

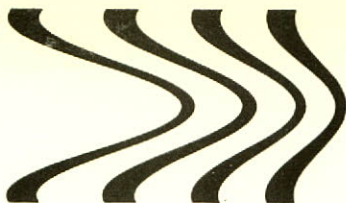
1
9
8
0
•
1
9
8
1

TRANSPORTATION
REVIEW
AND
ANNUAL REPORT



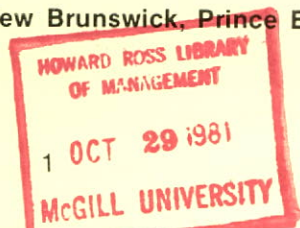
...56th Year of Service

RECEIVED
JAN 10 1900
U. S. DEPT. OF AGRICULTURE
WASHINGTON, D. C.



TRANSPORTATION REVIEW AND ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 1981

The Atlantic Provinces Transportation Commission has offices at 236 St. George Street (Room 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 Thomas J. McInnis
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 George R. McMahon
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 this Transportation Review and Annual Report of the Atlantic Provinces Transportation Commission for the period April 1, 1980, to March 31, 1981. 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 1980-81.

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 stylized, flowing script.

Elwood L. Dillman
Chairman

CONTENTS

	Page
DIRECTORS	5
1980-81 EXECUTIVE COMMITTEE	6-7-8
COMMISSION STAFF	9
OBJECT AND FUNCTIONS OF A.P.T.C.	10
GENERAL TRANSPORTATION REVIEW	11
—Rail	11
—Highway	14
—Air	16
—Marine	17
—Ferries	21
GENERAL LEVEL OF RATES	23
—Rail Rates —Domestic	23
—International	23
—Express	24
—Truck Rates	25
—Pool Car and Domestic Water Rates	27
ATLANTIC REGION FREIGHT ASSISTANCE	28
PILOTAGE	29
A.P.T.C. - SHIPPERS' MEETING	32
FERRY TOLLS REVIEW	33
CANADIAN MERCHANT MARINE - COASTAL TRADE	34
LEGISLATIVE PROPOSALS REGARDING FREIGHT RATES	35
SUBMISSION TO I.C.C. REGARDING STAGGERS ACT	37
NEW ZEALAND TRADE AGREEMENT	38
TERMINAL OPERATIONS	39
NATIONAL FARM PRODUCTS COUNCIL INQUIRY	40
CN EXPRESS CLOSURES	41
RAIL CAR DEMURRAGE	41
SERVICE TO INDUSTRY	42
MEETINGS AND CONFERENCES	45
OTHER ACTIVITIES	46
COMMISSION DIRECTORS	47
ACKNOWLEDGEMENTS	48

**DIRECTORS OF THE
ATLANTIC PROVINCES TRANSPORTATION COMMISSION
AS AT MARCH 31, 1981**

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

NOVA SCOTIA

Government

Charles B. Christie
D.J. MacDougall
L.J. Hayes

Amherst, N.S.
Halifax, N.S.
Halifax, N.S.

Atlantic Provinces Chamber of Commerce

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

North Sydney, N.S.
Hantsport, N.S.
Bridgewater, N.S.

NEW BRUNSWICK

Government

Glendon Eddy
F.H. Hatfield
W.W. Steeves

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

Atlantic Provinces Chamber of Commerce

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

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

PRINCE EDWARD ISLAND

Government

K.A. MacKenzie
G.D. Wright

Charlottetown, P.E.I.
Central Bedeque, P.E.I.

Atlantic Provinces Chamber of Commerce

Donald MacKenzie
C.M. McLean

O'Leary, P.E.I.
Charlottetown, P.E.I.

NEWFOUNDLAND

Government

E.J. O'Brien
One Vacant Appointment

St. John's, Nfld.

Atlantic Provinces Chamber of Commerce

H. Manuel
Norman H. Smith

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
Ray J.P. LeBlanc, Assistant Traffic Analyst
Charles D. Mollins, Research Officer & Accountant
Debbie Cain, Senior Tariff Clerk
Donna McKay, Junior Tariff Clerk
Cathy Peters, Staff Secretary
Susan Wilson, Assistant Staff Secretary
Carolyn MacIntosh, Assistant Staff Secretary

1980 - 1981

EXECUTIVE

COMMITTEE



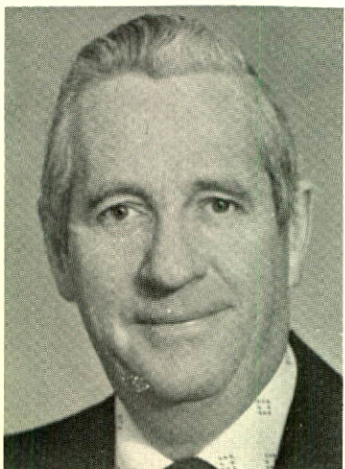
E.L. DILLMAN

Chairman

Traffic Manager

Canadian Keyes Fibre Co. Ltd.

Hantsport, N.S.



GLENDON EDDY

Vice-Chairman

Bathurst, N.B.



D. J. MacDOUGALL

Director, Transportation Policy

Province of Nova Scotia

Halifax, N.S.

