

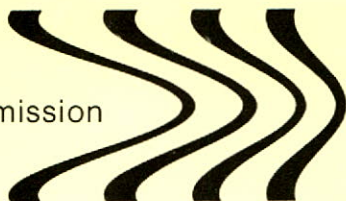
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TRANSPORTATION
REVIEW
AND
ANNUAL REPORT

...57th Year of Service



Atlantic Provinces Transportation Commission



**TRANSPORTATION REVIEW
AND
ANNUAL REPORT FOR THE
YEAR ENDED MARCH 31, 1982**

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.

Honourable Ronald Giffin
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 R.B. Pratt
Minister of Highways & 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, 1981, to March 31, 1982. This report attempts to review transportation developments in Canada, particularly as they relate to the Atlantic Provinces. In addition, it covers to a limited extent some of the activities of the Commission during the year 1981-82.

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,

A handwritten signature in dark ink, appearing to read 'Elwood L. Dillman', with a large, sweeping flourish at the end.

Elwood L. Dillman
Chairman

CONTENTS

	Page
DIRECTORS	4
1981-82 EXECUTIVE COMMITTEE	5
COMMISSION STAFF	8
OBJECT AND FUNCTIONS OF THE APTC	9
GENERAL TRANSPORTATION REVIEW	10
— Rail	10
— Highway	15
— Air	17
— Marine	19
— Ferries	23
GENERAL LEVEL OF RATES	25
— Rail Rates — Domestic	25
— International	26
— Express	27
— Truck Rates	27
— Pool Car and Domestic Water Rates	30
ATLANTIC REGION FREIGHT ASSISTANCE	30
PILOTAGE	32
SUBMISSIONS TO I.C.C. RE INTERNATIONAL RAIL RATES	34
MOTOR CARRIER FUEL SURCHARGE	35
C.T.C. INQUIRY INTO THE HANDLING OF DANGEROUS GOODS	37
REVISION OF THE C.T.C. GENERAL RULES	38
C.T.C. HEARINGS RE DART CONTAINERLINE SERVICE	38
HALIFAX GRAIN ELEVATOR	40
ELIGIBILITY OF P.E.I. PRODUCTS FOR SUBSIDY	41
SERVICE TO INDUSTRY	42
MEETINGS AND CONFERENCES	45
OTHER ACTIVITIES	45
COMMISSION DIRECTORS	47
ACKNOWLEDGEMENTS	48

**DIRECTORS OF THE
ATLANTIC PROVINCES TRANSPORTATION COMMISSION
AS AT MARCH 31, 1982**

Honourary Chairman — Dr. A. Murray MacKay, Halifax, N.S.

NOVA SCOTIA

Government

L.J. Hayes

D.J. MacDougall

F.T. Stanfield

Atlantic Provinces Chamber of Commerce

D.G. Burchell

E.L. Dillman

C.A. Meisner

Halifax, N.S.

Halifax, N.S.

Truro, N.S.

North Sydney, N.S.

Hantsport, N.S.

Liverpool, N.S.

NEW BRUNSWICK

Government

G.F. Eddy

F.H. Hatfield

W.W. Steeves

Atlantic Provinces Chamber of Commerce

E.S. Bailey

E.M.S. Fisher

T.S. Simms, Jr.

Bathurst, N.B.

Hartland, N.B.

Fredericton, N.B.

Edmundston, N.B.

Sackville, N.B.

Saint John, N.B.

PRINCE EDWARD ISLAND

Government

K.A. MacKenzie

G.D. Wright

Atlantic Provinces Chamber of Commerce

D.N. MacKenzie

C.M. McLean, Sr.

Charlottetown, P.E.I.

Central Bedeque, P.E.I.

O'Leary, P.E.I.

Charlottetown, P.E.I.

NEWFOUNDLAND

Government

H.M. Noel

E.J. O'Brien

Atlantic Provinces Chamber of Commerce

H. Manuel

N.H. Smith

Grand Falls, Nfld.

St. John's, Nfld.

Corner Brook, Nfld.

St. John's, Nfld.

ALSO

President, Atlantic Provinces Chamber of Commerce

STAFF

Craig S. Dickson, General Manager

Ramsay M.S. Armitage, Assistant General Manager

Lorne M. Mitton, Transportation & Distribution Officer

Austin S. Durant, Senior Traffic Analyst

Peter A. Vuillemot, Assistant Transportation & Distribution Officer

Dale V. Ronalds, Traffic Analyst

Sheldon B. Steeves, Assistant Traffic Analyst

Debbie E. Matchett, Assistant Traffic Analyst

Charles D. Mollins, Research Officer & Accountant

Mona Cormier, Senior Tariff Clerk

Cathy Peters, Staff Secretary

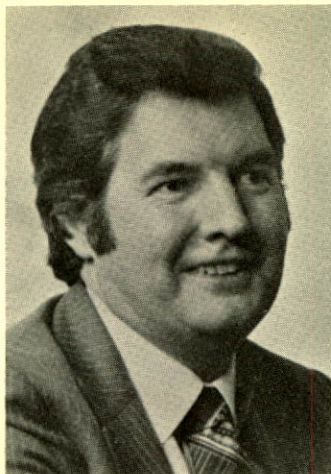
Susan Wilson, Assistant Staff Secretary

Donna McKay, Assistant Staff Secretary

1981 - 1982

EXECUTIVE

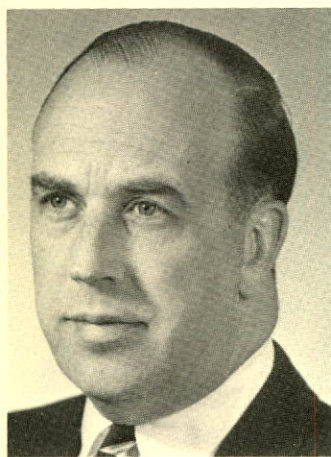
COMMITTEE



E.L. DILLMAN

Chairman

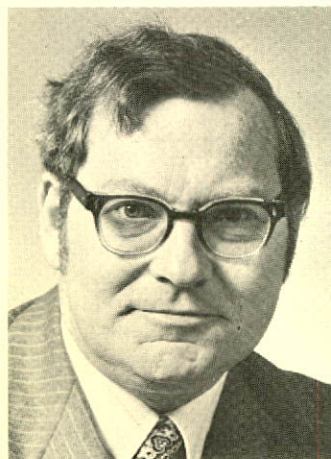
Corporate Traffic Manager
Canadian Keyes Fibre Co. Ltd.
Hantsport, N.S.



E.M.S. FISHER

Vice-Chairman

President & General Manager
The Enterprise Foundry Co. Ltd.
Sackville, N.B.



D. J. MacDOUGALL

Director, Transportation Policy
Province of Nova Scotia
Halifax, N.S.

1981 - 1982

EXECUTIVE

COMMITTEE



D.N. MacKENZIE

Manager

H.B. Willis Inc.

O'Leary, P.E.I.



K.A. MacKENZIE

Director of Transportation

Province of Prince Edward Island

Charlottetown, P.E.I.



E.J. O'BRIEN

Director of Transportation

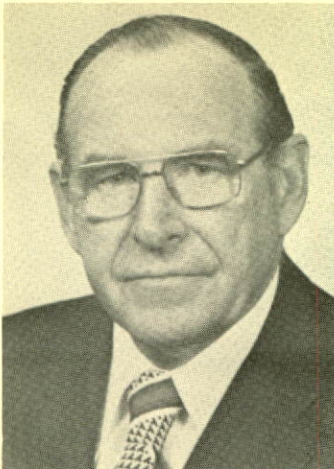
Province of Newfoundland

St. John's, Nfld.

1981 - 1982

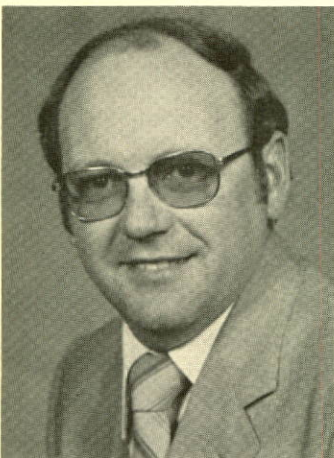
EXECUTIVE

COMMITTEE



N.H. SMITH

St. John's, Nfld.

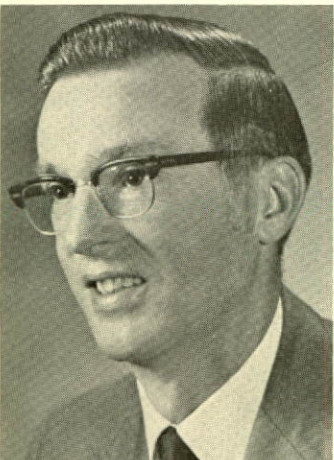


W.W. STEEVES

Assistant Director, Transportation

Province of New Brunswick

Fredericton, N.B.



CRAIG S. DICKSON

General Manager

Moncton, N.B.

COMMISSION STAFF



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

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 and 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 over-all 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 submission in regards 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) 855-0031, Telex 014-2842.

GENERAL TRANSPORTATION REVIEW

Rail

Economic conditions in 1981 resulted in a reduction in rail carloading in Canada as evidenced in the table below. Non-carload traffic continued on a declining trend. Statistics for carloading in the Atlantic Provinces are not timely available for inclusion in this report.

RAILWAY CARLOADING 1981

	1981	1980	% Change
	(Tons X'000)	(Tons X'000)	
Carload Traffic Loaded	253,189	259,706	- 2.5
Non-Carload Traffic Loaded	553	619	-10.7

Source: Statistics Canada Railway Carloading, December, 1981,
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

	1981	1980
	(in millions)	(in millions)
System Profit	193.2	192.7
Income From Divisions		
Before Taxes:		
CN Express	(39.9)	(53.1)
CN Marine	9.3	8.7
CN Rail	230.4	251.0
CN Trucking	(.3)	2.1
TerraTransport	(28.8)	(26.9)

CANADIAN PACIFIC LIMITED

	1981	1980
	(in millions)	(in millions)
System Profit	485.6	583.2
Net Income From Divisions:		
CP Air	(22.8)	2.8
CP Rail	127.2	121.6
CP Ships	43.8	52.4
CP Trucks	5.5	(1.5)

(Brackets Denote Loss)

Payments received to December 31, 1981, by both major railways under terms of the National Transportation Act, in respect of the maintenance of services of uneconomic branch lines and those unprofitable passenger services, which are required to be maintained in the public interest, not included in the VIA Rail Canada network are outlined below:

Subsidies Paid To Canadian National Railways
And Canadian Pacific Limited
Under Terms Of The National Transportation Act
In Respect Of Year 1980

(Payments To December 31, 1981)

	Canadian National Railways		Canadian Pacific Limited	
	Claimed	Paid	Claimed	Paid
Sections 256 and 258 of the Railway Act				
In respect of uneconomic branch lines	\$112,463,723	\$76,558,157	\$109,209,287	\$85,630,722
Section 261 of the Railway Act				
In respect of unprofitable passenger service	1,897,576	1,325,604	142,074	—
Totals	\$114,361,301	\$77,883,761	\$109,351,361	\$85,630,722

Source: Canadian Transport Commission, Fifteenth Annual Report

Effective April 1, 1980, VIA Rail Canada assumed responsibility for most passenger train services in Canada. Payments to VIA Rail Canada are not now made under the Railway Act and subsidies paid in respect of passenger services in the foregoing table do not include payments by the Federal Government to VIA Rail Canada.

