is being displaced by employment outside the Atlantic Region.

The matter was referred to the Department of Agriculture, Transport Canada and the Canadian Transport Commission for "an in-depth review and analysis" with the results to be used by FP/CART in determining whether there are grounds for reconsidering this matter. At the conclusion of the year a decision on the matter by FP/CART was still pending.

Eligibility of Certain Westbound Movements

The Motor Vehicle Transport Committee (MVTC) of the Canadian Transport Commission (CTC) issued a formal decision in September, 1984, reaffirming an earlier verbal decision both of which stem from a public hearing in Riviere du Loup, Que., in January, 1984, into the eligibility of subsidy for certain movements of peat moss pursuant to the Atlantic Region Freight Assistance Regulations as claimed by Transport Morneau Inc. The hearing and investigation by the CTC considered the application of freight subsidies to materials that are transported from the Atlantic Region (select territory) to border points in Canada when ultimately the final destination is in the United States.

The decision states that the movement of goods from the select territory to all points in Canada, as transported by Morneau, are, in the opinion of the MVTC, legally eligible for subsidy.

The decision became necessary because the westbound freight assistance program does not apply on the transportation of goods to points outside Canada (including the United States) and the question arose as to whether the transportation of goods solely within Canada, but where such goods are subsequently reshipped to points in the United States, are eligible for the freight assistance.

Earlier decisions of the CTC (1980 and 1982) concluded that rail and rail piggyback shipments of peat moss to storage points in Canada are eligible for assistance even though the product may eventually find its way into the United States. Those decisions found that it was not possible to tell at the time of shipment the ultimate destination of the products and that, under those circumstances, the assistance is properly payable in respect of transportation between points in Canada. Consequently, this latest decision extends the same reasoning to truck shipments and results in both the rail and truck modes of transport being treated uniformly in the application of the westbound freight assistance program.

In the conclusion of its decision, the CTC states that, regardless of the fact that goods shipped to certain Canadian border points are being "stockpiled" waiting final destinations to the United States, from a strictly technical point of view, the goods in question are destined and shipped to a Canadian point before being sold and thus eligible for subsidy.

MOTOR CARRIER REGULATORY REFORM

During the past year there were a number of major developments both regionally and nationally pertaining to reforms in motor carrier legislation and regulations.

From a regional point of view the report of the Nova Scotia Motor Carrier Act Review Committee was released in May, while an interim report of a similar review committee in Prince Edward Island was issued in August. While the Nova Scotia report contained specific recommendations for some relaxation of regulations, including some additional commodity exemptions, for the most part the report took a very cautious approach to any significant easing of entry requirements into the trucking business. The P.E.I. report was an interim one which identified a number of areas for further research but, in light of the developments pending in a number of other jurisdictions, a final report on regulatory reform is to follow. As interim measures to more extensive motor carrier regulatory reform, potatoes were exempt from motor carrier regulations by P.E.I. and potatoes and agricultural limestone under the New Brunswick regulations.

Responding to a federal initiative, the federal and provincial Ministers of Transportation met in Ottawa in May and agreed to immediately undertake action to implement a number of major reforms to regulations governing extra-provincial trucking in Canada with the objective of ensuring an efficient and reliable motor carrier transportation network to meet the economic needs of all regions of Canada. Following a further meeting at the ministerial level and numerous meetings of officials, a memorandum of understanding was signed at a meeting in Victoria, B.C., at the end of February, 1985, by the federal Minister of Transport and his provincial counterparts, as well as by the Governments of Yukon and the Northwest Territories, containing an agreement on the economic and administrative regulations of truck transport. In addition to a general statement of objectives, such as improving efficiency of motor carriers and placing primary emphasis on the effect of regulations on users, the agreement calls for action to be taken during the years 1985 and 1986 to achieve the following specific objectives:

- "a) shifting the burden of proof on entry from the applicant to the respondent in a manner consistent with the entry standards prepared by the Canadian Conference of Motor Transport Administrators and revised and adopted by the Council of Ministers;
- b) eliminating the requirement to obtain approval for all extra-provincial motor carrier rates and charges;
- c) developing and implementing common lists of commodities, the transportation of which may be undertaken without a requirement to prove public convenience and necessity;
- d) streamlining and reducing existing licence categories on a basis which will be compatible between jurisdictions, including:
 - implementation of common commodity definitions, using the Standard Transportation Commodity Code (STCC);
 - elimination of all routing restrictions;
 - elimination of the practice of specifying points beyond jurisdictional boundaries with the exception of Yukon;

"e) streamlining the process of transport board licence applications including the introduction of the revised entry standards.

Furthermore, in collaboration with the appropriate agencies in each jurisdiction, an integrated approach to the collection of all truck related taxes and insurance, the establishment of uniform taxation categories for commercial vehicles, and related reporting and enforcement regulatory provisions will be examined."

In addition to the above, the agreement further provides for the establishment of a uniform national definition of the term "fitness" with further study to be given to:

- a) eliminating the "Public Convenience and Necessity" test entirely in favour of a "fitness" test;
- b) taking action at a regional level on appropriate further regulatory reforms;
- c) expanding the common list of commodities, the transportation of which may be undertaken without a requirement to prove public convenience and necessity;
- d) reviewing the effect of the elimination of the practice of specifying points beyond jurisdictional boundaries."

Preceding the accord at the national level, the Council of Maritime Premiers agreed to adopt a number of reforms to trucking regulations to reduce the burden of government regulations on the trucking industry in the region which were stated to complement the reforms being developed nationally. The Premiers agreed to present legislation to implement the following reforms:

- "1. Adoption of an expanded list of services and commodities to be totally exempted from economic regulation.
- 2. The regulatory boards will be granted authority to hold concurrent hearings with the boards of other provinces. This will reduce the need for separate hearings to be held in several provinces on applications for inter-provincial licences.
- 3. The regulatory boards will be required to grant licences, without public hearings, to companies engaged in the transportation of goods for commonly-owned companies. For this purpose, control will be determined to be common ownership of at least 50% plus 1. This initiative responds to requests made by companies trucking their own goods, and will increase their transportation efficiency.
- 4. At the present time, the regulatory boards hold public hearings on all licence applications. In future, in dealing with applications to which no opposition has been filed, the boards shall render decisions without holding public hearings. This will reduce time and cost to the trucking industry."