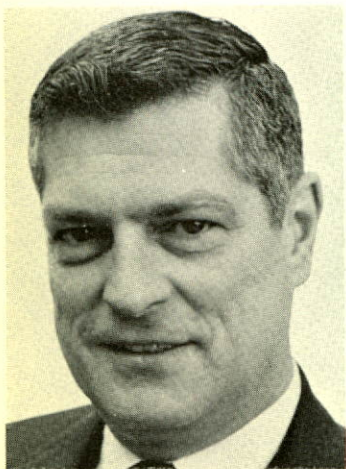
1980 - 1981

EXECUTIVE COMMITTEE



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.



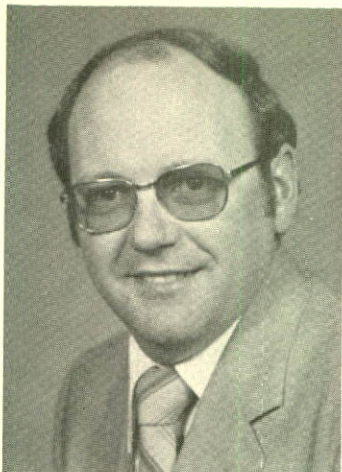
NORMAN H. SMITH

St. John's, Nfld.

1980 - 1981

EXECUTIVE

COMMITTEE



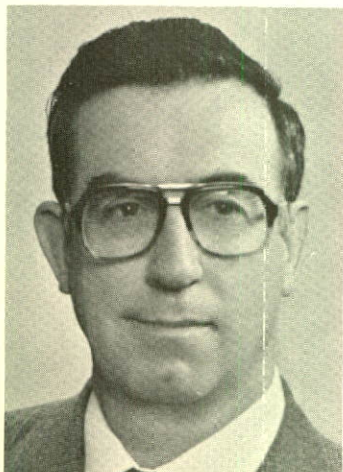
W.W. STEEVES

Assistant Director

Transportation

Province of New Brunswick

Fredericton, N.B.

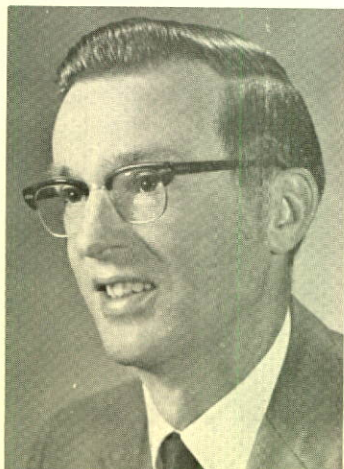


GEORGE D. WRIGHT

President

Campbell & Burns Limited

Central Bedeque, P.E.I.



CRAIG S. DICKSON

General Manager

Moncton, N.B.

COMMISSION STAFF



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

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 overall objective;
- (6) To provide technical advice to the governments and government agencies of the Atlantic Provinces including detailed studies on specific industries and continuing programs tailored to the needs of the particular Province or Provinces;
- (7) To supply information to the Atlantic Provinces, individually or collectively, pertinent to the assessment of 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 (Room 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

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

	1980	1979
	(in millions)	(in millions)
System Profit	192.7	208.2
Income From Divisions		
Before Taxes:		
CN Rail	250.5	234.6**
CN Trucking	2.1	3.2
CN Express	(53.1)	(47.2)
CN Marine*	8.8	8.8
Terra Transport	(26.9)	(24.8)

* Including other marine operations.

** Includes CN Passenger up to April 1/79.

CANADIAN PACIFIC LIMITED

	1980	1979
	(in millions)	(in millions)
System Profit	583.2	508.1
Net Income From Divisions:		
CP Rail	121.6	108.7*
CP Trucks	(1.5)	(1.9)
CP Ships	52.4	26.3

* Corrected amount due to CP revising its accounting methods.

(Brackets Denotes Loss)

Carload traffic loaded in Canada during 1980 remained relatively constant to that recorded in 1979, whereas loading of non-carload traffic continued on a declining trend, as shown in the table below:

RAILWAY CARLOADING 1980

	1980	1979	% Change
	(Tons X'000)	(Tons X'000)	
Carload Traffic Loaded	259,706	261,666	- 0.7
Non-Carload Traffic Loaded	619	770	-19.5

Source: Statistics Canada Railway Carloading, December 1980,
Catalogue 52-001

Payments received to December 31, 1980, by both major railways under terms of the National Transportation Act, in respect of the maintenance of services on uneconomic branch lines and unprofitable passenger services which are required to be maintained in the public interest, are outlined below:

Subsidies Paid To Canadian National Railways
And Canadian Pacific Limited
Under Terms Of The National Transportation Act
In Respect Of Year 1979

(Payments To December 31, 1980)

Sections 256 and 258 of the Railway Act	Canadian National Railways		Canadian Pacific Limited	
	Claimed	Paid	Claimed	Paid
In respect of uneconomic branch lines	\$ 81,810,586	\$52,403,151	\$ 97,988,169	\$65,397,655
Section 261 of the Railway Act				
In respect of unprofitable passenger service	\$ 34,378,026	\$28,917,019	\$ 4,730,847	\$ 2,443,188
Totals	\$116,188,612	\$81,320,170	\$102,719,016	\$67,840,843