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

Payments To Canadian National Railways
And Canadian Pacific Limited
Under Terms Of The National Transportation Act
In Respect Of Year 1980

(Payments To December 31, 1981)

	Atlantic Provinces	Central Canada	Western Canada	Through Services Between Central And Western Canada
Canadian National Railways				
Section 256 (unprotected branch lines)	\$1,397,328	\$261,943	\$7,672,865	Nil
Section 258 (guaranteed branch lines)	Nil	Nil	\$67,226,021	Nil

Canadian Pacific Limited

Section 256

(unprotected branch lines)	\$85,136	\$706,194	\$7,739,159	Nil
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Section 258

(guaranteed branch lines)	Nil	Nil	\$77,100,233	Nil
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Source: Canadian Transport Commission, Fifteenth Annual Report

In July, 1981, the Federal Government announced that major cutbacks would be implemented in VIA Rail's service across Canada which included the elimination of 17 trains and the reduction of services on six other routes. In the Atlantic Provinces the reductions included the elimination of the daily eastern transcontinental train, the Atlantic Limited from Halifax to Montreal via Saint John and the rail liner service between Moncton and Edmundston. The elimination of these services became effective on November 15, 1981.

During 1981-82 the Canadian Transport Commission ruled on three Canadian National applications for abandonment of specific portions of their railway lines in New Brunswick and Nova Scotia as follows:

- On June 19, 1981, the Railway Transport Committee of the Canadian Transport Commission released its decision on a request by Canadian National Railways to abandon the operation of that portion of the Yarmouth Subdivision in Nova Scotia from a point near Liverpool (mileage 0.92) to Yarmouth (mileage 136.60), a total distance of 135.68 miles. This abandonment application was the subject of public hearings in September, 1980. The decision ordered that the CNR shall abandon the operation of the subdivision no earlier than August 1, 1982, but in no case before the Committee is satisfied that present customers served by the CNR at Yarmouth would be adequately served at that location by the Dominion Atlantic Railway (Canadian Pacific Limited). To accomplish this, the decision ordered the CNR to enter into negotiations immediately with the DAR and allowed six months for the negotiations to be completed. In its decision, the Committee determined that the branch line is uneconomical and is likely to continue to be uneconomical.

A decision by the Railway Transport Committee of the Canadian Transport Commission which authorized the abandonment of the CN Rail Dartmouth Subdivision in Nova Scotia from a point near Imperoyal (mileage 18.50) to Upper Musquodoboit (mileage 81.80) has been successfully appealed. The application for a review of the decision was submitted by the Province of Nova Scotia, the Eastern Shore Development Commission and the Dartmouth Chamber of Commerce. In its decision dated August 27, 1981, the Canadian Transport Commission, on the basis of the new facts presented at public hearings, ordered the following:

1. The Canadian National Railways shall not abandon the operation of the branch line on the condition that:

- (a) Within two years from the date of this order the Government of the Province of Nova Scotia and the Canadian National Railways enter into a contract for the construction of a spur line to serve the East Chezzetcook Industrial Park; and
 - (b) Within three years from the date of this order, the said spur line is in operation.
- 2. Should the contract mentioned in paragraph 1 (a) not be entered into within two years from the date of this order, Canadian National Railways shall abandon the operation of the branch line on August 27, 1983.
 - 3. Should the subject spur line not be in operation within three years from the date of this order, Canadian National Railways shall abandon the operation of the branch line on August 27, 1984.
 - Application to abandon the operation of the Albert Subdivision in New Brunswick from Salisbury (mileage 0.00) to Hillsborough (mileage 24.36), a total distance of 24.36 miles. A public hearing was held on March 30, 1982, at Moncton. The C.T.C. decision of March 31, 1982, approved abandonment of the Albert Subdivision from mileage 2.85 to 24.36. The first 2.85 miles was deemed in the public interest and therefore ordered not to be abandoned.

In addition to the above decisions, the following applications by Canadian National and Canadian Pacific for abandonment of sections of their railway lines in New Brunswick and Nova Scotia were being processed by the Canadian Transport Commission as listed below:

- Canadian National application to abandon the operation of the Centreville Subdivision in New Brunswick from Valley (mileage 0.00) to Centreville (mileage 27.72), a total distance of 27.72 miles. A public hearing has been scheduled for April 1, 1982, at Woodstock.
- Canadian National application to abandon the operation of the Richibucto Subdivision in New Brunswick from Kent Junction (mileage 0.00) to Richibucto (mileage 26.50), a total distance of 26.50 miles. There has been no hearing or decision announced by the C.T.C. on this application at the time of writing.
- Canadian National notice of intention to apply to abandon the operation of the Middleton Subdivision in Nova Scotia from Bridgewater Junction (mileage 0.00) to Bridgetown (mileage 66.84), a total distance of 66.84 miles. There has been no further announcement by the C.T.C. on this application at the time of writing.

Canadian National had applied, a number of years ago, to abandon the Caledonia Subdivision in Nova Scotia and following a public hearing thereon, the Canadian Transport Commission by order dated May 31, 1977, required the railway to retain the line. On March 23, 1982, the Canadian Transport Commission, pursuant to its statutory requirement to review such abandonment applications at intervals not exceeding five years from the date of the last consideration, issued a notice indicating that in light of little traffic

moving over the line in 1981, the Commission intends to reconsider the application and seeks reasons why a public hearing is deemed necessary. Interested parties are given until May 7, 1982, to respond.

In a similar situation, Canadian Pacific Limited had applied to abandon the operation of a portion of the Shore Line Subdivision in New Brunswick between Lepreau and a point near St. George. The C.T.C. by order dated February 14, 1977, and following a public hearing, required the railway to retain the line. On March 3, 1982, the C.T.C. issued a notice indicating that no traffic moved over the line in 1981. It intends to reconsider the application and seeks reasons why a public hearing is deemed necessary. Interested parties are given until April 16, 1982, to respond.

The question of jurisdiction of the Canadian Transport Commission over charges assessed by the railways to industries for the use of railway materials in private sidings serving such industries has been before the Canadian Transport Commission since the fall of 1979. In its initial decision the C.T.C. found that except in exceptional circumstances, it did not have jurisdiction to intervene in the rental charges made by the railways for the use of railway materials in private sidings. Leave to appeal that initial decision was denied by the Federal Court of Appeal. An application by the Province of Ontario to the C.T.C. for a review of the decision was heard and in a decision dated April 3, 1981, the Review Committee of the C.T.C. found that the C.T.C. should not decide whether it has jurisdiction based on a stated question but instead it should deal with each application on its own merits. (The C.T.C. had found and the Review Committee confirmed that the Committee's jurisdiction rested in the public interest clause, i.e., Section 23 of the National Transportation Act.)

As a result, on August 12, 1981, the Canadian Transport Commission invited "... any party who has a complaint against a railway company in respect of an increase in the rental of materials used in private sidings to apply to the Railway Transport Committee pursuant to Section 23 of the National Transportation Act for a determination, first, as to whether or not the Committee has jurisdiction in their particular case, and second, for the appropriate remedy."

At year end, a number of companies have applied to the C.T.C. under Section 23 of the National Transportation Act for leave to appeal the siding rental charges of the railways. Such applications are under investigation by the C.T.C. but it has not yet determined whether or not a prima facie case has been made.

The 1981-82 year saw TerraTransport proceed with plans to introduce a new containerization service to the Newfoundland railway system. Over the next five years, \$67 million will be spent on a complete system which includes 20 foot and 40 foot containers and container handling equipment.

TerraTransport has announced the establishment of ServoCentres in Newfoundland at St. John's, Grand Falls and Corner Brook. The ServoCentre concept introduced on the mainland earlier enables the railway to discontinue many of its traditional agency services by providing a toll free Zenith number

for use by its customers in contacting the ServoCentres. Concurrent with this announcement, TerraTransport applied to the Canadian Transport Commission to discontinue services at 32 stations and agencies throughout Newfoundland and to abandon passenger train service on its Argentia and Carbonear branches.

During the year covered by this report, hearings were held in Newfoundland by the C.T.C. into a fare increase implemented by TerraTransport on its Roadcruiser bus service. The increase, which became effective on October 30, 1981, had been opposed by the Government of Newfoundland and Labrador and the Newfoundland and Labrador Federation of Municipalities. A decision has not yet been given.

In 1981-82, the C.T.C. received two applications under Section 23 of the National Transportation Act of interest to the Atlantic Region. One was filed by the Canadian white bean industry concerning the application of demurrage to export shipments of white beans through the Port of Saint John. The C.T.C. has not yet decided whether there has been a prima facie case made by the applicant.

The other application was by Summers Transport Limited of St. John's concerning rates on beer from St. John's to several Newfoundland locations. The applicant complained that the pricing action of the railway was contrary to the public interest. The C.T.C. found that a prima facie case had not been made and dismissed the application on March 17, 1982.

Following the issuance of a report entitled "Obstacles" by the Special Parliamentary Committee on the Disabled and Handicapped in February, 1981, the C.T.C. undertook an inquiry into the Inter-city Bus Service to the Disabled in Newfoundland. Their September, 1981, report called for the creation, if funds are made available by the Minister of Transport, of a new service within the Roadcruiser inter-city network that would provide mobility for both able-bodied and disabled persons. Such a service, if established, would be a first in North America.

Highway

Following a hearing held in Halifax in April, 1981, the Canadian Transport Commission allowed the acquisition of Les Entreprises Bussieres Ltee. by Canadian National Railways, through its wholly-owned subsidiary, Transport Husband (Quebec) Inc., jointly with the Quebec Government. Among other companies, Les Entreprises Bussieres Ltee. controls Bellechasse Transport, Rimouski Transport, Speedway Express, Keith MacKinnon Transport and Overnite Express. An objection to the acquisition was made by the Canadian Brotherhood of Railway, Transport and General Workers, while interventions were made by the Government of the Province of Nova Scotia, the APTC and the Atlantic Provinces Trucking Association. The intervention of the APTC was prompted by its concern over the Government of the Province of Quebec becoming a 50% shareholder in a large trucking complex in light of possible conflict with the regulatory control over truck transport by provincial government agencies in that province. In its decision the Committee concluded that it had not been established that the acquisition will unduly restrict competition or otherwise be prejudicial to the public interest.

The subject of the economic regulation of motor carriers is one which generated considerable attention throughout North America during the past year. The Economic Council of Canada completed a three-year study entitled "Reforming Regulation 1981" which included recommendations for the removal of all regulatory restrictions on the operating freedom of existing for-hire motor carriers and the institution of very minimum entry requirements for new applicants. The Canadian Manufacturers' Association made representations to the Canadian Conference of Motor Transport Administrators requesting greatly relaxed restraints on entry into the for-hire trucking industry. The position of the C.M.A. was influenced in a large measure by a perceived competitive advantage over Canadian manufacturers gained by their U.S. counterparts as a result of regulatory reforms within the United States. The APTC, in conjunction with the Halifax Board of Trade, sponsored a Shipper-Carrier Conference which dealt with the topic "Motor Carrier Regulations - Do We Need Them?". The conference brought a mixture of opinions on the appropriateness of the present level of economic trucking regulations.

With the objective of obtaining the views of the users of motor carrier services in relation to the need for regulatory reform, the APTC conducted a survey of selected shippers and receivers in the Atlantic Provinces. Fifty-eight companies were interviewed with the objective of obtaining a good cross-section of types of businesses, with no attempt made to select companies which were known to hold a particular viewpoint on the subject. The results of the survey revealed that almost 75% of the companies interviewed are dissatisfied with the present motor carrier regulations. It also revealed that almost 90% of those dissatisfied would favour the elimination of entry regulations into for-hire trucking (other than financial responsibility, insurance and safety). The results of the survey were featured in the November, 1981, issue of the APTC's bulletin, "Tips & Topics."

During the year under review, the Nova Scotia Government established a Motor Carrier Act Review Committee to determine whether the interests of both the shipping and receiving public and the trucking industry are adequately served by the motor carriers operating both intra and extra provincially as currently regulated under the Motor Carrier Act and Regulations. The Committee has been receiving written briefs and conducting public hearings to obtain input from shippers, carriers and other interested parties on possible changes to the Motor Carrier Act. The Committee, after making its investigation, will make recommendations on whether or not changes should be made to the Nova Scotia Motor Carrier Act and Regulations.