The Maritime Premiers also agreed to streamline collection of all truck taxes and related fees. This will eliminate the need for extra-provincial truckers to deal separately with a number of government departments and agencies in different locations for the registration of vehicles, payment of sales taxes, fuel taxes and motor carrier licences.

At the conclusion of the year, proposed legislation had not yet been introduced by any of the Maritime Provinces but each Province had indicated that they plan to do so at the spring sittings of their legislatures. In the case of Newfoundland, the report of their Motor Carrier Act Review Committee had still not been released at the conclusion of the year but, as a participant to the federal-provincial memorandum of understanding, it is anticipated that regulatory reforms will be implemented in that Province late in 1985 or early in 1986.

In December of 1984, immediately before the winter adjournment of the house, and following an extensive review of existing regulations, a bill titled "The Public Trucking Act" calling for major reforms in trucking regulations was tabled in the Ontario legislature. The provisions contained in the bill would relax truck entry controls for both new applicants as well as for extensions to existing routes. The primary test for applicants will be to demonstrate their fitness to carry out the operation described in the application. The bill also contains provision for a market test in those cases where the granting of the license may be considered to be contrary to the public interest but the onus will be on opposing parties to convince the Board that the granting of the operating authority would not be in the public interest.

TRANSPORTATION OF DANGEROUS GOODS

The Transportation of Dangerous Goods Regulations were published in the Canada Gazette, Part II, of February 6, 1985. The Regulations and the Transportation of Dangerous Goods Act are intended to promote public safety in the transportation of dangerous goods and are applicable to all modes of transportation in Canada, whether or not for hire or reward, regardless of the origin or destination of the dangerous goods.

The Regulations consist of thirteen parts that deal with definitions, application, classification, documentation, safety marks, safety standards, requirements for handling or offering for transport, requirements for transporting, requirements for training and reporting, protective directions, permits, appointment of agents and inspectors. The responsibilities of consignors, consignees and carriers are stated throughout the Regulations.

Effective on February 6, 1985, were the interpretation part of the regulations (definitions) and the power to designate inspectors. Effective April 8, 1985, are the regulations requiring

those firms shipping hazardous commodities in quantities above certain amounts, as specified in the regulations, to register with the federal government and to report all accidents involving dangerous goods. The regulations concerning placarding, labelling of goods, creation of emergency response teams and the requirement of four reflectors on vehicles transporting dangerous goods will come into effect on July 1, 1985.

In announcing the schedule for the regulations, the federal Minister of Transport also announced the creation of a 22 member advisory council to assist with the implementation.

RAILWAY ABANDONMENTS

There were several applications by railways to abandon portions of their rail branch lines in the Atlantic Provinces in the past year. As well, the Railway Transport Committee (RTC) 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. A summary of these activities during 1984-85 follows:

New Brunswick

The following CN Rail subdivisions were ordered abandoned by the RTC following earlier public hearings.

Loggieville Subdivision between Chatham and Loggieville, a distance of 3.99 miles, effective December 5, 1984.

Miramichi Subdivision between Derby Junction (near Newcastle) and McGivney, a distance of 74.75 miles, effective January 5, 1985.

Oromocto Subdivision from Westfield Beach (near Saint John) to Camp Gagetown, a distance of 55.40 miles, effective December 7, 1984.

Richibucto Subdivision from Kent Junction to Richibucto, a distance of 26.50 miles, effective December 3, 1984.

New applications to abandon branch lines were filed by CN Rail for the Stanley Spur 2.40 miles and by CP Rail for the Shore Line Subdivision from a point near Bayside to Lorneville, a distance of 12.50 miles, and the Minto Subdivision from Fredericton to Minto, including the Minto Industrial Spur and the Long Spur, a total of 37.6 miles. As well, there were several applications pending from previous years for which public hearings or decisions have yet to be announced (Caraquet and St. Quentin).

Nova Scotia

Decisions to abandon branch lines were announced in the cases of two CN applications.

Middleton Subdivision from Bridgewater Junction to Bridgetown, a distance of 66.84 miles, effective June 8, 1984.

Oxford Subdivision from Pugwash Junction to Scott Spur, a distance of 54.94 miles, effective June 30, 1985.

In June, 1984, the RTC commenced a review of a 1981 decision to maintain the Inverness Subdivision between Port Hastings and Inverness, a distance of 55.64 miles. In January, 1985, CP Rail applied to abandon the Truro Subdivision of the Dominion Atlantic Railway between Windsor and Truro, a distance of 53.2 miles. No hearings have been scheduled for this application at this time.

Newfoundland

The Argentia Subdivision from Placentia Junction to Argentia was ordered maintained for two years to allow potential traffic to develop as a result of the off-shore oil industry. The Bonavista Subdivision from Shoal Harbour to Bonavista, a distance of 87.89 miles, was ordered abandoned effective June 20, 1984.

Prince Edward Island

Hearings have not yet been scheduled for either of two applications for abandonments in P.E.I., i.e., the Kensington and Souris Subdivisions.

A portion of the Elmira Spur from Baltic to Elmira, a distance of 4.85 miles, was ordered abandoned by June 14, 1984.

The Georgetown Spur from Montague Junction to Georgetown, a distance of 4.8 miles, was ordered abandoned by December 28, 1984.

SHIPPING POLICY - DEEP-SEA TASK FORCE

On April 18, 1984, the then federal Transport Minister Lloyd Axworthy announced the creation of a Task Force to determine whether Canada should expand its deep-sea shipping fleet. The appointment of this Task Force was forecast in the Throne Speech of December 7, 1983, and in February of 1984 the APTC in response to an invitation by the Minister of Transport submitted a number of names of persons representing exporters which might be considered for appointment to the Task Force.

The Terms of Reference of the Task Force required it to "determine whether changing circumstances have affected the international shipping market in a direction and to a point where Canadian trading interests could be detrimentally affected and whether the Canadian government should take action to encourage the

expansion of the Canadian deep-sea fleet." In addition, should it deem action appropriate to encourage the expansion of the Canadian deep-sea fleet, the Terms of Reference required the Task Force to: "(1) identify any factors which are inhibiting the growth of this industry in Canada; and, (2) define options for and recommend upon government policies or programs which might be modified or adopted to improve Canada's shipping industry without detrimentally affecting Canadian trade." In defining options for government policies or programs the Task Force was to determine "whether there is a need for blanket or selective incentives and if so to recommend the nature of such incentives as would be consistent with Canadian needs" and further, "to determine what, if any, defensive measures the government should be taking to protect Canadian interests against the intervention by foreign governments in the shipping markets."