Source: Canadian Transport Commission, Fourteenth Annual Report

A further breakdown of the subsidies paid for uneconomic branch lines and unprofitable passenger services on a regional basis is shown below from the figures available at the time of writing:

Payment To Canadian National Railways And
Canadian Pacific Limited Under Terms Of The
National Transportation Act In Respect Of Year 1979

(Payments To December 31, 1980)

	Atlantic Provinces	Central Canada	Western Canada	Through Services Between Central And Western Canada
Canadian National Railways				
Section 256				
(unprotected branch lines)	\$45,461	\$ 34,806	\$ 7,942,472	Nil
Section 258				
(guaranteed branch lines)	Nil	Nil	\$44,380,412	Nil
Section 261				
(passenger train service)	Note 1	Note 1	Note 1	Note 1
Canadian Pacific Limited				
Section 256				
(unprotected branch lines)	\$87,072	\$363,547	\$ 7,459,592	Nil
Section 258				
(guaranteed branch lines)	Nil	Nil	\$57,487,444	Nil
Section 261				
(passenger train service)	Note 2	Note 2	Note 2	Note 2

Note 1 — Analysis of claims by individual regions was not complete at the time of printing. Therefore, payments to December 31, 1980, to Canadian National Railways for all regions are shown only as a total of \$28,917,019.

Note 2 — Analysis of claims by individual regions was not complete at the time of printing. Therefore, payments to December 31, 1980, to Canadian Pacific Limited for all regions are shown only as a total of \$2,443,188.

Source: Canadian Transport Commission, Fourteenth Annual Report

During the year under review, the Canadian Transport Commission investigated three applications by the Canadian National Railways for abandonment of specific portions of their railway lines in Nova Scotia as follows:

- A portion of the Dartmouth Subdivision from a point near Imperoyal (mileage 18.5) to Upper Musquodoboit (mileage 81.80), a total distance of 63.30 miles. A public hearing was held at Upper Musquodoboit, N.S., on September 15, 1980. A decision by the Canadian Transport Commission authorized Canadian National to abandon this line as it is expected to remain uneconomic. Shortly before the close of the year in review, the Province of Nova Scotia and local groups filed an appeal with the Appeals Committee of the C.T.C.
- Yarmouth Subdivision from Liverpool (mileage 0.92) to Yarmouth (mileage 136.6), a total distance of 135.68 miles. A public hearing was held at Shelburne, N.S., on September 17, 1980. There has been no decision announced by the Canadian Transport Commission on this application at the time of writing.
- Inverness Subdivision from Port Hastings Junction (mileage 0.0) to Inverness (mileage 55.64), a total distance of 55.64 miles. A public hearing was held at Strathlorne, N.S., on September 22, 1980. A decision by the Canadian Transport Commission ordered Canadian National to maintain this line even though it is expected to remain uneconomic in the near future. This application will be reconsidered by the Canadian Transport Commission within three years of the date of the decision.

In addition to the above hearings, Canadian National made applications for abandonment of sections of their railway lines in New Brunswick and Nova Scotia, as listed below. At the time of writing, the Canadian Transport Commission has not announced when these applications will be processed.

- Application to abandon a portion of the Albert Subdivision between Salisbury, N.B. (mileage 0.0), and Hillsborough, N.B. (mileage 24.36), a distance of 24.36 miles.
- Application to abandon the Centreville Subdivision between Valley, N.B. (mileage 0.0), and Centreville, N.B. (mileage 27.72), a distance of 27.72 miles.

Re-application to abandon a portion of the Oxford Subdivision between Pugwash Junction, N.S. (mileage 16.49), and Scott Spur, N.S. (mileage 71.43), a distance of 54.94 miles.

During the period in review, the Canadian Transport Commission ruled that it does not have jurisdiction to intervene in the matter of private siding rentals charged by the railways to various industries for the use of railway materials in such siding. This ruling was the result of complaints from industry that railways were applying exorbitant increases in private siding rental fees. Subsequent to this decision, the Alberta Wheat Pool and others made an application to the Federal Court of Appeal for "Leave to Appeal" the C.T.C.'s decision. The Federal Court dismissed this application without providing written reason for its decision. The Province of Ontario made an application to the Review Committee of the Canadian Transport Commission to have their original decision reviewed. There has been no decision to date on this application.

The Canadian Transport Commission scheduled a public hearing for Hull, Que., to be held on April 21, 1981, into the matter of transporting dangerous commodities by rail. The hearing is the result of submissions filed pursuant to the recommendations contained in the Report of the Mississauga Railway Accident Inquiry. The Railway Transport Committee of the C.T.C. previously 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 could have a substantial impact upon the operations of the railways and service to their customers.

Highway

During the year under review, the Provinces of New Brunswick, British Columbia, Alberta, Saskatchewan, Manitoba and Ontario became party to a Motor Vehicle Reciprocity Agreement effective April 1, 1981. The agreement, which is optional, provides that a registration fee will be paid to each jurisdiction in which motor vehicles are operated based on the miles travelled in all jurisdictions that are a party to the agreement. Quebec, Nova Scotia and Newfoundland will participate in the plan one year later. Prince Edward Island, the Yukon and Northwest Territories are not participating in the plan.