During the year under review, a new motor vehicle reciprocity agreement was reached by the majority of the Canadian provincial governments. The Canadian Agreement on Vehicle Registration (CAVR) became effective on April 1, 1981, in the Provinces of New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. The agreement became effective January 1, 1982, in the Province of Newfoundland and will become effective on April 1, 1982, in the Provinces of Nova Scotia and Quebec. Prince Edward Island, the Yukon and Northwest Territories are not participating in the plan.

The Canada-wide agreement will result in the registration of trucks on a prorated mileage basis that will depend on the mileage travelled in each province. The new plan, which is optional, will require a truck operator to apply in advance indicating the mileage for the coming year in each province. The agreement is designed to reduce multiple taxation in the payment of annual vehicle licenses or registration fees.

On January 1, 1982, the SMT (Eastern) Ltd. bus schedules in New Brunswick were expanded by increasing to three the daily return trips between Moncton, Fredericton and Saint John. This change eliminates the need to change buses and adds an additional return trip per day. In addition, a direct service was established between Edmundston and Amherst, thus significantly reducing the travel time across the province.

On February 2, 1982, a \$1 million grant was announced as being awarded to SMT (Eastern) Ltd. to improve bus service between Edmundston and Moncton. The grant will be used by SMT to construct a bus terminal and related facilities in Edmundston and to purchase four new inter-city buses. Construction costs of the terminal are estimated at \$350,000 and the buses are expected to cost \$760,000.

Air

The creation of Newfoundland Capital Corporation as sole owners of Eastern Provincial Airways (1961) Ltd. and the proposal of Eastern Provincial Airways to create a new company, Air Maritime, to operate the current EPA non-jet fleet brought a major change to the corporate structure of airlines serving the region in 1981-82.

The Air Maritime service would utilize the 40 seat HS-748 turbo-prop equipment between Maritime centres, such as, Moncton, Fredericton, Saint John, Magdalen Islands, Halifax, Sydney, Charlottetown and St. Pierre. The Canadian Transport Commission has scheduled public hearings on this proposal for early May, 1982, along with applications by EPA, Quebec Aviation Ltd. and Atlantair (1981) Ltd. to serve St. Leonard, N.B. A \$1 million federal subsidy has been offered to the airline which is successful in securing authority to service St. Leonard.

Some of the new services commenced by Air Canada during the past year included non-stop DC-8 jet service between Halifax and Calgary for the summer months of 1981 and a same plane overnight freighter service from Western Canada to St. John's, Nfld. This service is designed primarily to accomodate equipment for the oil exploration industry.

Labrador Airways commenced a scheduled service between St. John's and the south coast of Labrador on June 1, 1981.

The IMP Group of Halifax began regular scheduled service between Halifax and Yarmouth during 1981-82 after successfully securing a license from the Canadian Transport Commission.

During December, 1981, a \$3 million renovation and improvement program was announced for the Sydney Airport as part of a five-year master

plan. Included were a new emergency power unit, rehabilitation of the power distribution system, extension of the maintenance garage and fire hall, expansion of the domestic baggage service, and extension and paving of the ramp area.

Plans were announced by Air Canada in early 1982 for a \$5 million air cargo terminal at the Halifax International Airport to accommodate the offshore oil resource industry. The new 43,000 square foot terminal will cost \$3.5 million with \$1.5 million allotted for mechanized loading equipment.

Increases in air passenger fares of approximately 20% were implemented by Air Canada and CP Air during 1981, with Eastern Provincial Airways' fares rising about 18%. Similar increases in domestic air cargo rates were not disallowed by the C.T.C.

Both EPA and Air Canada received approval to apply a surcharge on the carriage of shipments of restricted articles by air.

During the year, the Canadian Transport Commission held public hearings on EPA's application to discontinue service to Deer Lake. In a decision given on February 19, 1982, the C.T.C. denied the airline such permission.

EPA has renewed its efforts to secure a service to Boston and succeeded in having its request placed on the agenda of on-going bilateral negotiations between Canada and the United States.

The APTC has made representations to both EPA and Air Canada for a system of joint cargo rates between the New Brunswick airports of Chatham and Charlo served by EPA and points served by Air Canada. Before the close of the year, the APTC was advised that agreement has been reached to publish such rates but the effective date is not yet known.

On August 14, 1981, the Federal Minister of Transport released a proposed domestic air carrier policy statement which defined the future role of Canada's national, regional and local air carriers. The proposed policy included, among other things, proposals which would keep the number of national carriers at two and allow them to continue operating scheduled turbo-jet service between and within regions throughout southern Canada; reduce the operating regions for the regional carriers from four to two and allow them to operate non-stop scheduled turbo-jet services between points up to 1,300 kilometres apart within their respective regions; limit local carriers to non-turbo-jet equipment for passenger services, both within and between regions.

This proposed policy statement was referred on December 15, 1981, to the House of Commons Standing Committee on Transport for study and recommendations. Public hearings were held by the Committee in the first three months of 1982. The report of the Committee has not been tabled in the House of Commons as at March 31, 1982.

Air Canada showed an after tax profit of over \$40 million for 1981, however, this was a decrease of 29.7% when compared with the previous year.

Eastern Provincial Airways' net income of \$4.4 million represents a 328.6% increase when compared with 1980.

A brief table of statistical highlights is shown below:

	<u>AIR CANADA</u>			<u>EASTERN PROVINCIAL AIRWAYS</u>		
	<u>1981</u>	<u>1980</u>	<u>Percent Change</u>	<u>1981</u>	<u>1980</u>	<u>Percent Change</u>
Revenue Passengers Carried	12,500,000	13,000,000	-3.8	862,400	824,808	+ 4.6
Revenue Passenger Miles (X'000)	13,974,000	14,759,000	-5.3	410,165	363,303	+ 12.9
Freight Ton Miles (X'000)	319,000	307,000	+3.9	5,106	2,786	+ 83.3
Passenger Load Factor	65%	67%	-3.0	56.9%	55.9%	+ 1.8
Net Income (loss) After Taxes	\$40,100,000	\$57,042,000	-29.7	\$4,402,000	\$1,027,000	+328.6

Source: Air Canada and Eastern Provincial Airways

Marine

Cargo handled at N.H.B. ports in the Atlantic Provinces in 1981 showed a drop of almost 10% from the previous year. In a large measure this decrease consisted of a sharp falling off of imports of crude oil and exports of forest products through the Port of Saint John, although imports of crude oil also showed a significant drop through the Port of Halifax. Containerized cargo recorded a drop of roughly 6% at Saint John and 8% at Halifax, however, at St. John's, Nfld., containerized cargo was up by over 26% from the previous year. This increase was attributable to increased emphasis in the use of containers by marine carriers serving St. John's, plus a general upswing in incoming traffic caused by offshore oil drilling activity. Exports of grain through the Maritime Provinces' ports suffered a net loss of 70,000 tonnes, during 1981, with Saint John recording a decrease of 26% and Halifax an increase of 12% in the handling of this commodity. Other increases were reflected in the volume of bulk cement and gypsum exported through the Port of Halifax.

Waterborne Cargo Tonnage, Loaded Or Unloaded At N.H.B.
Ports Of Saint John, N.B., Halifax, N.S., St. John's, Nfld.,
And Belledune, N.B.

(In Metric Tonnes)

ALL CARGO

<u>Calendar Year</u>	<u>Saint John</u>	<u>Halifax</u>	<u>St. John's</u>	<u>Belledune</u>	<u>Total</u>
1981	13,740,182	13,277,865	1,098,490	394,476	28,511,013
1980	16,281,850	13,593,732*	1,028,142	525,120	31,428,844*
Increase or (Decrease)	(2,541,668)	(315,867)	70,348	(130,644)	(2,917,831)
% Change	-15.6	-2.3	+6.8	-25.8	-9.3

GENERAL CARGO

1981	1,456,435	557,145	411,735	635	2,425,950
1980	1,520,308	601,634	423,237	—	2,545,179
Increase or (Decrease)	(63,873)	(44,489)	(11,502)	635	(119,229)
% Change	-4.2	-7.4	-2.7	—	-4.7

CONTAINER CARGO

1981	903,913	1,785,770	204,196	—	2,893,879
1980	964,292	1,935,371	161,559	—	3,061,222
Increase or (Decrease)	(60,379)	(149,601)	42,637	—	(167,343)
% Change	-6.3	-7.7	+26.4	—	-5.5

* Corrected Figures

Source: National Harbours Board

In February, 1982, Bill C-92, to amend the National Harbours Act, the Government Harbours and Piers Act, the Harbours Commissions Act, the Canada Shipping Act and the Fishing and Recreational Harbours Act received first reading in the House of Commons. The bill is designed to implement a new national ports policy, which has been under discussion for a number of years.

The new policy will give 17 of Canada's major National Harbours Board ports a greater degree of financial independence, but in return makes each more responsible for its own debts. The new policy changes the National Harbours Act of 1936.

Major aspects of the new ports policy include:

- The forgiveness of each port's accumulated capital debts.
- The abolition of the present four member National Harbours Board executive.
- Reconstruction of the N.H.B. into a crown corporation called the Canada Ports Corporation.
- The creation of subsidiary "mini corporations" with their own boards of directors in those ports which the central agency considers are capable of operating independently.

Each board will manage its respective facility and establish fees for the various services the port provides. The directors will also prepare and present an annual budget and capital plan to the central authority. The "mini corporations" will have the power to borrow funds to finance capital projects, but they must still first obtain Ottawa's permission.

As part of the requirement for self-sufficiency, the National Harbours Board at the Ports of Halifax and Saint John established throughput charges to apply on most cargo (excluding bulk grain handled through grain elevators and cargo moved through Halterm in Halifax or Brunterm and Forterm in Saint John) moving through the ports effective July 1, 1981. Also, other rates and

charges for wharfage, harbour dues, berthage, buoyage and anchorage at N.H.B. ports were increased on November 1, 1981, by 14%. Similar terminal service charges at other government wharves were increased on April 1, 1982, by 15%.

Effective January 1, 1982, the National Harbours Board declared the Port of Saint John to be an International Longshoremen's Association (ILA) truck-tailgating port. This will mean that all truck tailgating of breakbulk cargo (non-containerized) in the harbour areas, allocated by the N.H.B. to an employer operator who is a party to the collective agreement between the Maritime Employers Association (MEA) and the ILA, will be carried out by members of the ILA Local 273. Tailgating charges are assessed against the importer or exporter or his representative. Excluded from the application of the tailgating requirement is rail traffic, including rail piggyback traffic, for which the railways do their own loading and unloading.

During November, 1981, a \$17.6 million contract was awarded to build a potash loading terminal in the Port of Saint John at Barrack Point. The National Harbours Board awarded the contract as part of its \$21 million share of the \$40 million terminal. The remaining portion valued at \$19 million will be paid by the Potash Company of America, who will use the facility. The terminal is scheduled for completion by mid-1983.

An \$80,460 contract for the construction of a roll-on/roll-off ramp for the Navy Island Forest Products Terminal was awarded during November, 1981. The ro-ro ramp is a loading platform at dockside which permits materials to be loaded and unloaded off vessels with forklift vehicles and other machinery.

The Fairview Cove container terminal at the Port of Halifax commenced operations in November, 1981. This terminal is being utilized by the Polish Ocean Lines which began serving Halifax in March, 1981. The line operates a fortnightly service to Continental Europe. Plans to increase this to a weekly service in January, 1982, have been delayed temporarily.

In December, 1981, Nova Scotia Premier John Buchanan announced the appointment of a Committee to inquire into the effectiveness of present methods of promoting the Port of Halifax and to examine the impact of policies of both the Federal Government and the Canadian National Railways on the port. This move was prompted by the loss of Dart Containerline and Trans Freight Lines from the port. The operations of Dart Containerline were transferred to the Port of Montreal which subject is dealt with more fully under the heading "C.T.C. Hearings Re Dart Containerline Service" later in this report. Trans Freight Lines discontinued direct service to Eastern Canada via Halifax in November, 1981, after serving the port for fourteen months.