Anticipating the appointment of the Task Force, the APTC organized a meeting of exporters in the Atlantic Provinces for April 30 to assist in the development of a position paper for the Task Force. That meeting was attended by representatives of fourteen Atlantic Provinces' companies. Also in attendance were representatives from the Council of Forest Industries of British Columbia who had been invited to attend the meeting by the APTC in order that Atlantic Provinces' exporters could be acquainted with the position of the B.C. Council and of steps being taken by other export oriented groups across Canada to form a coalition of export oriented organizations.

With one exception it was the unanimous opinion of the exporters present that, while a Canadian merchant marine may be a worthwhile goal for Canada, it could ultimately result in higher costs for exporters and adversely affect Canada's competitive position in the marketplace. The majority of the exporters were of the opinion that once a merchant marine is established as government policy the federal government may eventually force Canadian exporters to use vessels that would be too costly to compete in world trade. With one exception the exporters present supported the objects of the coalition of exporters. The meeting authorized the APTC to present a submission to the Task Force representing the consensus of opinion from the Atlantic Provinces' exporters.

In addition to those who attended the exporters' meeting, eleven other Atlantic Provinces' exporters advised the APTC by letter that they were opposed to government policies which would encourage the creation of a Canadian deep-sea fleet.

The APTC attended the organizational meeting of the Exporters' Coalition on Canadian Maritime Policy and based on the affirmative views expressed by exporters, joined with more than a dozen other organizations in supporting the newly formed Coalition.

The objective adopted by the Coalition was to: "ensure that Canadian exporters/importers continue to have full access to competitive shipping services; and, to develop an awareness within the government and the public of: (1) the economic importance of

international trade to Canada; (2) the key role that marine shipping plays in international trade; (3) the need to ensure the continued competitiveness of Canadian export products; and, (4) the need for a Maritime policy that protects and enhances Canada's import and export trade."

The APTC prepared a submission for the Task Force and filed it within the required deadline of July 10. On August 8, 1984, representatives of the APTC met with the Task Force members at their invitation, to elaborate upon the position taken by the APTC in its brief. The APTC submission was well received by the Task Force and the APTC delegation felt that the position of Atlantic Provinces' exporters was indeed being recognized by the Task Force members.

In early fall, it was understood that the Task Force required additional time to complete its work and that it would welcome further comment from the Exporters' Coalition on Canadian Maritime Policy on the question of changes in Canadian taxation laws which would encourage the repatriation or establishment of "mind and management" of off-shore shipping activities in Canada. The Coalition decided to make a supplemental submission on this question.

The supplemental brief of the Exporters' Coalition supported tax changes to encourage Canadian firms engaged in the international shipping business to maintain the "mind and management" of their operations in Canada. In addition, the Coalition suggested the establishment of a permanent committee of experts on international shipping to provide information and advice to the federal government on deep-sea shipping matters. By letter the APTC advised the Task Force on Deep-Sea Shipping that the submission of the Exporters' Coalition on these subjects had its support.

In November the mandate of the Task Force on Deep-Sea Shipping was extended by the Minister of Transport until April 15, 1985. At year end the indications are that the Task Force will have its work completed by April 15, 1985. There is no indication when that report might be made public.

In respect of coastal shipping matters, during the past year the APTC was advised of problems being experienced by a shipper in the Atlantic Provinces over the federal policy of requiring the payment of temporary duty on a non-Canadian ship operating in Canadian coastal waters under waiver from the CTC. Under the present policy duty is assessed despite the fact that waivers are only granted when no suitable Canadian ship is available. In this case, because of the increase in the cost of reaching the market from the Atlantic Provinces, the product was sourced from another location and resulted in lost sales and economic activity in the region. In response to these representations, the APTC communicated with appropriate federal departments seeking to have the duty on vessels operating under temporary waivers abolished. During the year the Canadian Shipbuilding and Ship Repairing Association, as well as representatives of various labour movements, have been lobbying the

federal government for a doubling of the rate of duty for the temporary importation of foreign vessels when no suitable Canadian vessels are available. In addition, these organizations sought at least a 30 day waiting period between the date when an application is made for temporary entry and the date the vessel is permitted to enter Canadian waters. It is the position of the APTC that such restrictions will not in and of themselves increase the utilization of Canadian ships but on the contrary may result in higher transportation costs and a lessening of the ability of Canadian companies to market their product with a consequent lessening of demand for shipping services.

During the year covered by this report, the Customs and Excise Off-Shore Application Act was passed by Parliament of Canada and given royal assent. This act was deemed to have come into force on June 30, 1983. The effect of this act is to bring British ships operating in the coasting trade of Canada or in the off-shore exploration and exploitation activities under Canadian Customs laws unless such duties are reduced or removed under regulations made by the Governor-in-Council. Under present regulations it has been the long-standing custom of Canada that temporary importation of dutiable ships for coasting trade requirements may be entered into that service with a duty payment per month calculated at 1/120 of the fair market value of the ship times the applicable rate of duty.

It is understood that a discussion paper has been prepared by the Department of Finance on the question of "temporary entry of vessels" and the Commission is pursuing the matter to ensure that the views of Atlantic Provinces' users of marine transportation are recognized in the development of regulations under the Customs and Excise Off-Shore Application Act.

It is anticipated that a new coastal shipping act may be introduced into the Parliament of Canada in the coming year and the APTC will continue to monitor the situation and make representations to government to ensure that the needs of the Atlantic Provinces are not overlooked.

ATLANTIC CONTAINER EXPRESS - TERRATRANSPORT RATE CASE

On June 29, 1982, Atlantic Container Express, Inc. (ACE) submitted a formal complaint to the federal Minister of Transport claiming that CN was practicing predatory pricing through publication of non-compensatory rates for goods carried by its TerraTransport container service from/to or within the Province of Newfoundland. Non-compensatory rates are illegal under Section 276 of the Railway Act. The federal Minister of Transport referred the complaint to the Canadian Transport Commission (CTC) for investigation. Early in February, 1983, ACE filed with the CTC a list of some 177 rates which it asked the CTC to investigate to determine whether such rates were below the compensatory level.