A number of highway carriers who operate within or into Atlantic Canada changed ownership during the year in review, the most prominent being the proposed joint acquisition of Les Entreprises Bussieres Ltee. by the Quebec Government and the CN subsidiary, Transport Husband (Quebec) Inc. The firms controlled by Les Entreprises Bussieres Ltee. will allow CN to complete a national trucking network. The Quebec Government involvement was said to be designed to protect Quebec jobs and interests. The Canadian Transport Commission scheduled a public hearing into this transaction to be

held on April 8, 1981, at Halifax, N.S., as part of an investigation resulting from an objection filed by Local 14, Canadian Brotherhood of Railway Transport and General Workers, Halifax, N.S., pursuant to Section 27 of the National Transportation Act. In addition, interventions or letters of concern into the acquisition were filed by the Nova Scotia Department of Transportation, Atlantic Provinces Trucking Association and Atlantic Provinces Transportation Commission.

Other major ownership changes occurring during the past year are as follows:

<u>Company Purchased</u>	<u>Buyer</u>
Atlantic Transport Limited Liverpool, N.S.	M & D Transfer Limited Saint John, N.B.
Bowness Transport Limited Charlottetown, P.E.I.	Crosbie Services Ltd. St. John's, Nfld.
Brad's Transport Ltd. Charlottetown, P.E.I.	Big Wheels Transport & Leasing Ltd. Kensington, P.E.I.
Clark Transport Limited Summerside, P.E.I.	Big Wheels Transport & Leasing Ltd. Kensington, P.E.I.
Ernest D'Angelo Reserve Mines, N.S.	Harold B. Legge Transport Ltd. Port Williams, N.S.
Elroy's Transport Ltd. Truro, N.S.	Day & Ross Ltd. Hartland, N.B.
Hirtle's South Shore Auto Freight Ltd. Bridgewater, N.S.	Midland Transport Limited Moncton, N.B.
Howard's Transfer Limited Cornwall, P.E.I.	Day & Ross Ltd. Hartland, N.B.
MacKay's Transport Limited Kentville, N.S.	M & D Transfer Limited Saint John, N.B.
Mack's Transfer Limited Mill Village, N.S.	Jodrey & Pulsifer Transport Ltd. Wolfville, N.S.

A significant decrease in spring weight restrictions was announced for New Brunswick in 1981. Certain major routes are exempt from these restrictions, other than the elimination of the tolerances, while other highways are restricted to 80% or 90% of the maximum axle weight. In the spring of 1980, a number of routes were subject to a 60% restriction. Effective this year, the 60% restriction has been eliminated and replaced by an 80% restriction. The elimination of the 60% restriction will result in substantial savings for motor carriers and the users of their services.

The Motor Carrier Regulations issued pursuant to the New Brunswick and Newfoundland Motor Carrier Acts were amended during the year to include the terms and conditions of the Uniform Conditions of Carriage as recommended by the Canadian Conference of Motor Transport Administrators.

Air

As a result of an appeal by Eastern Provincial Airways in 1980, the Federal Cabinet reversed an earlier decision by the Canadian Transport Commission and awarded a direct service between Halifax and Toronto to EPA, with CP Air being granted the service between Halifax and Montreal. The Halifax/Toronto service by EPA began during July, 1980, and the Halifax/Montreal service by CP Air began in March, 1981.

Eastern Provincial Airways made application to the Canadian Transport Commission to provide service between St. John's, Nfld., and Boston, Mass., in May, 1980. This application was rejected in January, 1981. During the latter part of the year under review, EPA announced its intention to apply for authority to discontinue serving Deer Lake, Nfld.

In March, 1981, I.M.P. Group, a charter operator located at Halifax, applied to the Canadian Transport Commission for authority to establish a Class 3 specific point to point unit toll service between Halifax and Yarmouth. This application had not been finalized at the conclusion of the year.

A new \$8 million air terminal building at Charlo, N.B., was officially opened during September, 1980. It marked the final stage of the extension of the airport.

During September, 1980, the \$3.8 million expansion plans at the Gander International Airport were delayed until spring. This expansion was scheduled to be the final phase of an \$8 million improvement program.

British Airways were granted landing rights at Halifax during September, 1980. The airline hopes to set up air service between Halifax and Britain by 1982.

Air Canada and Eastern Provincial Airways reached an agreement effective January 5, 1981, on joint passenger fares between Charlo/Chatham, N.B., and Ottawa/Toronto, Ont. Agreement has also been reached between EPA and Delta Airlines for joint excursion fares between most points in Atlantic Canada and the Florida points of Miami, West Palm Beach, Orlando, and Tampa, effective January 1, 1981.

Air Canada announced plans in November, 1980, to establish a twice weekly flight from St. John's, Nfld., to the British Isles beginning during the summer of 1981.

An increase in domestic air cargo rates of 7% to 8½% was implemented effective October 15, 1980, and domestic air fares were increased 9.5% effective January 5, 1981.