Other changes in or additions to international steamship services involving the Atlantic Ports are:

- NAWAL moved its containerline service connecting Eastern Canada with numerous ports in West Africa to the Port of Montreal reducing the Halifax service to winter only.

- Galleon Shipping Corp., a Philippine based company, moved its liner service to Saint John from Halifax. Reasons cited were New Brunswick's lumber industry, which accounts for much of Galleon's cargo and the fact that Saint John is served by two transcontinental railways, Canadian National and Canadian Pacific.
- Atlantic Container Line announced, during May, 1981, the addition of a weekly container service on its Halifax to Bermuda service in co-operation with Bermuda Container Line. Service accommodates 20 foot dry van and reefer containers from Halifax to New York on ACL vessels and from New York to Bermuda via BCL vessels. In the spring of 1982, Saguenay Shipping Limited announced that it was discontinuing its container service from Eastern Canadian ports, including Halifax, to Bermuda. A space charter agreement between Saguenay and ACL/BCL has been reached in which Saguenay containers will move to Bermuda via the ACL/BCL vessels.
- Box Caribbean Lines inaugurated a new fortnightly container service from Saint John to the Caribbean. The line offers a direct full containerload service in 20 foot and 40 foot containers to major ports in the Caribbean.
- Concorde Line commenced operation of a tri-weekly service in the fall of 1981 for both full containerloads and LCL cargo connecting the Port of Saint John with a number of ports in the Caribbean.
- In March, 1982, Franco Express Lines, a new non-conference container line, announced it will begin calling at the Port of Saint John of May 10, 1982. Ports of call in Europe will be Rotterdam, Bremen, Hamburg, Antwerp, Dunkirk and La Pallice. This is the first containerline service to Western Europe from the Port of Saint John.

The member lines of the Canada-United Kingdom Freight Conference and the Canadian North Atlantic Westbound Freight Conference, operating services between Canadian Maritime, St. Lawrence River and Great Lakes ports and the United Kingdom, Northern Ireland and the Republic of Ireland, have advised that Quebec will be removed from the conference list of base ports and that effective June 1, 1982, eastbound cargo will not be accepted at Quebec nor westbound cargo delivered to Quebec. The member lines of these conferences are: Atlantic Container Line GIE, Canadian Pacific Steamships Ltd., Dart Containerline (Canada) NV, Manchester Liners Ltd. and Golden Cross Line Ltd.

A major study to determine the requirements for and the development of a master plan for the Port of St. John's, Nfld., including other ports on the Avalon Peninsula, was commissioned by Transport Canada during the past year. The study is being undertaken by Fenco (Nfld.) Ltd., MacLaren Plansearch Ltd. and the Lavalin Group of companies.

Newfoundland Steamships Limited established a full container service between Montreal and both Corner Brook and St. John's, Nfld., in the spring of 1982, replacing the side loading and partial container service operated by this

company for many years. The new service will be operated using a two-ship fleet - the 350 TEU (20 foot equivalent) "Catalina" and the 220 TEU "Lady M.A. Crosbie" to provide full container service to St. John's every five days and to Corner Brook every ten days. Over a transitional period, a new three-tier (1 - house to house; 2 - house/pier to house/pier; and, 3 - pier to pier) rate structure will be introduced. The introduction of this new service coincides with the termination of a subsidy agreement effective April 1, 1982, which provided payments to the steamship line in return for providing a steamship service as an alternative to the rail-ferry service between North Sydney and Port aux Basques. The subsidy agreement was not due to expire until 1986 but, in lieu of its continuance, lump sum payments of \$3.4 million in 1981-82 and \$2.5 million for 1982-83 were made to the company by Transport Canada.

Last year's Transportation Review and Annual Report reported on the new container service established by The Harvey Group of St. John's, Nfld., between Montreal and St. John's under the name of Atlantic Freight Lines Inc. In October, 1981, the company added a second vessel to its operation ("M.V. Lady Franklin") to augment the frequency and capacity of the "M.V. Bonaventure." The new service offers a sailing from Montreal every five days and provides door-to-door transportation by container between points in the Provinces of Ontario, Quebec and Newfoundland. In announcing the new service, the company stated that a further expansion to include Stephenville as a regular port of call to service Western Newfoundland is expected to be announced later. In December, 1981, it was announced the Atlantic Freight Lines had formed a partnership with Canada Steamships Line Group Inc.

Effective February 1, 1982, Clarke Transport Canada Inc., has improved its services from Halifax to St. John's, Nfld, by offering a van container service using Federal Commerce and Navigation's ro-ro operation with sailings every Saturday from Halifax, thus providing two sailings a week to St. John's instead of one. Future plans call for expansion of the service to the New Brunswick centres of Moncton and Saint John via Halifax.

Ferries

Traffic totals for ferry operations in Atlantic Canada for 1981 showed a only small variances when compared with the previous year. Overall totals for passengers and automobiles were virtually identical, while truck and tractor trailer traffic decreased 2.7%, when compared with 1980.

Statistics for the year 1981 appear below, with 1980 figures in brackets.

FERRY OPERATING STATISTICS FOR ATLANTIC CANADA

<u>Service</u>	<u>Passengers</u>	<u>Automobiles</u>	<u>Trucks and Tractor Trailers</u>
<u>CN Marine Services</u>			
Cape Tormentine - Borden	1,530,187 - 1.4% (1,552,555)	457,654 - 1.4% (464,234)	154,892 - 2.5% (158,851)
North Sydney - Port aux Basques	298,801 + 2.4% (291,656)	70,134 + 1.9% (68,840)	42,033 + 3.7% (40,534)
North Sydney - Argentia (1)	43,460 + 2.5% (42,402)	10,422 - 4.4% (10,905)	121 -11.0% (136)

Yarmouth -	91,362 + 0.5%	24,739 + 4.7%	323 +31.8%
Bar Harbour (2)	(90,927)	(23,619)	(245)
Yarmouth -	8,877 + 8.5%	1,803 - 9.2%	4,279 +19.3%
Portland	*(8,008)	(1,985)	(3,588)
Saint John -	250,398 + 1.1%	57,694 + 0.9%	27,130 + 0.5%
Digby	(247,724)	(57,169)	(26,991)

Northumberland Ferries Service

Wood Island -	545,622 + 0.8%	156,257 + 4.6%	33,062 -15.1%
Caribou (3)	(541,328)	(149,440)	(38,977)

Prince of Fundy Service

Yarmouth -	129,852 + 1.0%	22,497 - 4.1%	440 +311.2%
Portland (4)	(128,607)	(23,463)	(107)

- (1) 1981 operated June 15 to September 12
1980 operated June 16 to September 13

- (2) 1981 operated May 29 to October 24
1980 operated May 29 to October 25

- (3) 1981 operated April 14 to December 20
1980 operated April 19 to December 14

- (4) 1981 operated May 12 to October 19
1980 operated May 12 to October 19

* Corrected Total

Source: CN Marine

Northumberland Ferries Limited

Prince of Fundy Cruises

In April, 1981, CN Marine announced plans for a new ferry "Gulfspan" to cost between \$90 and \$100 million and to go into service between North Sydney and Port aux Basques in 1984. The new vessel will be 175 metres (574 feet) in length, have modern accommodations for 1,200 passengers in daytime service and 800 on night crossings, along with 93 tractor trailers or 488 automobiles in varying combinations.

The Federal Government announced plans during October, 1981, that the second ferry which normally ran between North Sydney and Argentia during the peak traffic season of July and August will not operate in 1982.

In December, 1981, CN Marine announced that it has been directed by Transport Canada to implement a number of changes in the Newfoundland coastal service beginning in mid-April of 1982. These changes would see, among other things, the elimination of 42 ports of call on the northern coastal service effective in June, 1982. Most of these ports are on the northeast coast of Newfoundland and are road connected, said the CN spokesman. Freight will no longer be carried by the coastal service between St. John's, Lewisporte and St. Anthony, although those three centres will remain distribution points for traffic destined to communities in the north.

The changes will see the closing of the coastal shed at Argentia and the termination of coastal freight operations at North Sydney. The changes in the south coast service will basically see it running between Terranceville in Fortune Bay and Port aux Basques, with all ports on the Burin Peninsula and in

Placentia Bay eliminated. On April 15, 1982, the rail-water rates and services from St. John's via Argentia to south coast ports will be cancelled.

Fares on the ferries operated by CN Marine were increased January 1, 1982, by amounts which would yield an over-all revenue increase of 15%. This increase follows an increase of 12% effected in June of 1981 for all but commercial vehicles on the North Sydney - Newfoundland and the Cape Tormentine - Borden services. A similar increase for commercial vehicles occurred on September 1, 1981.

Coastal rates were increased by CN Marine on June 29, 1981, by 12% and by 15% on January 1, 1982. These represented the first across the board increases in these rates since prior to 1949. Other pricing changes implemented by CN Marine during the year included the application of a "cube rule" to shipments carried on the coastal service and the introduction of an excess valuation charge when the shipper declared a value for the shipment on the bill of lading which exceeds the \$500 maximum liability per package or unit set out in the Carriage of Goods by Sea Act.

A feasibility study into the proposed Souris, P.E.I., to Port Hood, N.S., ferry service was announced during May, 1981. The Federal Government is providing 60% funding, with Prince Edward Island and Nova Scotia each contributing 20%.

Prince of Fundy Cruises Limited, operators of the summer ferry route between Yarmouth and Portland, announced during November, 1981, the purchase of a ship to replace the "M.S. Caribe" which had been sold by its owners. The new ship, the "Scotia Prince," will accommodate 250 automobiles and 1,500 passengers.

GENERAL LEVEL OF RATES

Rail Rates - Domestic

On August 4, 1981, the Canadian railways published a special tariff to provide a 2.3% fuel surcharge to be applied on most railway freight rates in Canada. A similar surcharge on agreed charge rail rates became effective on September 2, 1981. The Canadian Freight Association, on behalf of the Canadian railways, advised that the surcharge "... will offset extraordinary and unanticipated fuel increases this year. The railways initially budgeted for fuel increases in 1981 of approximately 38% over 1980. Increases for 1981 are expected to be approximately 50%, a most significant increase." The C.F.A. also advised that the surcharge would be applied to most railway shipments with the exception of traffic carried under international through rates and under statutory rates and the railways would incorporate the surcharge into tariffs as soon as possible. The Atlantic Provinces Transportation Commission expressed its opposition to the surcharge to the railways on the basis that all rail rates had been subjected to one or more increases in the past year. The APTC also stated that they found it particularly difficult to see any justification for application of the surcharge to those rates that had been previously adjusted by the railways to include fuel surcharges of other carriers and also, previous rail surcharges did not apply to intermodal rates. In their reply, the railways advised that unanticipated fuel cost increases for the year 1981 are

currently approaching \$40 million, for both railways, and these costs were not included in the pricing plans to date. The railways also indicated that the fuel surcharge of 2.3% would only recover a little more than half of the \$40 million in 1981. As a result of this situation, they must limit the number of exemptions from the surcharge and must apply it to intermodal rates.

During the period under review, another round of domestic rail rate increases applying on class rates and selective commodity groups in open tariffs began on January 1, 1982, and was spread over a period of approximately three months with increases ranging from 14% to 18%. As with previous rounds of selective rate increases, certain specific rates received lower increases as a result of negotiations between the shippers and the railways.

Railway agreed charge rates were increased, for the most part, effective September 1, 1981. Each agreed charge was renegotiated on an individual basis with the shippers involved, with the average increase being approximately 13%.