As a result of the CTC's investigation, interim orders were issued on May 11, 1983 (R-35150), and August 3, 1983 (R-35460), requiring Canadian National to increase certain of the rates under investigation which the CTC had concluded were below a compensatory level.

The CTC called a public hearing in July, 1984, to address an application by ACE for the disclosure of certain railway cost information respecting movement of traffic to and from Newfoundland by TerraTransport. Prior to addressing the ACE application for disclosure, a staff report of the CTC investigation of the 177 rates alleged to be below cost was tabled along with CN's response thereto. It was agreed that the hearing would not proceed on the disclosure question pending ACE's analysis of the CTC staff report.

The staff report indicated that of the 177 rates complained of by ACE 152 of them were below a compensatory level, 23 were compensatory and 2 had been cancelled. CN's response to the staff report was to the effect that based on their anticipated empty returned ratio (that is, the ratio of empty containers being handled versus the total containers handled) would result in 108 rates being compensatory and only 67 falling into the non-compensatory category. On October 10, 1984, a third interim order (R-376286) was issued requiring 44 rates to be increased.

Public hearings were scheduled by the CTC for St. John's and Montreal for late October to receive submissions from interested parties on the costing methodology for the movement of CN's container traffic between the mainland and Newfoundland. The APTC participated in those hearings to speak for shippers and receivers who would be affected by any order which may flow from the hearings. Specifically, the APTC urged the Commission to exclude in their costing methodology the \$67 million that the federal government had contributed toward the cost of purchasing the TerraTransport containers and handling equipment. It drew the CTC's attention to the fact that Maritime Provinces' producers marketing their products in Newfoundland in competition with producers located in Quebec and Ontario faced keen competition from such competitive producers and that the introduction of TerraTransport container services had helped the Maritime producers be more competitive in the Newfoundland market. Thirdly, the APTC pointed out that the competition which had only recently come to Newfoundland was essential if shippers and receivers in Newfoundland were to have any real protection from rate increases greater than that which might be applied to the country as a whole.

During the hearings of the Commission it became apparent that the interests of shippers and receivers in the rate level available for traffic to and from Newfoundland were being submerged in the dispute between the water and highway carriers competing with TerraTransport service. Accordingly, the APTC made a further statement at the concluding portion of the public hearings in Montreal again urging the Commission to recognize the impact of their decision upon the innocent parties (the shippers and receivers) to the dispute between the several modes of transport

and stressed the need for Maritime companies to be able to compete in Newfoundland with Quebec and Ontario companies utilizing the direct water service from Montreal. Again, the APTC urged the Commission to remove from the costing criteria the contribution made by the Government of Canada to revitalize the Newfoundland railway system. The APTC pointed out that in the case of Prairie branch line rehabilitation, the CTC had found that the railways should not, for subsidy purposes, be permitted to include the costs that had been contributed by the federal government under the rehabilitation program.

In response to the application of ACE for disclosure of certain cost information of Canadian National, the CTC found during its public hearings that it is necessary "in the public interest to order the limited disclosure of this information under controlled circumstances at an in-camera session of this hearing". Furthermore, the Commission indicated that it believed that independent expert advice was necessary for counsel if the impact of the evidence is to be properly tested and, accordingly, it proposed to permit counsel and advisors "whose status will be determined by the Committee later on" at the in-camera session. Promptly following the CTC ruling, Canadian National indicated that it planned to seek leave to appeal the Commission's decision to the Federal Court of Canada. Such an application was filed on November 29, 1984, and leave to appeal was granted on March 4, 1985.

On December 21, 1984, the Canadian Transport Commission issued its fourth interim order (R-37611) which required CN: (a) to increase approximately 133 of the rates complained of; (b) to examine all other TerraTransport container rates to determine whether they met the costing criteria of the CTC and to increase any that were found to be non-compensatory using the CTC costing criteria; and, (c) to ensure that all future rates published for movements in TerraTransport containers met the CTC costing criteria. It soon became apparent that the results of CTC Order R-37611 would mean substantial rate increases for Newfoundland consumers and Maritime producers marketing in Newfoundland. In view of the impact that the increases would have on production costs and the cost of living in Newfoundland, as well as the possibility that such costs would jeopardize the revitalization of the Newfoundland railway system, the APTC telexed the federal Minister of Transport urging him to defer the coming into effect of Order R-37611 at least until the costing methodology involved in the case before the CTC is resolved and that CTC be instructed to remove from its costing criteria the cost of capital, depreciation and any other cost item which may be affected by the inclusion in the costing formula of the capital contribution of the federal government to the revitalization of the Newfoundland railway system.

Following the issuance of the CTC Order R-37611, Canadian National first requested the CTC for a stay of the coming into effect of the order. This request was denied by the CTC. It also sought a review of the CTC order by the Review Committee of the Canadian Transport Commission. The APTC supported the CN

application for review of the order on similar grounds to the request that it had made to the Minister of Transport to defer the coming into effect of the order. By decision dated February 13, 1985, the Review Committee concluded that the order was not reviewable and therefore CN's application for review was denied.

Under Order-in-Council PC 1985-575 dated February 19, 1985, the Federal Cabinet suspended the coming into effect of the increased rates required by Order R-37611 until such time as 30 days after the date of the conclusion of public hearings and investigations by the CTC into the issue of compensatory rates charged on all traffic between mainland Canada and Newfoundland with such public hearings to be conducted by the Commission following a final judicial determination made with respect to the appeal by the CN to the Federal Court of Appeal on the ruling of the CTC ordering the railway company to reveal and disclose certain costing information and methodology used by the company in the development of its rates and charges.

As a result, the increased rates which would have occurred under Order R-37611 remain in suspension at year end. The Minister of Transport has indicated that the government will be considering an extension of the subsidy to ACE which was due to expire on March 31, 1985.

RAILWAY INTERSWITCHING REGULATIONS AND CHARGES

In June, 1983, the Canadian Transport Commission undertook an inquiry into the regulations affecting freight traffic inter-switched between railways under CTC jurisdiction. It invited submissions from interested parties. The APTC circularized companies in the Atlantic Provinces and filed a notice with the CTC indicating the APTC's interest in the inquiry. Because of limited opportunities for interswitching in the Atlantic Provinces due to this region of Canada being served almost exclusively by CN, the APTC made no specific recommendations for revision in the inter-switching regulations or charges but did draw to the Commission's attention the fact that improved interswitching provisions and greater use of running rights may represent a potential for increased competition in the railway freight industry.