The net income figure for Eastern Provincial Airways for 1980 has not been released at the time of writing this report. The annual report of Air Canada shows an after tax profit of \$57 million, or three percent greater than that achieved the previous year.

A brief table of the statistical highlights is shown below:

	<u>AIR CANADA</u>			<u>EASTERN PROVINCIAL AIRWAYS</u>		
	1980	1979	Percent Change	1980	1979	Percent Change
Revenue Passengers Carried	13,000,000	12,800,000	+1.6	824,808	840,148	- 1.8
Revenue Passenger Miles (X'000)	14,759,000	14,414,000	+2.4	363,303	314,248	+15.6
Freight Ton Miles (X'000)	307,000	318,000	+2.7	2,786	3,578	-22.2
Passenger Load Factor	67%	66%	+1.5	*	55.9%	-
Net Income (loss) After Taxes	\$57,042,000	\$55,369,000	+3.0	*	\$960,186	-

*Not available at time of printing.

Source: Air Canada and Eastern Provincial Airways

Marine

The Port of Saint John, with increases in all categories of cargo, attained its highest recorded tonnage in 1980 with an overall increase of 8.3%. Improved container facilities, initial shipments of salt, potash and cement, as well as large shipments of forest products through the facilities at Forterm for a full year, are some of the reasons for the increases. Decreases in the movement of petroleum products and gypsum were largely responsible for an overall drop of 5.3% in cargo moving through the Port of Halifax. However, the Port of Halifax showed an increase in general cargo of 12.1% which is attributable in part to large shipments of linerboard and salt. Container traffic at Halifax in 1980, although down 7.1%, was still considered to be at a favourable level since the 1979 total included non-recurring traffic attained due to port problems at New York. The Port of St. John's, Nfld., reported increases of 39.8% in general cargo and 27.2% in container cargo, attributed in part to traffic generated as a result of continued growth in offshore petroleum explorations. However, St. John's incurred an overall cargo decrease of 6.2% caused partially by a drop in the movement of petroleum products through that port.

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)

Calendar Year	<u>All Cargo</u>				
	Saint John	Halifax	St. John's	Belledune	Total
1980	16,281,850	13,591,769	1,028,142	525,120	31,426,881
1979	15,039,491	14,346,841	1,095,596	448,019	30,929,947
Increase or (Decrease)	1,242,359	(755,072)	(67,454)	77,101	496,934
% Change	+8.3	-5.3	-6.2	+17.2	+1.6

General Cargo					
1980	1,520,308	601,634	423,237	—	2,545,179
1979	1,201,910	536,783	302,296	—	2,040,989
Increase or (Decrease)	318,398	64,851	120,941	—	504,190
% Change	+26.5	+12.1	+40.0	—	+24.7
Container Cargo					
1980	964,292	1,935,371	161,559	—	3,061,222
1979	897,733	2,082,688	127,035	—	3,107,456
Increase or (Decrease)	66,559	(147,317)	34,524	—	(46,234)
% Change	+7.4	-7.1	+27.2	—	-1.5

Source: National Harbours Board

Commencing in September, 1980, Trans Freight Lines, a non-conference carrier, expanded its ocean container service to include weekly calls to and from Halifax. Trans Freight Lines provides service between Halifax and United States east coast ports, United Kingdom, Europe, Caribbean and Mexico.

Newfoundland Container Service inaugurated a full container door to door service effective June, 1980, between the Maritime Provinces and Goose Bay, Labrador, via the Port of Halifax. The new service uses the NCL vessel between Halifax and St. John's and connects with the CN Marine service from that port to Goose Bay. In addition to the new service, a small shipment service (LCL) is provided by Clarke Transportation Canada Ltd. from Halifax.

A second announcement affecting service to Goose Bay was made by CN Marine in March, 1981, of the inauguration of a roll-on/roll-off container service between St. John's, Nfld., and Goose Bay to commence early in the 1981 shipping year. Service will be provided on a 280-foot vessel which can carry up to 113 twenty-foot containers, 53 forty-foot units, or a combination of both, including up to 30 refrigerated units. Highway vehicles moving as freight may be carried on deck instead of containers, if necessary. Less than container lots will be consolidated at St. John's and Lewisporte. Freight for Northern Labrador will be transhipped at Goose Bay and handled beyond on a conventional freighter with capacity for a limited number of containers.

During the year under review, Nigerian Star Lines announced the inauguration of a fully containerized service between the Port of Halifax, N.S., and ports in West Africa. Two vessels, "M.V. Junior Logo" and "M.V. Tristar Bay", will call at the Ports of Halifax, New York and Baltimore on a 23-day frequency. Ports of call in West Africa are Monrovia, Abidjan, Lagos/Apapa and Port Harcourt.

The combination ro-ro/containership "Langlade" began a new weekly service between the Port of Halifax and the Islands of St. Pierre and Miquelon on July 1, 1980. This service replaced the operation between North Sydney and the Islands by the "Ile de St. Pierre".