Rail piggyback Plan II rates (door-to-door service using railway operated trailers transported on railway supplied flat cars) were increased during the year under review as follows:

<u>Date</u>	<u>Between</u>	<u>And</u>	<u>Increase</u>
April 15/81	(From) Ontario	(To) Newfoundland	15%
April 30/81	Maritimes	Quebec	EB - 10%; WB - 12%
May 21/81	Maritimes	Ontario	EB - 15%; WB - 17%
June 1/81	Eastern Canada	Western Canada	10%
Aug. 4/81	All Points	All Points	2.3%*
Oct. 26/81	Maritimes	Quebec	EB - 7%; WB - 10%
Dec. 1/81	Eastern Canada	Western Canada	10%
Dec. 3/81	Maritimes	Ontario	EB-11%; WB - 14%

*Fuel Surcharge

EB - Eastbound

WB - Westbound

Rail Rates — International

During the year under review, international rail rates applying between Canada and the United States were subject to various increases as a result of general rate increases and fuel surcharges implemented in the United States and authorized by the Interstate Commerce Commission. The following is a tabulation of the general international rail rate increases during the year:

<u>Date</u>	<u>Tariff No.</u>	<u>Amount</u>
April 20/81	X311E	2.9% - fuel surcharge (cancelled 2.2% under X311D)
June 24/81	X001	4.0% - fuel surcharge (cancelled 2.9% under X311E)
July 20/81	X002	2.8% - fuel surcharge
Oct. 20/81	X003	8.4% - fuel surcharge (cancelled 4.0% under X001 and 2.8% under X002)

Sept. 24/81 to	9000	3.0% - master tariff of selected increases
Dec. 1/81		
Dec. 26/81	X394	0.3% to 42.3% - reduction on recyclable materials (not applicable on traffic originating in Canada)
Jan. 20/82	X082	4.7% general increase (all territories)

As in the past, the amount of percentage increase often varies for certain specific commodity movements.

Rail Rates — Express

During the year under review, a number of rail express rate increases were implemented on traffic from, to and within the Atlantic Provinces. While these increases are too detailed to cover in this report, they usually paralleled increases in competing transportation modes especially highway common carriers.

Commencing with September 1, 1981, with the exception of CNX, rail express companies (including CPX) established a fuel surcharge tariff at varying levels depending on the territorial application which largely corresponds to fuel surcharges of tariff bureau highway carriers. These surcharges apply as a separate charge on the billing and will be adjusted as corresponding changes are made in truck tariffs.

While CNX did not participate in the fuel surcharge tariff, the rates of that company were increased on November 16, 1981, in the case of certain rates, and on December 1, 1981, in the case of others, to incorporate equivalent amounts.

Truck Rates

Truck rates from, to and within the Atlantic Provinces were increased during the period under review. The following table outlines the general rate increases for those highway common carriers who 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>		
May 15/81	All Rates	Eastbound 8%
		Westbound -10%
Dec. 1/81	All Rates	Eastbound - 7%
		Westbound -10%

Between Newfoundland And Ontario

(No general rate increases during period under review.)

Between The Atlantic Provinces And Quebec

Sept. 1/81	All Rates	Eastbound - 7%
		Westbound -10%

Within The Maritime Provinces #

Dec. 1/81	Commodity Rates		10%
Jan. 15/82	FAK Rates	LTL -	10%
		TL -	7.5%

Between Newfoundland And Maritime Provinces

July 1/81	FAK Rates		10%
	Commodity Rates	Eastbound -	5%
		Westbound -	10%
Jan. 21/82	All Rates	Eastbound -	6% to 11%
		Westbound -	8% to 15%

Within The Provinces Of Newfoundland

July 1/82	All Rates	5%
Jan. 1/82	All Rates	6%

* Maritime-Ontario Freight Lines, a major carrier that is not a member of a tariff bureau, increased its rates on traffic between the Maritime Provinces and Ontario by 10% on eastbound traffic and varying amounts on westbound traffic, effective June 1, 1981. These rates were again increased by an average of 10% for eastbound and westbound rates, effective December 1, 1981.

In addition to the above general rate increases, the commodity and named account rates were increased on an individual basis by various amounts, effective May 1, 1981.

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

The through truck rates between the Maritime Provinces and the U.S. New England and Middle Atlantic territories were increased as follows:

<u>Date</u>	<u>New England</u>		<u>Middle Atlantic</u>	
	<u>LTL</u>	<u>TL</u>	<u>LTL</u>	<u>TL</u>
Apr. 1/81	9.0%	6.0%	7.5%	3.5%
Oct. 30/81	—	—	1.5%	1.5%
Feb. 8/82	—	—	2.7%	0.7%

During the period under review, the rapid escalation of fuel prices resulted in the majority of highway common carriers publishing fuel surcharges on a regular basis. In some instances the fuel surcharge, which is applicable on the total freight payable on a given shipment, was a larger percentage increase than the general rate increase. A more detailed explanation of this, along with certain other developments concerning fuel surcharges, are dealt with later in this report. The following table shows the tariff bureaux fuel surcharges as at March 31, 1982:

Table Showing Truck Tariff Bureaux Fuel
Surcharges In Effect On March 31, 1982

Atlantic Provinces Motor Carrier Tariff Bureau -

Tariff 4000 - (between Ontario and the Maritime Provinces)

Less Than Truckload Shipments	1.5%
Truckload Shipments	3.0%

(A surcharge of LTL 4.5% and TL 9.0% was incorporated into the general rate structure on December 1, 1981).

Tariff 5000B - (within the Maritime Provinces)

Less Than Truckload Shipments	1.5%
Truckload Shipments	3.0%

(A surcharge of LTL 5% and TL 10% was incorporated into the general rate structure on January 15, 1982.)

Tariff 6000 - (between Newfoundland and the Maritime Provinces)

Less Than Truckload Shipments	1.0%
Truckload Shipments	2.0%

(A surcharge of 4% was incorporated into the general rate structure on January 21, 1982.)

Tariff 7000A - (within Newfoundland)

Less Than Truckload Shipments	1.0%
Truckload Shipments	2.0%

(A surcharge of 6% was incorporated into the general rate structure on July 1, 1981, and a further surcharge of 4% was incorporated into the general rate structure on January 1, 1982.)

Tariff 8000 - (between Ontario and Newfoundland)

Less Than Truckload Shipments	2.0%
Truckload Shipments	4.0%

(A surcharge of 5% was incorporated into the general rate structure on September 1, 1981.)

Quebec Tariff Bureau, Inc. -

Tariff 120-B - (between Quebec and the Atlantic Provinces)

Less Than Truckload Shipments	Nil
Truckload Shipments	Nil

(A surcharge of LTL 6% and TL 12% was incorporated into the general rate structure on March 12, 1982.)

New England Motor Rate Bureau/Middle Atlantic Conference -

Tariffs publishing through rates - (between the Maritime Provinces and Eastern U.S. points).

Less Than Truckload Shipments	3.1%
Truckload Shipments	18.0%

Note: The United States Interstate Commerce Commission, in its decision and order dated October 8, 1981, in Ex Parte No. 311 (Sub-No. 4) "Modification of the Motor Carrier Fuel Surcharge Program," required all motor carriers operating under its jurisdiction to "fold in" fuel surcharges into their general rate scale. The fuel surcharge folded in is to be no more than is necessary to cover increased fuel costs since January 1, 1979, and all participating carriers were required to reimburse owner-operators for such increased fuel costs at a level established by the I.C.C. This fuel fold in was accomplished in tariffs publishing through rates between the Maritime Provinces and the Eastern United States as follows:

<u>Date</u>	<u>New England</u>		<u>Middle Atlantic</u>	
	<u>LTL</u>	<u>TL</u>	<u>LTL</u>	<u>TL</u>
Apr. 1/82	—	—	3.1%	10.7%
Apr. 12/82	3.1%	8.7%	—	—

Pool Car And Domestic Water Rates

Pool car rates on traffic from Central Canada to the Atlantic Provinces were increased during the year as follows:

<u>Date</u>	<u>From</u>	<u>To</u>	<u>Increase</u>
May 4/81	Quebec	NB/NS/PEI	3% - 12%
Jan. 4/82	Ont./Que.	NB/NS/PEI	3% - 14%

On August 3, 1981, the pool car operators published a fuel surcharge of 2% applicable on traffic from Central Canada to the Maritime Provinces.

General rate scales published by Newfoundland Steamships Limited and Atlantic Freight Lines between Montreal and Newfoundland were increased by 10% on April 15, 1981, and again by 10% on February 15, 1982. A similar service, Atlantic Freight Lines, inaugurated in April, 1981, increased their general rate scale by 9% on December 1, 1981.

ATLANTIC REGION FREIGHT ASSISTANCE

Payments under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act for the year 1981 were roughly \$63 million, representing an increase of 4% from the previous year. Details of the payments for the past two years are as follows:

TABLE SHOWING PAYMENTS UNDER
THE ATLANTIC REGION FREIGHT ASSISTANCE PROGRAMS

(\$X'000)				
<u>Calendar Year</u>	<u>Rail</u>	<u>Truck</u>	<u>Water</u>	<u>Total</u>
		<u>Intra-Regional</u>		
1981	6,867	29,206	434	36,507
1980	7,999	28,441	347	36,787
		<u>Westbound-Basic</u>		
1981	10,586	9,633	—	20,219
1980	10,117	8,153	—	18,270
		<u>Westbound-Selective</u>		
1981	3,384	3,268	—	6,652
1980	3,149	2,636	—	5,785
	<u>Total Payments - Intra-Regional & Westbound</u>			
1981	20,837	42,107	434	63,378
1980	21,265	39,230	347	60,842
	-428	+2,877	+87	+2,536
	-2.1%	+7.3%	+25.1%	+4.2%

Source: Canadian Transport Commission

During the latter part of January, 1982, the Federal Minister of Transport announced changes in the assistance program as follows: "The federal government and the provinces have agreed, through the Memorandum of Understanding, that there will be a reduction from 15 percent to 12.5 percent in the intra-regional subsidy effective April 1, 1982. The intra-regional subsidy will be reduced to 10 percent effective April 1, 1983. Minimum waybills under the programs which shippers use to claim subsidies will be increased from \$10 to \$50 for intra-regional shipments and from \$50 to \$100 for selective westbound shipments. This will be increased annually with inflation. No other aspect of the westbound subsidy program is being changed."

The memorandum of understanding, which was signed by the Federal Transport Minister and his counterparts in New Brunswick and Nova Scotia, provides funds for major highway projects and also spells out a multi-modal strategic planning approach to transportation in the Maritime Provinces. The highway program will extend over a five-year period and will be funded by the Federal and Provincial Governments on a 50-50 percent cost-shared basis. The federal portion of the funding will largely be achieved through savings stemming from the changes in the Atlantic Region freight assistance program. Prince Edward Island has delayed signing the agreement, and had not become a participant at the conclusion of the year. The P.E.I. legislature unanimously approved a resolution on March 23, 1982, which called for the resumption of

negotiations with the Federal Minister of Transport with the object of preventing any reduction in the intra-regional subsidy for commodities which are important to the economy of that Province. A similar memorandum of understanding respecting transportation was entered into between the Federal Government and the Government of Newfoundland and Labrador and, while not stipulated in the signed agreement itself, the associated announcement of the Federal Minister of Transport included reference to the federal share of the expenditures as including the savings from changes in the intra-regional assistance program.

The changes in the subsidy program met with considerable opposition which culminated in a meeting of 18 trade associations in Halifax on February 17, 1982, whose representatives unanimously endorsed a resolution calling for an end to the erosion of the Atlantic Region freight assistance program. In specific terms, the resolution called upon Transport Canada to meet with the Atlantic Provinces Transportation Commission and the Atlantic Provinces Trucking Association to consider alternatives to the "across the board" reductions, and also sought an explanation as to why no prior consultation took place before the changes were announced. Meetings between the APTC, the A.P.T.A. and Transport Canada officials, including representation from the Governments of Nova Scotia, New Brunswick and Prince Edward Island, were held on March 5 and 11, 1982, to discuss alternative changes in the assistance program. Proposals were presented to the federal officials for amendments to the program designed to produce savings of funds to be allocated for highway use roughly equal to those that would be achieved under the changes contained in the agreement between the Federal and Provincial Governments while, at the same time, maintaining the integrity of the 15% subsidy. While these proposals were not acceptable to the Federal Government, at the conclusion of the year further efforts were still being made to achieve selective changes in the subsidy program in preference to the "across the board" reductions in the level of assistance.