In May, 1984, the CTC released a report summarizing the submissions that it had received as a result of its inquiry. The CTC invited comments on the summary of submissions. The APTC advised the CTC that it did not wish to add anything further to its previous submission but it wished to ensure that the APTC was considered an interested party in any further action by the CTC on this subject.

In October, 1984, the CTC advised interested parties of an application that the Canadian National Railways had made to the CTC for an order "Determining as question of fact and directing the

price per car that shall be charged by and paid for traffic governed by the Freight Traffic Interswitching Regulations . . ." and such tolls to be compensatory as required by the Railway Act and, furthermore, to exempt such interswitching services performed by Canadian National from the rate provisions of the Freight Traffic Interswitching Regulations and substituting in lieu thereof the tolls determined by the Commission. The APTC responded to this invitation by letter dated November 20, 1984, indicating that it recognized that interswitching charges set in the early 1950's are no longer likely to be compensatory per se. The APTC expressed concern that, if the CN's application were to be dealt with by itself, distortions as between rail carriers could result which would not be in the overall interest of shippers. Furthermore APTC expressed concern that, if an order were to be issued as a result of CN's application substantially increasing the interswitching charges and requiring the line-haul carrier to absorb all or part of that charge, railway pricing practices could result in shippers paying a part of the interswitching absorption even though they do not require interswitching services. The APTC suggested that with the setting of a compensatory level of interswitching charges perhaps the requirement upon the carrier to absorb interswitching charges should be modified so that it was permissive rather than mandatory.

At the conclusion of the year no further action had been taken by the CTC on CN's application.

EXPORT GRAIN AND FLOUR

During the latter part of the year, the so-called "At and East" rate structure governing the movement of certain export grain and flour traffic through Eastern Canadian ports was brought into question. This stems from an evaluation study done by the Canadian Transport Commission which drew somewhat negative conclusions as to the effectiveness of the assistance program which maintains a "frozen" rate level. In addition, a report by the Business Council on National Issues identified the "At and East" subsidy among a number of programs as holding the potential for reducing the federal deficit.

With this background the APTC presented a submission to the federal government stressing the economic importance of the movement of export grain and flour through the Atlantic Ports of Halifax and Saint John and requested the maintenance of the program, at least until alternatives to the present frozen rate levels can be fully evaluated.

In recent years over one million tonnes per year, on average, of export grain and flour moved under the "At and East" program via Eastern Canadian ports, principally Halifax and Saint John. The annual cost of the program to the federal government during the past five years averages approximately \$35 million. The movement

of grain under the program is of prime importance in the maintaining of the grain elevators at Halifax and Saint John. At Saint John virtually all grain through the elevator is "At and East" grain. At Halifax, two-thirds of the elevator grain moves under the program. The termination of the program would result in the closing of these two grain elevators and seriously jeopardize the operation of the flour mill at Halifax. The APTC has estimated that the economic impact of the termination of the "At and East" program would be a loss in excess of \$37 million to the economy of the Atlantic Provinces. The economic impact on Canada nationally would be much greater than this amount since the program benefits elevators and ports facilities at Bay Ports, Great Lakes ship operators, Western Canada flour mills and Ontario grain growers.

The APTC is of the opinion that the movement of export grain and flour via the Atlantic Ports of Halifax and Saint John is vital to this region. Recognizing that distortions and inefficiencies can and do occur in this movement under frozen statutory rates, the APTC believes that modifications can be made in the program which will: (a) reduce the demand on the federal treasury for subsidy; (b) lessen or eliminate distortions and inefficiencies; and, (c) maintain the movement of export grain and flour through the Atlantic ports.

In the submission it was stressed that any modification of the program must meet the following objectives:

- (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 "At and East" grain and flour subsidy program is based on Section 272 of the Railway Act which calls for a transport subsidy to be paid "for the purpose of encouraging the continued use of the Eastern ports for the export of grain and flour". The APTC, on behalf of those affected by the program in the Atlantic Provinces, requested that the current "At and East" program not be terminated at this time but rather that the Government of Canada commit itself to the principles of revision in the program as outlined above and invite the APTC and other interested parties to submit proposals for revisions in the program to achieve these objectives.

As a follow-up to the written submission, which was sent to the federal Minister of Transport, Honourable Donald Mazankowski, with copies to the Ministers of Finance and Agriculture, as well as the Federal Cabinet Ministers from the Atlantic Provinces, the APTC met with Mr. Mazankowski in mid-March at which time he provided his assurance that the "At and East" program will remain in place at least until the APTC and other interested organizations have had an opportunity to present their views as to how the program can be

made more effective and still achieve the objective of facilitating the movement of export grain and flour through the Atlantic ports. The Atlantic Provinces Economic Council supported the position taken by the APTC as part of a presentation to the Honourable Michael Wilson, Minister of Finance, in February of 1985. Other organizations supporting the APTC position include the Canadian Feed Industry Association - Atlantic Division, Maritime Farmers' Council, Atlantic Provinces Chamber of Commerce and Nova Scotia Federation of Agriculture.

CTC INVESTIGATION OF U.S. STAGGERS RAIL ACT ON CANADA

In the early summer of 1983 the Canadian Transport Commission undertook as a result of directions from the federal Minister of Transport an inquiry into the known effects and implications for Canadian railways and Canadian shippers of the deregulation of United States railroads under the Staggers Rail Act of 1980. In May, 1984, the CTC issued a preliminary report of its investigation which concluded that ". . . new and substantial evidence would have to be brought to the public view . . ." of economic harm flowing from the Staggers Act before changes in Canadian legislation or regulations would be proposed. The CTC invited comment on the preliminary report.

On August 1, 1984, the CTC announced that it had decided to hold public hearings into the subject matter. These hearings were subsequently scheduled for late September and October, 1984, at various locations throughout Canada. To help it develop a position for these public hearings, the APTC called a conference of interested rail shippers to the United States.