Chimo Container Service, as operators of a door to door container service between Central Canada and Newfoundland, added a second vessel to their service which enables them to provide a five-day service from Ontario and Quebec points to all major Newfoundland centres via the Port of St. John's. The "*M.V.A.C. Crosbie*" is an Ice Class I container vessel with capacity to carry up to 310 twenty-foot equivalent units, as well as non-containerized cargo.

During September, 1980, Clarke Transport Canada Inc. and Chimo Shipping Limited announced plans to integrate their two services into an expanded operation between Central Canada and Newfoundland under Newfoundland Steamships Limited. The objectives of the amalgamation are to provide more frequent and efficient service, faster turn around and the provision of facilities for both palletized and container shipping in one company.

Early in 1981, A. Harvey and Company Limited and Browning Harvey Limited of St. John's, Nfld., currently operator of Newfoundland Container Lines, announced a new container service between Montreal and Newfoundland under the name Atlantic Freight Lines Limited. The service will be inaugurated during April, 1981, by the "*M.V. Bonaventure*" which will provide an eight-day service between Montreal and St. John's. Weekly sailings, year-round, will subsequently be made to St. John's and Stephenville by the addition of the vessel "*M.V. Bellaventure*". These two ice-class container vessels are fully cellularized, fitted to carry refrigerated containers, with an estimated carrying capacity of 170,000 tons per year, or almost 15,000 twenty-foot equivalent units. Container traffic will be encouraged, however, non-container cargo space will be available.

Polish Ocean Lines, an independent non-conference carrier, began a new fortnightly container express service from Halifax to Continental Europe in March, 1981. The major ports of call overseas are Rotterdam, Bremerhaven and Gdynia.

The Port of Saint John underwent major developments during the year under review. These include the twenty acre Lower Cove Terminal, which has a built-in ramp landing platform to accommodate roll-on/roll-off traffic, plus a six acre expansion to Long Wharf, along with the strengthening of the deck of an extension to the container terminal. This extension will give the container terminal a total area of 44 acres and has increased the length of the marginal wharf to 640 metres.

Operators of the container terminal at the Port of Halifax, Halterm Ltd., announced during the year under review a major equipment replacement program to take place over the next several years at an estimated cost of \$10 million. This program is intended to keep Halterm in the forefront among the world's major container terminals.

Salt and potash from the Sussex area began moving through the Port of Saint John during the past year. W.H. Crandall and Associates (Management) Ltd. has been engaged to carry out further site investigations in connection with

the design of a potash terminal. The new terminal will be located south of the Broad Street Wharf and will have the capacity of moving up to two million tons of potash expected yearly from the Sussex area.

During the year under review, the Federal Minister of Transport announced plans to amend the structure of National Harbours Board. The proposed changes would see the establishment of a number of small Crown corporations to administer Canada's ports under a reorganized board. Each port would be managed by a different corporation and would report to an overall corporation. Under the new system, the local corporations would have limited spending powers and would have to ask the National Harbours Board to exceed them. It would be answerable to Parliament through the Minister of Transport. The major objectives would be to manage the N.H.B. headquarters and each individual port professionally on a cost-recovery or profit basis.

Early in 1981 Dart Containerline, a company which has been providing a weekly container service between the Port of Halifax and Europe for the past ten years, announced plans to move its terminal operations from Halifax to Montreal. The Dart line moved 40,000 containers or approximately 550,000 tons through the Port of Halifax in 1980, which represents roughly one-quarter of the Halifax container traffic. The actual move is tentatively scheduled for late 1981 and was prompted by CP Ships, who serve Montreal but not Halifax, purchasing substantial interests in the Dart Containerline. The association of these two companies, together with the financial involvement by Dart with Manchester Lines, has resulted in an announcement by these three shipowners of the formation of a new company to operate a coordinated container service between the Port of Montreal, the United Kingdom and Continental Europe.

Effective April 1, 1980, top wharfage charges assessed by the Government of Canada on goods moving over government wharves for shipments destined to ports on the coast of Newfoundland and Labrador are being added to the CN Marine billing for freight charges. This change resulted from the federal government requiring CN Marine to collect these wharfage charges which, prior to July 1, 1979, were collected from the consignee by the local wharfingers.

A number of port charges assessed by National Harbours Board at Eastern Canadian ports were increased in November, 1980, by 15%. These included top wharfage, berthage, harbour dues, buoyage and anchorage charges.

During the period under review, the Forest Products Terminal Corporation Limited (Forterm), Saint John, N.B., advised the users of the Navy Island Terminal that a surcharge of 50 cents per tonne would be levied in addition to regular throughput charges, effective January 1, 1981. The surcharge is the result of a business tax assessment by the Province of New Brunswick against Forterm commencing in the calendar year 1980. Forterm further advised they are appealing the assessment and, if successful, will return all funds collected pursuant to this surcharge. At the request of a number of the users of the terminal, the A.P.T.C. sought the removal of the surcharge through communications with the terminal operator and the New Brunswick Government. However, the problem had not been resolved at the end of the review period.

During October, 1980, Ceres Stevedoring Company Limited was awarded the contract to operate the new \$40 million Fairview Cove container terminal at the Port of Halifax. The Ceres Company has its headquarters in Chicago, with operations in Toronto, Montreal and Saint John. The 50 acre Fairview Cove terminal, which is expected to be opened in April, 1982, will increase the Halifax port's container handling capacity by 40 percent. It will have one berth of about 1,080 feet and a ro-ro ramp. Minimum water depth along side the berth will be 45 feet. The terminal will be served by railway and highway carriers.