PILOTAGE

During the year covered by this report, the APTC was involved in a number of pilotage related matters.

On May 28, 1981, pilotage charges at non-compulsory ports and areas were increased by various amounts. The specific ports involved were: Bathurst, Buctouche, Caraquet and Shediac in New Brunswick; Georgetown, Souris and Summerside in Prince Edward Island; Pictou, N.S.; and, Chandler, P.Q.

On April 1, 1981, the pilots providing pilotage services in the Newfoundland and Labrador coastal and ice pilotage non-compulsory areas withdrew their services in a dispute over the level of remuneration received for providing this service. This withdrawal of service continued until June 17, 1981, when full service was restored. The charges for providing this service were increased by the Atlantic Pilotage Authority effective September 4, 1981.

The Authority, in July, proposed a number of changes in the non-tariff regulations concerning the provision of pilotage services in compulsory areas.

Among the specific changes in the proposed new regulations were:

1. Criteria for ships subject to compulsory pilotage would be based on length of vessel instead of present method of using gross registered tons.
2. Increased authority for the Authority to require pilots for vessels exempt from compulsory pilotage.
3. New regulations for applicants for a pilotage license or certificate.
4. Applicants and holders of pilotage certificates must complete 24 one-way trips every two years in pilotage area; present regulations require 12 one-way trips.
5. Fee for license or certificate examination would be increased from \$150 to \$300. Fee for license and certificate would be increased from \$150 to \$500.

A meeting was held with interested parties, including the APTC, on July 22, 1981, and written comments on the proposed changes were submitted by a number of parties. As a result of the protests from the various parties to these changes, the Authority advised that effective January 1, 1982, only the following changes would be implemented:

- Goose Bay and Port aux Basques no longer compulsory areas.
- An inner and an outer boarding station established in Placentia Bay (the inner station may be used by ships that are not over 223 m).
- The Stephenville compulsory pilotage area moved seaward approximately one mile.
- An inner and an outer boarding station established in the Strait of Canso (the inner station may be used by ships that are not over 223 m).
- The north compulsory area of the Strait of Canso reduced by approximately one mile.
- Under certain conditions, ships of war under the operational command of Commander Maritime Command exempt from pilotage in the Port of Halifax.
- The compulsory pilotage limits of Saint John reduced to permit ships to enter and leave certain anchorages without a pilot.

In November, 1981, the Authority filed a pilotage tariff increase for compulsory ports and areas in the Atlantic Region. The new rates and charges that became effective on January 1, 1982, provided the Authority with an overall revenue increase of 11.5%. There was no opposition filed to the tariff increase.

The Authority commissioned the firm of Currie, Coopers & Lybrand Ltd. of Halifax to conduct an Operational Review of the Atlantic Pilotage Authority. The review commenced February 1, 1982, and was scheduled to be completed in a maximum of nine calendar weeks. An operational review of the Authority has been suggested on a number of occasions by the Canadian Transport Commission, pilotage users and the APTC. The review will be conducted under the direction of the Chairman of the Authority.

SUBMISSIONS TO I.C.C. RE INTERNATIONAL RAIL RATES

During the year covered by this report, the so-called Staggers Act of 1980 reformed the regulation of United States railroads and, in so doing, severely restricted and substantially abolished the anti-trust immunity which the railways had previously enjoyed. The effect of this action for Canadian shippers was to threaten the continued existence of joint through international rail rates. It would not be possible to publish such through rates if the Canadian railways were not able to meet with their U.S. connecting railroads under fear of an anti-trust violation. To define the circumstances under which railway carriers could collectively consult and publish rates, the United States Interstate Commerce Commission held hearings in late 1980 and issued an interim decision on January 21, 1981, which provided interim relief from the anti-trust laws. The Atlantic Provinces Transportation Commission and numerous other Canadian shippers and organizations had supported the Canadian railways in their bid to secure relief from the U.S. anti-trust laws.

Following the interim I.C.C. decision, the Canadian railways and shippers generally felt relatively confident that the matter would ultimately be resolved to the satisfaction of all Canadian interests. The Canadian railways' application for immunity from anti-trust laws was part and parcel of a larger application by U.S. railroad rate-making bureaux for such immunity. Following the interim decision of the I.C.C., the United States Department of Justice asked the I.C.C. to sever the Canadian application from the Commission's review of the U.S. railroads' agreement. The I.C.C. granted that application. In doing so, the I.C.C. called for comments from interested parties on the proposal by the Canadian National and Canadian Pacific railways for approval of a rate-making agreement under the U.S. legislation which would provide the Canadian railways with anti-trust immunity. The I.C.C. required comments by November 5, 1981.

The APTC submitted a further statement to the I.C.C. urging that the Interstate Commerce Commission take such action as may be necessary to enable the Canadian railways and their United States rail connections to continue to provide a system of joint through rail rates for the movement by rail of the commerce of Canada and United States between the two nations. Such a statement was in support in general of the principle of the railways' application for exemption from anti-trust laws.

The Interstate Commerce Commission has not yet given its decision on the railways' application at year end.

In early February, the APTC received a notice from the Interstate Commerce Commission which sought input from interested parties on an application by the Consolidated Rail Corporation (Conrail) to the I.C.C. to exempt from regulation all movements in box cars when such movements are to, from or via Conrail. The I.C.C. in its notice sought comments on the merits of exempting Conrail's box car movements or all box car movements by all railways from some or all of the Commission's regulations.

Because rail traffic between the Atlantic Provinces and the United States must largely move over the lines of Conrail for at least a portion of its journey, the APTC indicated to the Interstate Commerce Commission that it was an interested party and it would file a statement within the time limits specified.

Accordingly, the APTC filed a statement with the Interstate Commerce Commission on February 26, 1982, urging the Interstate Commerce Commission to deny the Conrail application. The APTC pointed out in its statement that, if Conrail were granted the exemption being sought, Conrail's box car traffic would be free from its common carrier obligations which would not be in the best interest of Atlantic Provinces' industries, nor their customers or suppliers in the United States. Secondly, the exemption sought by Conrail would not in the view of the APTC ensure the development and continuation of a sound railway transportation system with effective competition among rail carriers and with other modes of transport as required to meet the needs of the public. Thirdly, the proposal if granted, could affect the liability of Conrail for loss and damage on box car traffic handled by it. Finally and most importantly, if the Conrail application were granted, the request for exemption on other equipment and by other railways would undoubtedly follow further increasing the difficulties for trade between the Atlantic Provinces and the United States.

Of the submissions made by interested parties, approximately 90% were opposed to the granting of the Conrail application. At year end, the I.C.C. has not given its decision on the Conrail application.

MOTOR CARRIER FUEL SURCHARGE

Commencing in the fall of 1979, many trucking companies serving the Atlantic Provinces adopted a system of assessing separate surcharges, over and above regular transportation charges, to offset the impact of fuel price increases. The rationale for this procedure was predicated on the extreme and unpredictable increases in fuel prices caused by a series of events, not the least of which was the imposition of both federal and provincial taxes. Fuel surcharges are assessed against users based on a percentage of the transportation charges with the level of the surcharges reflecting the degree of increase in the price of fuel. A similar system of fuel-related surcharges in the United States was discontinued as a result of a decision by the Interstate Commerce Commission, who found that "... the current revenue-based surcharge does not accurately reflect the fuel-related cost component of a rate. The result has been several serious distortions in the rate structure."

With this background, the APTC undertook an evaluation of the relationship between the revenue being derived by the carriers from the fuel surcharges and the increased cost of fuel being incurred by them. For this

purpose, random rates published by the Atlantic Provinces Motor Carrier Tariff Bureau (A.P.M.C.T.B.) covering truckload shipments moving within the Atlantic Provinces and between the Atlantic Provinces and Ontario were evaluated in relation to distances travelled based on an average fuel consumption of 5.5 miles per gallon. This evaluation revealed that 79% of the rates analyzed yielded fuel surcharge revenues in excess of 150% of the increased cost of fuel, while 60% of the rates analyzed yielded revenues in excess of 200% of the increased cost of fuel. Because the analysis did not include a factor for empty back haul mileage or for fuel consumed in pick-up and delivery operations, it is reasonable to expect that the fuel surcharge revenue should exceed the direct increase in the cost of fuel for the loaded move. However, by the magnitude by which the revenues exceed the cost of fuel for the loaded direction as revealed in the analysis, it is apparent that the fuel surcharge formula of the A.P.M.C.T.B. is not a proper reflection of the cost burden and yields revenues far in excess of the increase in the cost of fuel as incurred by the carriers.

This work formed the basis of a submission by the APTC to the A.P.M.C.T.B. in February, 1982, requesting that the tariff bureau roll the existing fuel surcharges into the rates and apply a roll back (reduction) in rates to remove a portion of the excess revenue over the fuel cost increases the carriers received. In addition, it was recommended that future fuel cost increases be recovered in the same way as other cost increases through the inclusion in general freight rate increases. It is the opinion of the APTC that the carriers should be able to properly project most fuel price increases in the future and to reflect these with reasonable accuracy in the rate structure, thereby removing the need for future fuel surcharges. Finally, it was recommended that, if a fuel surcharge formula becomes necessary for use in some emergency situation in the future, then a mileage based formula should be developed to replace the present revenue based formula. A mileage related formula for calculating fuel surcharges is a more direct reflection of the real cost being incurred.

The initial response of the A.P.M.C.T.B. to these representations was:— (1) adjust the base price of fuel used in the determination of surcharges by removing the equivalent of five cents per gallon from the increased price thereby rolling back the surcharge by 1% for truckload and a related adjustment for less than truckload; (2) establish a new fuel surcharge table reflecting a lower basis (i.e., a reduction of approximately 30%) for determining future revenue requirements to offset increases in fuel prices; and, (3) eliminate fuel surcharges by incorporating existing surcharges (as adjusted per (1) and (2) above) into the rate structure, plus an amount to compensate the carriers for projected future fuel price increases. The adjustments described in (1) and (2) became effective on March 15, 1982, while the adjustments referred to in (3) are expected to become effective in June and July, 1982, to cover the period up to March 1, 1983, barring unforeseen increases in the cost of fuel.

While these adjustments are considered to be a major improvement for shippers using A.P.M.C.T.B. member carriers, not all of the concerns of the

APTC have been fully met and the matter was receiving further consideration by these carriers at the conclusion of the year. In addition, shortly before year end, similar representation had been submitted by the APTC to the Quebec Tariff Bureau (Q.T.B.) in relation to rates between the Atlantic Provinces and Quebec. A meeting has been scheduled in April with the Q.T.B. carriers to discuss this matter further.

C.T.C. INQUIRY INTO THE HANDLING OF DANGEROUS GOODS

Following the release of the report of the Mississauga railway accident inquiry, the Railway Transport Committee of the Canadian Transport Commission ordered all Canadian railways under its jurisdiction to show cause on or before February 9, 1981, why certain restrictions regarding the transportation of dangerous goods should not be implemented on February 12, 1981. The restrictions dealt with the length and speed of trains hauling dangerous goods in particular situations. The implementation of such restrictions were seen as having the potential for impacting adversely upon the operations of the railway and the service of the railways to their customers. The APTC urged the Canadian Transport Commission not to implement the restrictions set out in its show cause order but that further consideration should be given to ways and means by which the operational problems and increased costs, which the orders would impose upon the railways and users of railway services, could be minimized.