The consensus of the shippers' meeting was incorporated in a submission by the APTC and presented at the CTC public hearings during its Halifax sitting on September 27. The APTC recognized that the situation facing both shippers and railways came about as a result of deregulation actions in the United States and that if it felt the situation could be corrected by having changes made in the United States legislation, the APTC would urge such action. That option was not seen as a viable one by the APTC and it accordingly recommended that to remove the disadvantages faced by Canadian shippers and Canadian railways in competing in the United States market and for traffic thereto, Canadian railways and Canadian shippers should be permitted to enter into confidential contract rates on goods moving from Canada to the United States and that the necessary statutory changes should be made to accomplish this. Furthermore, the APTC submitted that given the opportunity for railways and shippers to enter into confidential contract rates, the Canadian railways should be prohibited from consulting and agreeing upon the publication of common rates on such traffic.

If confidential contract rates on rail traffic from Canada to the United States or vice versa were to be permitted on goods for

export to destinations overseas but moving through United States ports and the same goods for destinations overseas moving through Canadian ports continued to be subject to Canadian regulations then the Canadian ports of Halifax, Saint John and Montreal would be placed in an unfavourable position in competing for such traffic. Accordingly, the APTC recommended that to the extent changes result from this inquiry which would affect the degree of regulatory control over the rail movement of Canadian export and import traffic, it was essential that traffic via both Canadian and United States ports be treated in a like manner to the maximum extent possible.

The APTC indicated that shippers do not feel that the railways should be exempt from liability on international traffic but the railways and shippers may agree, without prior CTC approval, to limit their liability on confidential contract type of rates. APTC also supported the continued availability of an appeal procedure for shippers affected by route cancellations or the application of surcharges by Canadian railways.

Late in 1984 the CTC report on its inquiry was released. It found that the Staggers Rail Act of 1980 had affected traditional rate relationships concerning international rail freight and made the following recommendations:

- Insofar as circumstances in the U.S. dictate, confidential contracts should be permitted on the Canadian portion of the movement of rail freight traffic between Canada and the United States.
- Canadian railways should not be privy to each other's contracts.
- Confidential contracts entered into by Canadian railways on international traffic should be filed with the CTC and the CTC should publish summaries of filed contracts.
- Canadian railways should be allowed to continue to cancel tariff routings for international traffic, but not without shipper recourse to Section 23 of the National Transportation Act.
- Canadian railways should be allowed to surcharge tariff routings for international traffic, but not without shipper recourse to Section 23 of the National Transportation Act.
- Section 23 of the National Transportation Act should continue to apply in all situations covered by published rates, and consideration should be given to maintaining Section 23 with adequate discovery provisions, perhaps by regulation, to cover possible problem areas in confidential contracting.
- U.S. to U.S. via Canada traffic should no longer be subject to tariff regulation under the Railway Act.
- Where railways and shippers agree to limit liability they should not require approval to do so, but such agreements should be filed with the CTC.

The recommendation of the Atlantic ports' interests and the APTC that export and import traffic to off-shore countries should be treated similarly regardless of whether it moves through U.S. ports or Canadian ports was considered outside the CTC terms of reference for this particular inquiry. The report recognized these concerns and recommended that the CTC institute an investigation of

the introduction of confidential contract rates on "overseas import/export traffic" as well as "domestic Canadian traffic". In February, 1985, the federal Minister of Transport announced that a further investigation would be undertaken on these issues. He stated that he did not intend to proceed with implementing the recommendations on transborder traffic pending the completion of this further CTC inquiry.

On March 15, 1985, the CTC issued a notice of public hearings to begin on April 9 and to embrace 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 called a meeting of interested shippers for April 3 to provide input into the position that should be taken in these public hearings.

SHIPPING CONFERENCES EXEMPTION ACT

The Shipping Conferences Exemption Act of 1979 provides qualified exemption for certain shipping conferences' practices from the provisions of the Combines Investigation Act. This Act originally carried an expiry date of March 31, 1984, but was extended for a one year period by a federal Order-in-Council on March 26, 1984. A bill (S-12) was introduced in the Senate of Canada to amend certain provisions of the Act and the APTC made a submission to the Senate Banking and Trade Committee on this matter on June 20, 1984.

In its submission, the APTC continued to support the conditional exemption of the shipping conferences from the Combines Investigation Act through a Shipping Conferences Exemption Act and stated that such conditional exemption should continue to be subject to a time limit in order to provide a safeguard for changing conditions or developments which could adversely affect exporters and importers. The APTC stressed the fact that Atlantic Provinces' exporters must be able to sell their products in off-shore markets in competition with producers located in other countries and often in competition with producers located elsewhere in Canada. Pointing out the essential need that Atlantic Provinces' exporters have competitive transportation services to foreign markets, the submission of the APTC provided a number of suggested changes to the Shipping Conferences Exemption Act.

The amending legislation died when Parliament was dissolved for the federal election and since the Act was to expire on March 31, 1985, the federal government has again extended it for a further one year period. It is anticipated that new amending legislation will be reintroduced in 1985.

OVERCHARGE CLAIMS

During the fiscal year, a change was implemented by express and trucking companies that if allowed to remain in effect would have inhibited shippers and receivers from recovering overpayments to carriers.

The change would have meant that it would be necessary for overcharge claims to be presented to the carriers within twelve months from the date of shipment. The tariffs concerned involved shipments between points in the Atlantic Provinces, as well as shipments between the Maritime Provinces and Ontario.

Through efforts of the APTC and many shippers in the Maritimes, the carriers agreed to change the time limit, first of all to two years, and finally to a three year time frame which, although more restrictive than the six year time frame originally in effect, will be a time frame that can be accepted. The APTC thanks the carriers for their consideration and hopefully through their cooperation the three year time frame will not be altered in the future.

CTC CABOOSELESS TRAIN HEARINGS

During the past year the Railway Transport Committee of the CTC held hearings at a number of locations across Canada into applications from CN Rail and CP Rail for relief from certain operating rules to permit the testing of caboosless trains for the purpose of experimentation and the gathering of data on such an operation.

Evidence submitted by the railways during the hearings indicated potential savings in annual operating costs for both railways of nearly \$60 million. The railways argued that these savings are possible without compromising safety because technological changes have made the caboose redundant.

The APTC was represented at the Moncton hearings and presented a short submission in support of the testing of caboosless trains. In doing so, the APTC 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.

At the conclusion of the year the decision of the CTC was pending.

SERVICE TO INDUSTRY

The primary objective of the APTC is to assist business and industry in the Atlantic Provinces to become more competitive in the marketplace insofar as transportation costs and services are concerned. To this end many companies throughout the region received assistance from the APTC in the form of rate information, service information, expertise on rate negotiations, information on carriers' liability, subsidy regulations, to name a few. Because much of this type of work done by the APTC is of a very specific nature and as a result confidential, it is not possible to provide detailed coverage in this report. However, to give an indication of the broad range of matters that have been dealt with, the following information is provided.