In March, 1981, the A.P.T.C. communicated with the Federal Minister of Energy, Mines and Resources concerning the federal government's proposal to place an excise tax on fuel sold to ships operating between the United States and Canada effective April 1, 1981. The tax would compensate the government for the difference between the domestic price of fuel and the world price. The Commission's concern is that the resulting increase in the cost of marine fuel would have a negative impact on certain firms in the Atlantic Region using this mode of transport to the Eastern United States. The Commission requested that, due to the immediate and severe impact on the competitive position of industry in this region, the marine movements between the United States and Canada be exempt from the excise tax.

Ferries

Traffic totals for ferry operations in Atlantic Canada for 1980 showed a mixture of increases and decreases on the various routes when compared with the previous year. Overall totals showed passenger traffic virtually identical, automobile traffic increased by 3.1%, and truck and tractor trailer traffic decreased 2.7%, when compared with 1979.

Statistics for the year 1980 appear below, with 1979 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	1,552,555 - 2.0% (1,583,471)	464,234 + 4.9% (442,465)	158,851 - 7.6% (171,838)
North Sydney - Port aux Basques	291,656 - 1.6% (296,549)	68,840 - 0.5% (69,157)	40,534 - 2.3% (41,487)
North Sydney - Argentina (1)	42,402 + 2.1% (41,529)	10,905 + 3.1% (10,573)	136 - 8.7% (149)
Yarmouth - Bar Harbour (2)	90,927 +22.9% (73,974)	23,619 +25.4% (18,842)	245 - 8.2% (267)
Yarmouth - Portland	8,778 - 4.9% (9,232)	1,985 -11.9% (2,254)	3,588 +22.8% (2,922)
Saint John - Digby	247,724 + 3.2% (240,016)	57,169 + 4.7% (54,627)	26,991 - 3.5% (27,970)

Northumberland Ferries Service			
Wood Island - Caribou (3)	541,328 - 1.9% (552,067)	149,440 - 6.3% (159,485)	38,977 +21.7% #(32,016)

Prince of Fundy Service			
Yarmouth - Portland (4)	128,607 +14.9% (111,948)	23,463 +28.4% (18,267)	107 -53.3% (229)

- (1) 1980 operated June 16 to September 13
1979 operated June 18 to September 15
- (2) 1980 operated May 29 to October 25
1979 operated May 18 to October 13
- (3) 1980 operated April 19 to December 14
1979 operated April 17 to December 17
- (4) 1980 operated May 12 to October 19
* 1979 operated May 12 to October 28
- # Corrected Total
- * Due to technical problems only four sailings were made prior to June 29.

Source: CN Marine
Northumberland Ferries Limited
Prince of Fundy Cruises

To meet the requirements of the \$50 million ferry being constructed by Saint John Shipping and Drydock Co., during May, 1980, CN Marine authorized three contracts worth \$4 million for renovation of ramps at the ferry terminals in Cape Tormentine, N.B., and Borden, P.E.I. The new movable ramps will allow two lanes of traffic to load or unload at the same time and are required to accommodate the new vessel. Work on the ramps is scheduled to be completed before the 1981 holiday season.

During May, 1980, the Federal Department of Public Works announced a further expenditure of \$2 million to complete the \$13 million modernization project at the Port aux Basques, Nfld., ferry terminal. The overall project, which was started in 1977, included the construction of a new docking facility, additional vehicle marshalling and parking area, and a complete interior renovation of the terminal building. Regarding the Cabot Strait ferry service, \$700,000 was allocated to complete the design of a vessel for the Port aux Basques to North Sydney, N.S., ferry service and to finalize the design of new terminal facilities at North Sydney.

CN Marine was engaged by the Newfoundland government during September, 1980, as consultants for an in-depth study into several aspects of the Newfoundland intra-provincial ferry service. The study is required as part of a new program of improvements to the ferry system scheduled to be started in the 1981-82 fiscal year, with complete implementation over the next several years.

During February, 1981, the federal and Nova Scotia governments announced the awarding of a \$500,000 contract for the expansion and modernization of the Caribou, N.S., terminal of the ferry service which runs from there to Wood Island, P.E.I. Work is scheduled to be completed by May, 1981.

GENERAL LEVEL OF RATES

Rail Rates — Domestic

During the period under review, domestic rail rates were subject to two general rate increases. Consistent with the pattern set in previous years, the increases were applied to class rates and selective commodity groups in open tariffs. The first round of increases, imposed to offset a short fall in revenue generated from the increases implemented early in 1980, ranged from 2% to 4% and became effective on staggered dates between August 1, 1980, and October 1, 1980. The second round of domestic rail rate increases commenced on January 1, 1981, and were spread over a period of approximately three months, with increases ranging from 12% to 17%. Certain specific rates received lower increases as a result of negotiations between shippers and the railways.