Subsequently, the Canadian Transport Commission announced a public hearing to receive evidence, arguments and submissions from all interested parties regarding the implementation of the show cause orders of January 23, 1981.

The public hearings began on April 21, 1981, and concluded by June 26, 1981, with arguments of the various parties following.

On September 30, 1981, the C.T.C. issued its decision which found, among other things, that changes were required in the operation and speed of trains carrying certain dangerous commodities through certain densely populated areas. As a result of that decision, the C.T.C. ordered the major railways in Canada to file with the Secretary of the Railway Transport Committee on or before November 30, 1981, plans for inspection at prescribed points and intervals of trains carrying one or more of the commodities set out in the order. Effective immediately by order dated October 15, 1981, the C.T.C. required that all trains carrying one or more full carloads of any of the list of commodities specified in the order should not travel at speeds greater than 35 miles per hour while within any of the census metropolitan areas set out in the order. Thirdly, the C.T.C. required that consequent upon the approval of the plan for inspection of trains carrying dangerous commodities that speed limits be placed upon such trains when carrying goods within any city, town or place having specified populations.

By orders dated January 29, 1982, the Canadian Transport Commission has approved the plan of major Canadian railways for the implementation of gateway and 20 mile interval inspections for trains carrying dangerous

commodities entering census metropolitan areas as described in the October 15, 1981, orders.

The subject matter was a most difficult one for all parties concerned. The participation by the APTC in the matter was designed to ensure that dangerous commodities are handled as safely as possible, consistent with the needs of industry and railways, to provide efficient transportation services. The APTC stressed the importance of ensuring that any steps taken to improve the safe handling of dangerous goods by rail would be of little value if the end result was to force these goods to move by another mode of transport, thereby exposing another group of citizens to risk. The APTC believes that the decision of the Canadian Transport Commission endeavoured to meet the objectives of both railway and industry as nearly as possible while providing an increased measure of protection for the public at large.

REVISION OF THE C.T.C. GENERAL RULES

During the early part of the year covered by this report, the Canadian Transport Commission gave notice to the public that it intended to review its general rules governing the practice of the C.T.C. and the appearance of interested parties before the C.T.C. in matters under the jurisdiction of the Canadian Transport Commission.

The Atlantic Provinces Transportation Commission reviewed the proposed changes that the Canadian Transport Commission was suggesting to its general rules and found generally that the proposals were an improvement over existing rules.

A short written submission was filed with the Canadian Transport Commission and the General Manager of the APTC appeared at the public hearings held in Ottawa, July 27 to 29, to speak on the submission that had been filed and to participate in the discussion centering on the proposed revised rules.

The Atlantic Provinces Transportation Commission was one of the few organizations in Canada representing shippers that appeared at the C.T.C. public hearings.

At year end, the Canadian Transport Commission has not yet published its revised general rules.

C.T.C. HEARINGS RE DART CONTAINERLINE SERVICE

In late February, 1981, Canadian Pacific Limited applied to the Canadian Transport Commission, pursuant to Section 27 of the National Transportation Act, that it proposed to acquire an interest in Dart Containerline Company Limited. At or about the same time, Dart Containerline Company Limited announced that it would be withdrawing its service from the Port of Halifax and establishing a service in conjunction with Canadian Pacific Limited and Manchester Liners Limited at the Port of Montreal.

In accordance with Section 27 of the National Transportation Act, notices of objection were filed with the Canadian Transport Commission to the CP's application for approval under Section 27 of an interest in Dart Containerline Company Limited. Public hearings were scheduled by the Canadian Transport Commission in Halifax on June 16 to 19, 1981. For that hearing, the Atlantic Provinces Transportation Commission prepared a paper titled "Negative Impact on Atlantic Region Shippers Resulting from the Concentration of Steamship Services and Expertise in Montreal." This paper was presented at the C.T.C. hearing by the General Manager of the APTC, being called as a witness for the Province of Nova Scotia.

During the hearing, the Province of Nova Scotia gave notice that Canadian Pacific should be required, under Section 27 of the National Transportation Act, to apply for approval or otherwise of its proposal to establish a co-ordinated service in conjunction with Manchester Liners Limited and Dart Containerline Company Limited at the Port of Montreal. By Decision WTC 12-81 of August 6, 1981, the Water Transport Committee of the C.T.C. found in favour of the application of the province and required Canadian Pacific to give notice of the proposed co-ordinated service to be operated to and from the Port of Montreal. Objections and interventions to this notice were filed by a number of parties and the Commission held a further hearing in Halifax on November 17 to 20 and December 1, 1981. The Atlantic Provinces Transportation Commission participated in that hearing, in that the General Manager was called as a witness by the Halifax-Dartmouth Port Commission.

On March 15, 1982, the Water Transport Committee of the Canadian Transport Commission rendered its decision (WTC 2-82) which concluded that, having carefully weighed all the evidence presented in the course of the public hearings and fully considered other information which has come to its attention during the investigation of this proposed transaction, there were no grounds before the C.T.C. to demonstrate that the proposed acquisition would unduly restrict competition or otherwise be prejudicial to the public interest. Accordingly, the Water Transport Committee did not disallow either or both parts of the proposed acquisitions.

At year end, it appears that the Province of Nova Scotia will apply to the Federal Court of Appeal for leave to appeal the C.T.C.'s decision.

Coupled with the CP case were developments related to the CAST group of companies. In early 1981, the Premier of the Province of Nova Scotia requested the Canadian Transport Commission to hold a public hearing into an investment by Canadian National of approximately \$60 million in CAST North America Limited and affiliated companies. Such an investigation would be held in accordance with Section 27 of the National Transportation Act. As a result of that inquiry, the C.T.C. undertook certain investigations to determine whether Canadian National had indeed invested in CAST in addition to the 18% financial interest authorized by the C.T.C. in a decision in 1975 because it had no notice before it of any further acquisition by Canadian National in the CAST group of companies. This investigation resulted in the Water Transport Committee of the Canadian Transport Commission giving Decision WTC 16-

81 on October 13, 1981, in which it requires Canadian National to give notice of any further acquisitions of an interest in the CAST group, directly or indirectly, by Canadian National subsequent to the approval given in its 1975 decision.

As a result of that decision, Canadian National has applied to the Federal Court of Appeal for leave to appeal the C.T.C. decision. Simultaneously, it applied to the C.T.C. for a stay of the decision until the matter has been dealt with in the Court of Appeal. The C.T.C. denied the application for a stay of the decision. Canadian National then applied to the C.T.C. for a review of its decision not to postpone the requirement to give notice of acquisition. The Review Committee found that it should not postpone the requirement for CN to give notice and Canadian National has complied with that direction by publishing notice in the Canada Gazette on January 9, 1982, and in newspapers, as required.

The Federal Court of Appeal has given leave to Canadian National to appeal the initial C.T.C. decision and the matter is expected to be heard by that court in April of 1982.

In the meantime, objections have been filed with the C.T.C. from a number of Nova Scotia interests to the CN notice of acquisition in the CAST group of companies as published in the Canada Gazette on January 9, 1982. An intervention has been entered by the Province of Quebec and by the Dominion Marine Association and the Canadian Shipbuilding and Ship Repair Association.

HALIFAX GRAIN ELEVATOR

The outlook for the future operation of the Halifax grain elevator took a turn for the better during the past year with an announcement by the Chairman of the Halifax Port Authority calling for major capital and other improvements to make the operation viable.

As background, it should be noted that the elevator has been operating at a financial loss in recent years due in a large measure to a relatively inefficient and labour intensive plant. This is in conflict with the new ports policy for Canada which calls for each port to cover its operating costs, placing responsibility on local port authorities to ensure the viability of each operation within a port. Compounding the problem for the Port of Halifax is a requirement to reduce dust levels to standards set by Labour Canada necessitating the expenditure of close to \$3 million, plus an increase in municipal tax levels of almost one-half a million dollars for the year 1981 (1981 taxes of \$809,000 are equal to 36% of elevator revenues).

Apart from the importance of the Halifax grain elevator for the movement of Canada's export grain, the elevator is important to regional agriculture, not only as an alternative means of transportation for inbound grain (milling, malting, as well as feed grains) but as a vital link to permit locally grown grain to move to both export and domestic markets. Moreover, the elevator is essential to the continued operation of the local flour mill.

In November, 1981, the Halifax Port Authority and the National Harbours Board advised of an "action plan" designed to make the elevator viable over a

three year program of improvements costing \$4.9 million. The plan calls for major improvements to facilities to improve both efficiency and to meet environmental standards. In addition, through higher charges for services and reduced manpower, among other managerial changes, it is expected that the elevator will become viable given the existing volume of grain. However, essential elements for the success of the plan are:— (1) an outright grant from the federal treasury to cover that portion of the capital expenditures for dust control to meet health standards on the grounds that this is a social measure and not one that will contribute to the efficiency of the operation; and (2) a reduction in the level of assessment for tax purposes on the grounds that the present level is unrealistic and considerably higher than for similar facilities elsewhere in Canada.

Following the announcement by the Halifax Port Authority, the APTC made representations to appropriate federal ministers and to the Chairman of the National Harbours Board in support of the "action plan" and specifically in favour of the outright grant to cover expenditures for dust control. Representations were also made by the APTC to the Nova Scotia Department of Municipal Affairs calling for a major downward adjustment in the level of assessment for taxes on the grounds that it is unrealistic and could represent a cost burden which would prevent the elevator from becoming a viable operation. In addition, in response to a request from the Nova Scotia Department of Development, the APTC prepared an update of an earlier assessment of the economic impact of the closure of the Halifax grain elevator as means of demonstrating the extreme importance of this facility to not only Halifax and the Province of Nova Scotia but to the region as a whole.

ELIGIBILITY OF P.E.I. PRODUCTS FOR SUBSIDY

In response to a resolution adopted by the Atlantic Provinces Chamber of Commerce, the APTC undertook an assessment of the extent to which agricultural products and manufactured products originating in Prince Edward Island for markets within the Atlantic Region are excluded from the intra-regional transportation assistance program. The resolution was initiated by the Summerside Chamber of Commerce because of concerns by some members that shipments of potatoes and perhaps other goods originating in P.E.I. are not receiving the benefit of the subsidy.

A report was completed and submitted to the Atlantic Provinces Chamber of Commerce in April, 1981, containing an evaluation of the application of the intra-regional subsidy in relation to the movement of goods originating in P.E.I. As part of the evaluation, the APTC undertook a series of interviews with major exporters of potatoes.

With the exception of the movement of livestock and live poultry, along with beverages and certain concrete products, which are excluded from the list of eligible commodities for the overall program, the report concluded that the only major exclusion from the application of the subsidy affecting goods originating in P.E.I. is the transportation of potatoes moving to processing plants in P.E.I., together with a large proportion of the movement of potatoes for export via Island ports. These exclusions from the subsidy are the result of

the use of private carriers (largely farm trucks) to move potatoes to both processing plants and to P.E.I. ports, or because the distance is less than the five miles required to qualify. For the crop year 1980-81, the report identified a combined movement of 140,000 tons of potatoes for processing and for export via Island ports as being largely excluded from the subsidy.

To qualify for subsidy a carrier must be properly licensed in conformity with the requirements of each province and licenses are granted only upon application provided the applicant can demonstrate that the service is needed and that it will not be detrimental to existing services. The report concluded that "The cost to the applicant of processing an application for a motor carrier license, combined with the additional costs for increased insurance requirements, annual motor carrier fees and vehicle registration would to a large extent offset the potential benefit of the subsidy." The report also noted, however, that this problem could largely be offset by exempting potatoes from licensing requirements under the P.E.I. Motor Carrier Act, whereby truckers could then become eligible for the subsidy provided the potatoes are not the property of the trucker at the time of transportation and provided a transportation rate has been established and verified by both the trucker and the shipper (or buyer) in advance of the movement. Based on 75% of the potatoes for export and for processing qualifying for the subsidy, combined with certain other assumptions, it was concluded in the report that additional subsidy payments could amount to about \$200,000 per year.