Representations were made to the steamship lines operating between Eastern Canada and Japan and other Far East destinations concerning a planned 26% increase in ocean freight rates on **peat moss**. As a result of the APTC's efforts, supported by others, this increase was reduced to 7.7%.

Through the work of the APTC, an industrial **sand** user in Nova Scotia was able to secure an adjustment on freight charges for rail shipments of sand from the United States. Moreover, a reduction in rates was also secured for other users in Nova Scotia for future shipments. The adjustment resulted in an approximately 50% reduction in freight charges.

Through the efforts of the APTC, it was possible to have railway tariffs applying on **fish scrap** shipped from Newfoundland to destinations outside the Atlantic Provinces amended to bring this product under the selective westbound subsidy program.

Prince Edward Island **tobacco** growers again called on the services of the APTC to assist them in evaluating rates for movements of their 1984 crop.

As a result of representations by the APTC, supported by others, the ocean carriers operating on the North Atlantic postponed the coming into effect of a 13% rate increase on **fresh apples** effective January 2, 1985. This increase would have seriously affected the Nova Scotia apple exporters as it came in the midst of the shipping season.

A New Brunswick **woodpulp** company was able to utilize the services of the APTC to determine the correct truck rates applicable on shipments made by the company several years ago in order to respond to balance due bills received from an auditor doing an audit for a bankrupt U.S. carrier. As a result, the New Brunswick company was able to avoid the payment of balance due bills of several thousands of dollars.

A New Brunswick **steel** fabricator utilized the APTC's services in negotiating a rate on shipments of its products to markets in the United States.

A Nova Scotia company was able to reduce the transportation charges on a one time shipment of a large piece of **machinery** from a United States origin by having the APTC negotiate with several trucking firms for rates on this particular shipment.

A Prince Edward Island **metal** fabricator sought and secured advice from the APTC on its legal position respecting a damage claim on a shipment by the company to a customer in the United States.

The APTC did a comprehensive review of transportation for a **Newfoundland manufacturer** which was using its own private trucks and was able to recommend to the company that certain savings could still be achieved by changes in the method of operating its trucking services even though it was already saving considerable money over the use of commercial common carriers.

Feed manufacturers in the region received assistance from the APTC in the negotiation of reduced rates on soyabean meal.

A major **Newfoundland building supply and construction company** and a major **Nova Scotia manufacturer** used the APTC services to provide an in-house mini-course on transportation and traffic management for their personnel involved in that area of management.

The APTC assisted New Brunswick exporters of **frozen foods** and **fish** and N.B. 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.

A **Nova Scotia paperboard company** used the APTC services to help it analyze its inbound and outbound transportation costs with the view of either establishing private carriage or negotiating more attractive rates with common carriers.

Assistance was rendered to a **Nova Scotia food products company** in determining the correct rate on shipments of its products to a Newfoundland market where a dispute between carrier and shipper had arisen in respect of the transportation charges.

A **P.E.I. metal fabricator** used the services of the APTC to evaluate the reasonableness of rate quotations it had received from potential carriers of its products.

The APTC has been working with a **Nova Scotia manufacturer** now penetrating the Western Canadian market to help it get established rail rates to properly reflect the basic MFRA subsidy.

The N.B. lime producers and users used the APTC services to evaluate the current levels of rail rates on **agricultural lime** shipments.

The APTC coordinated a meeting between a **New Brunswick fertilizer company** and CN Rail in an effort to resolve a number of rate matters and to establish an acceptable means of handling future rate and service matters.

The APTC coordinated a meeting between a **Nova Scotia food processor** and a representative of the shipping lines serving the Caribbean to resolve outstanding rate and service matters.

Assistance was rendered to the New Brunswick Government in its efforts to help a major **New Brunswick company** secure competitive transportation to the U.S. market thereby enhancing the activity at the New Brunswick plant location.

The APTC provided the Newfoundland Department of Transportation with transportation cost analyses of moving **barite** from foreign sources and from Newfoundland sources for use in off-shore exploration programs.

The APTC assisted agricultural interests to explore the feasibility of supplying **hay** to Southern U.S. markets.

More than a dozen companies throughout the Atlantic Provinces utilized the services of the Commission to help them prepare and submit their applications for inclusion of their products under the **selective westbound subsidy** of the Atlantic Region Freight Assistance program.

The Commission assisted the **New Brunswick Government** and a number of industries in assessing the impact of abandonment of railway branch lines upon the companies and the area being served by the lines.

Fish exporters in Nova Scotia and Newfoundland were assisted by the Commission in negotiations with the ocean carriers in respect of an increase of 15% proposed in the ocean rates on the North Atlantic for **fish** shipments. As a result of these efforts the increase was withdrawn for cod, herring and frozen lobster shipments.

Each year the APTC receives a number of inquiries from both industry and carries 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 material in the APTC library.

In response to an increasing number of requests, the APTC prepared **statements showing freight rates** on a variety of

commodities to and from the Atlantic Region via rail, truck, piggy-back and air, or various modal combinations.

Numerous inquiries were received from companies in this region seeking information on current or potential **ocean rates** for various products to and from points throughout the world.

Again this year, the APTC prepared 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. This tabulation is widely distributed to the potato industry. Similar statements are 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 fertilizer industry.

In May, 1984, the APTC organized and conducted a transportation seminar in conjunction with the St. John's Board of Trade. The one day seminar covered the topics: "The Mainland Connection, What Does The Future Hold" and "Small Shipments, How Do I Choose The Right Carrier". The seminar was attended by over eighty persons.

In January, 1985, the APTC participated in three agricultural seminars held throughout Newfoundland. The APTC Assistant General Manager addressed each seminar covering such areas of interest as the role of the APTC, the Atlantic Region Freight Assistance program, motor carrier regulations, private trucking and the phase-out of rail car ferry service to and from Newfoundland. These seminars were attended by approximately 65 persons.

In October, 1984, as part of Export Trade month activities, the APTC in conjunction with the N.B. Trade Development Board and the Saint John Board of Trade organized an Export Trade Seminar for Saint John, N.B. Attended by approximately 70 persons, the seminar covered such topics as Developing Export Markets, Transporting to Export Markets, Implications for Atlantic Provinces of Changing Trade Patterns, and N.B. Trade Strategy for the 80's.