In concluding the report it was stated that the APTC is satisfied that, except for exclusions noted, the agricultural and manufactured products of P.E.I. are receiving the benefit of the transportation assistance.

SERVICE TO INDUSTRY

As an organization whose primary objective 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, much of the work done by the APTC is of a very specific nature and because of that confidential. It is not possible to provide detailed coverage of such activities in an annual report. Nevertheless, to provide an indication of the broad range of matters that have been dealt with and where tangible benefits have resulted, the following information is presented.

Negotiations were carried out with the Canadian railways and resulted in lower rail rates on shipments of **borax** from origins in the United States for use by insulation manufacturers in Nova Scotia and New Brunswick.

Foundries in the Maritimes importing **sand** from the United States benefited from action taken by the APTC to secure the removal from the rail rate structure of an increase which had been applied to rates on sand from origins in the United States to Canada and which subsequently failed to receive the approval of the Interstate Commerce Commission.

Building upon work done by the APTC in earlier years with the various Tobacco Marketing Boards of the three Maritime Provinces, the APTC was able to assist those boards in negotiating freight rates with the various highway and/or intermodal carriers on **tobacco** shipped from the Maritimes to points in Central Canada.

The APTC staff organized meetings with Canadian railway officials and a **food processor** in Nova Scotia in order to reach a mutually satisfactory rate level on its products moving to destinations in the Province of Newfoundland.

A **sheet metal** fabricator in New Brunswick sought the assistance of the APTC in respect of a damage claim with one of the highway carriers. The APTC was able to bring the two parties together and a solution to the impasse was reached.

A Nova Scotia **paper products** company benefited from seeking advice from the APTC on the correct routing and charges for a truck movement of products to its plant.

At the request of a regional industrial commission in New Brunswick, the APTC carried out an extensive review of the potential for using alternate means of transportation for the products of that region to destinations in the United States.

The APTC worked with a New Brunswick **fertilizer** company to secure for it an expanded range of rates for rail shipments of inbound fertilizer ingredients.

The APTC has assisted three companies throughout the Atlantic Provinces with an evaluation of the advantages, or otherwise, of either commencing or expanding a private truck operation. These evaluations are designed to help the companies concerned assess all cost aspects of private trucking to ensure that they do not embark upon a private truck operation that is subsequently found to be uneconomic. In these three instances dealt with by the APTC during the past year, one company decided to remain with the for-hire common carrier service, the second decided to expand its already existing private carrier service, while the third company was shown that it would save very little money, if any, by expanding its existing private truck fleet.

The APTC assisted **window and door** manufacturers in Nova Scotia to determine whether shipments made to and from them were eligible for freight assistance under the Atlantic Region Freight Assistance program and outlined procedures to ensure that benefits of the subsidy program were being received.

A Nova Scotia **steel** fabricator utilized the services of the APTC to do an extensive analysis of the traffic both inbound and outbound for that company. As a result of such analysis, a number of recommendations were made to the company which should result in significant reductions in transportation costs on future shipments.

During the past year, the APTC again assisted the Canadian Feed Industry Association - Atlantic Division in annual negotiations with the carrier in respect of rail rates on inbound **feed ingredients**.

An extensive analysis of transportation costs for both inbound raw materials and outbound finished products of a **charcoal briquette** manufacturer was conducted by the APTC. In addition, the company sought

advice on a demurrage problem as well as information on export rates and charges for shipments of its products to overseas markets.

A large **furniture** retailer used the APTC services to secure rate information by rail, truck and express for its inbound shipments to its various locations in the region.

As has been the case for a number of years, the APTC supplies the **potato** industry in New Brunswick and Prince Edward Island with an extensive tabulation of freight rates for both rail and truck movements originating at points in the Atlantic Region and destined to market areas in Canada.

A New Brunswick **potato** company sought the assistance of the APTC in resolving an outstanding loss and damage claim with a highway carrier. The APTC was able to play a part in bringing the claim to a conclusion.

A **peat product** manufacturer in New Brunswick continued to make extensive use of the services of the APTC in securing rates on its products to destinations in the United States.

The Freight Audit Service referred to the APTC a question as to whether the rail rates on **peat moss** from the Maritimes to the Northeastern United States were currently published at the correct level. This question arose during the Service's audit of a peat moss company's paid freight bills. Investigation by the APTC revealed that the currently published level of rail rates included an increase which had been proposed by the United States railroads and which subsequently was not approved by the Interstate Commerce Commission but, through error, had become imbedded into the rate structure. After a number of exchanges of correspondence with the U.S. railroad tariff publishing agency, the APTC succeeded in having the tariff publishing agency take steps to remove this unauthorized increase.

In the year covered by this report, the APTC has received an increasing number of inquiries from both industry and carriers concerning settlement of loss and damage claims. While the APTC is not an arbitrator of such matters, it has been able to provide advice based on its knowledge and expertise as well as the availability of technical articles and jurisprudence in the area of claims that are available in the library of the APTC.

Among the areas that appear to be causing difficulties in claims settlement are claims not timely filed especially those being handled by motor carriers or express companies where the time limit for filing claims is 60 days from date of delivery and for claims that embrace a concealed damage situation. In these latter instances, the matter is further complicated by the fact that the carrier is sometimes not provided the opportunity to inspect the damaged goods and the original container and packaging materials in order to help determine the cause of the damage.

At the request of the Labrador West Chamber of Commerce the APTC undertook an extensive analysis of the level of passenger air fares from, to and within Western Labrador in relation to those for similar distances elsewhere in Canada. The analysis revealed that the fare structure for Canadian northern services is higher generally as compared to other Canadian domestic services but the level of fares from, to and within Western Labrador is not out of line when compared to other northern services for similar distances. It was also

determined that in recent years air fares covering Western Labrador have not been increased to the same extent as the more southerly Canadian fares thereby narrowing the differences at least in a relative sense.

In response to a request from the Labrador North Chamber of Commerce the APTC was able to convince CN Marine and TerraTransport not to hold C.O.D. shipments at Grand Falls for prior collection of charges when for consignees at Goose Bay. Prior to this, consignees at Goose Bay had been experiencing difficulty in obtaining their goods when shipped prepaid under a C.O.D. billing.

The APTC dealt with many inquiries, during the past year, from companies in this region for information on current or potential ocean rates for their products to markets in various countries throughout the world.

During the past year, the APTC has been called upon increasingly to advise shippers or receivers on the accuracy of charges being assessed by carriers from all modes of transport. This increasing area of activity stems, in part, from the increasing complexity of rate matters. Such rate checks are often time consuming but it is a useful service provided to the business community.

MEETINGS AND CONFERENCES

During the year under review, the APTC Chairman or senior staff members were called upon to attend many meetings, conferences, and to speak or to report to various groups and organizations. A summary of these activities follows:

DATE	CONFERENCE/MEETING/ORGANIZATION	NATURE OF PARTICIPATION
<u>1981</u>		
April 8	Canadian Feed Industry Association Annual Meeting	Report
April 9	Halifax Shipper-Carrier Conference	Panelist
April 29	Metric Conversion of Tariffs - Public Awareness Meeting	Address
May 2	Canadian Office Machine Dealers Association, Atlantic Division	Address
June 1	Atlantic Provinces Chamber of Commerce Annual Meeting	Report
June 4	Maritime Lumber Bureau Annual Meeting	Report
November 24	Canadian Feed Industry Association Semi-Annual Meeting	Report
November 30	University of New Brunswick - Transportation Course	Lecture
<u>1982</u>		
January 28	Nova Scotia Forest Products Association Annual Meeting	Address
February 22	Atlantic Provinces Chamber of Commerce Directors	Report
February 22	Export Seminar for Nova Scotia Fish Processors	Panelist
March 8	Truro Rotary Club	Address

OTHER ACTIVITIES

The APTC issued during the past year in excess of 6,200 Rate Advices. These form letters are designed to advise companies in the Atlantic Region of rate changes being made by the various carriers that are of direct or indirect interest to the region's manufacturers and producers. Fourteen circulars covering a number of subjects were directed to a specific industry or industry groups during the year in review.

"Tips & Topics," the APTC newsletter, was published monthly during the past year with each mailing consisting of approximately 3,500 copies.

The Seventh Edition of the APTC "Directory of Ocean Containership Services Between Halifax - Saint John and World Ports" was published in January, 1982. This directory provides a useful and handy reference for Atlantic Provinces' exporters and importers, as well as a promotional tool to encourage the movement of traffic through the Atlantic Ports.

The "Highway Overhead Clearances" booklet, issued by the APTC in co-operation with the provincial Departments of Transportation, was re-issued during the year covered by this report.

In co-operation with the Physical Distribution Advisory Service, a Physical Distribution Management Seminar was held in Moncton in March, 1982. The APTC provided leadership in the transportation workshop of the seminar covering such topics as an objective look at private trucking, carrier's liability, paying the freight bill, and other various tips for savings in transportation costs.

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 Transportation Committees of the Canadian Feed Industry Association (Atlantic Division), the Maritime Lumber Bureau and the Nova Scotia Forest Products Association.

The APTC has maintained membership in such groups as the Atlantic Provinces Economic Council, the Canadian Association of Physical Distribution Management, the Canadian Transportation Research Forum and the Greater Moncton Chamber of Commerce. The General Manager serves as Secretary of the Canadian Transportation Research Forum, a member of the Canadian Chamber of Commerce Transportation Committee, and a member of two of the Metric Commission's Committees, namely, the Water Transport Sector Committee and the Working Group on Tariff Conversion. The APTC is a member of the Canadian Shippers Council and the General Manager serves on its Board of Directors and its Conference Liaison Committee. In the interests of Atlantic Provinces' exporters and importers, the APTC has participated specifically in the Council activities pertaining to bunker surcharges and, in particular, the Conference Loyalty Agreement. The Chairman serves as a Director of the Atlantic Provinces Chamber of Commerce and the General Manager is an ex officio director of that organization.

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-five such inquiries were dealt with during the past year.

COMMISSION DIRECTORS

At the Commission's Annual Meeting held in Charlottetown, P.E.I., on May 26, 1981, Mr. Charles B. Christie of Amherst, N.S., resigned. Mr. Christie had been appointed to the Commission in 1957 as a representative of the Government of the Province of Nova Scotia. In recognition of Mr. Christie's twenty-three years of faithful service as a Director of the Commission, the Board of Directors presented to Mr. Christie a suitably inscribed plaque.

Subsequently, the Government of the Province of Nova Scotia appointed Mr. F. Thomas Stanfield, President of Stanfield's Limited, Truro, N.S., to fill the vacancy created by Mr. Christie's resignation.

Early in 1982, the Government of the Province of Newfoundland and Labrador appointed Mr. Henley Noel of Grand Falls, Nfld., to fill the vacancy created by the resignation of Mr. Ralph Chancey. Mr. Noel is associated with Abitibi Price Inc. of Grand Falls.

ACKNOWLEDGEMENTS

During the year covered by this report, excellent co-operation has been received by the Commission from all transportation interests. This co-operation has been mutually beneficial and, to the carriers and their agencies, the Directors of the Atlantic Provinces Transportation Commission express their appreciation and thanks. The achievements of the Commission are in a large measure due to the support and dedication of its Board of Directors who serve without remuneration. For the guidance and the direction given by the Board, the Chairman and the General Manager express their sincere thanks.

The success of the Commission's work in any given year is greatly influenced by the spirit in which the staff carry out their responsibilities. During the past year, the Commission's staff has discharged its duties in a dedicated, loyal and efficient manner. On behalf of the Directors, the Chairman and General Manager express their sincere thanks in appreciation to the staff for their services during the past year.

All of which is respectfully submitted,



Elwood L. Dillman
Chairman



Craig S. Dickson
General Manager