In October, 1984, the APTC participated in a Business Information Fair in Saint John, N.B., sponsored by the Federal Business Development Bank. Joining approximately 40 other exhibitors, which included federal, provincial and regional agencies and government departments, the APTC distributed literature and responded to questions as part of the objective of acquainting interested companies and individuals with the services available through the APTC.

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/MEETINGS/ORGANIZATION</u>	<u>NATURE OF PARTICIPATION</u>
<u>1984</u>		
April 5	Canadian Feed Industry Association Annual Meeting	Report
April 5	Scotia Investments Transportation Seminar	Address
April 30	New England Trade Opportunities Conference	Panelist
May 15	Truro & District Chamber of Commerce	Address
May 22	St. John's Transportation Seminar	Organizer
May 28	Atlantic Provinces Chamber of Commerce Annual Meeting	Report
June 7	Maritime Lumber Bureau Annual Meeting	Report
September 18	Transportation Club of Moncton	Address
October 11	Seminar for Exporters on Transportation & Trade	Organizer/ Panelist
October 12	Canadian Feed Industry Association Semi-Annual Meeting	Report
November 15	Purchasing Management Association of Canada	Address
November 24	N.B. Potato Shippers' Association Annual Meeting	Address
December 5	Voluntary Planning 1985 Economic Outlook Conference	Address
December 17	P.E.I. Potato Dealers' Association Meeting	Address
<u>1985</u>		
January 7-10	Newfoundland Agricultural Transportation Seminars	Address
January 14	Purchasing Management Association of Canada	Lecture
January 21	Annual Business Society Conference (Mount St. Vincents)	Address
February 6	Transportation Deregulation Conference	Moderator/ Panelist
February 7	N.S. Forest Products Association Annual Meeting	Report

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 them. During the year over 11,000 **Rate Advices** were issued by the APTC, reflecting a major 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. **Tips & Topics**, the APTC newsletter, continued to be published monthly during the past year with an average circulation of 3,447 copies.

During the year, the APTC was called upon for assistance by provincial government departments and other industrial development agencies for transportation information for new or expanded industrial plants. Approximately twenty-one **industrial development inquiries** were dealt with during the past year.

In response to an invitation to meet with the **New Brunswick Trade Strategy Task Force**, in February, 1985, the APTC prepared and presented a major submission on the role of the APTC in assisting exporters to reach markets competitively and some of the major transportation factors - both negative and positive - that affect such market penetration.

In May, 1984, the APTC met with the **New Brunswick Cabinet Committee on Economic Development**. In its submission, the APTC stressed the importance of transportation to the regional economy and the part the APTC plays in helping companies in the Atlantic Provinces improve their competitive position in national and international markets. The submission also stressed the importance of the Atlantic Region Freight Assistance program to industry in the region.

Close association has been maintained by the APTC during the year with a number of organizations, both within and outside the Atlantic Region. Specifically, a close liaison has been maintained with the Atlantic Provinces Chamber of Commerce, the Atlantic Division of the Canadian Industrial Traffic League, the Atlantic branches of the Canadian Manufacturers' Association, the New Brunswick Potato Shippers' Association and the Prince Edward Island Potato Marketing 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, the Canadian Transportation Research Forum, the 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 has served as a member of Transportation Co-ordinating Group of the Metric Commission of Canada. Two of the APTC's staff are graduates of the Canadian Institute of Traffic and Transportation program and maintain association with that organization. During the past year the Vice-Chairman of the APTC served as a Director of the Atlantic Provinces Chamber of Commerce.

DIRECTORS

In June of 1984, two long-time members of the APTC Board of Directors completed their terms of office. George Wright, an appointee of the Government of the Province of Prince Edward Island, completed twelve years of service to the Commission. During those years he had served as a member of the Executive Committee from 1974 to 1976, as ViceChairman 1976 to 1978, and as Chairman 1978 to 1980. Mr. Wright was the first Chairman of the Atlantic Provinces Transportation Commission from the Province of Prince Edward Island. He gave extensively of his time to the activities of the Commission during his fourteen years as an APTC Director. To him, the Directors and General Manager extend their sincere thanks and appreciation for the direction and leadership he gave to the Commission.

Harry Manuel, of Corner Brook, Nfld., an appointee of the Atlantic Provinces Chamber of Commerce to the APTC Board of Directors, concluded his term of office with the APTC. Mr. Manuel was first appointed to the Board in June, 1976, and elected a member of the APTC Executive Committee in June, 1982. He served as APTC Vice-Chairman during the year 1983-84. During his eight years as a Director, Mr. Manuel gave extensively of his time to the direction of the APTC. To him, the Directors and General Manager extend their thanks.

On November 14, 1984, the Government of Prince Edward Island appointed David A. Scales, President of Island Fertilizer Limited, of Charlottetown as an APTC Director to fill the vacancy created by Mr. Wright's resignation.

At the Annual Meeting of the Atlantic Provinces Chamber of Commerce in June of 1984, Brian K. Wentzell of Corner Brook was appointed to replace Mr. Manuel.

ACKNOWLEDGMENTS

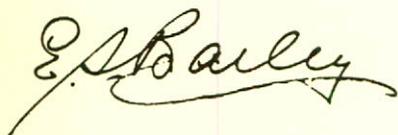
The success of the APTC is dependent upon four distinct groups. First is the loyal and dedicated staff and the APTC is fortunate indeed to have such a staff. To them, the Chairman and General Manager extend their sincere thanks for discharging their duties in a conscientious and efficient manner.

Secondly, the organization requires a strong and dedicated management group or Board of Directors. Here again, the APTC is fortunate in having a Board of Directors representing a broad range of economic interests and a wide geographic representation from throughout the four Atlantic Provinces. This Board serves without remuneration and the direction and support they give to the staff is in no small measure responsible for the success of the APTC's activities year after year. To the Directors, the Chairman and General Manager express their sincere thanks.

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

Finally, the APTC's work would not be possible without the financial support and the participation of the Governments of the four Atlantic Provinces and their officials. The Chairman, Directors and General Manager express to the Governments and their officials sincere thanks for both the financial support received and the personal cooperation and assistance rendered.

All of which is respectfully submitted.



E. S. Bailey
Chairman



Craig S. Dickson
General Manager