Railway agreed charge rates were increased, for the most part, effective September 1, 1980. Each agreed charge was renegotiated on an individual basis with the shippers involved, with the average increase ranging from 14% to 15%.

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:

Date	Between	And	Increase
April 24/80	NB/NS/PEI	Quebec	8%
May 19/80	NB/NS/PEI/Nfld.	Newfoundland	10%
June 2/80	Newfoundland	Quebec	8%
June 16/80	Eastern Canada*	Western Canada	9%
June 27/80	NB/NS/PEI	Ontario	10%
August 28/80	(From) Ontario	(To) Newfoundland	5%
November 7/80	NB/NS/PEI	Quebec	EB-7.5% WB-10.5%
December 1/80	NB/NS/PEI	Ontario	EB-8.7% (average) WB-11.8% (average)
December 1/80	Eastern Canada*	Western Canada	11.6%
March 2/81	NB/NS/PEI	Newfoundland	EB-9% WB-11%

*Including from and to the Atlantic Provinces.

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 1/80	X375A	5.1% (cancelled 1.1% fuel surcharge under X311A)
April 11/80	X311S	1.2% - temporary fuel short fall recovery surcharge (not applicable within East or between East and South)
June 14/80	9000	3% to 20% - master tariff of selective increases
June 16/80	X311B	.8% - fuel surcharge
July 12/80	X375C	5.9% - all territories (cancelled X311B & X375A)
September 1/80	X375C	13.9% - within East and between East and West 9.9% - between East and South (in lieu of 5.9% increase effective July 12/80)
December 31/80	X386	5% generally (all territories)
February 11/81	X311C	1.1% - fuel surcharge
March 14/81	X311D	2.2% - fuel surcharge (cancelled X311C)

As in the past, the amount of percentage increase under the general rate increases varied 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. The following table summarizes these increases as published in Express Transport Association Tariff 100:

From The Atlantic Provinces To Ontario And Quebec:

<u>Date</u>	<u>General Scale Rates</u>	<u>Point to Point Rates</u>
May 12/80	—	(Note 1)
November 17/80	7%	—
December 31/80	(Note 2)	(Note 2)

From Ontario And Quebec To The Atlantic Provinces:

<u>Date</u>	<u>General Scale Rates</u>	<u>Point to Point Rates</u>
May 12/80	—	8% (Ontario)
November 1/80	7%	7% (Quebec)
November 17/80	—	7% (Ontario)
December 31/80	(Note 2)	(Note 2)
March 16/81	—	4% (Ontario)
March 16/81	—	8% (Quebec)
March 30/81	8%	—

Within The Atlantic Provinces:

<u>Date</u>	<u>General Scale Rates</u>	<u>Point to Point Rates</u>
September 15/80	10% (mostly Nfld.)	—
December 31/80	(Note 2)	(Note 2)

Note 1 - Varying adjustments to rates subject to lower weight groups.

Note 2 - As a result of a major restructuring of the express tariff on this date from, to and within the three Maritime Provinces, the A.P.T.C. did an extensive analysis of the rates. Of 530 rates compared, roughly 50% did not change, 30% were increased by 25% to 30%, while 20% of the rates compared were reduced by 16% to 19%. The analysis also revealed that the majority of the increases were offset by lower truck rates.

During the past year, CN Express announced major changes affecting their services across Canada, including the termination of the Rapidex small packages service and the closure of several CN Express terminals. These changes are covered in greater detail later in this report under "CN Express Closures".

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 12/80	All Rates	8%
Dec. 1/80	All Rates	7%
	Eastbound -	
	Westbound -	10%
<u>Between Newfoundland And Ontario</u>		
July 17/80	Westbound FAK	{ LTL 10%
		{ TL 30%
Sept. 1/80	All Rates	Eastbound - 2%
		Westbound { LTL 2%
		{ TL 32% to 33%
Mar. 9/81	All Rates	15%
<u>Between The Atlantic Provinces And Quebec</u>		
Sept. 1/80	All Rates	Eastbound - 7%
		Westbound - 10%
Mar. 16/81	All Rates	Eastbound - 8%
		Westbound - 10%
<u>Within The Maritime Provinces</u>		
Oct. 15/80	Commodity Rates	8% to 10%
Jan. 15/81	FAK Rates	0 - 10%

Between Newfoundland And Maritime Provinces

Aug. 1/80	All Rates	10%
Jan. 1/81	All Rates	Eastbound - 7%
		Westbound - 9%

Within The Provinces Of Newfoundland

Aug. 1/80	All Rates	10%
Jan. 1/81	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 7% on eastbound traffic and 10% on westbound traffic, effective November 17, 1980.

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. 7/80	6.8%	5.8%	5.64%	4.14%
Oct. 6/80	2.85%	1.18%	4.6%	1.1%

Meetings were held on two occasions with highway carriers operating between Quebec and the Atlantic Region as a result of those carriers proposing increases in their rates. While the Commission was concerned that the increases being sought were eroding the competitive ability of Atlantic Provinces' shippers, it concluded that it would not oppose the proposals of the highway carriers in their application to the Quebec Transport Commission for approval.

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. The following table shows the tariff bureaux fuel surcharges as at March 31, 1981:

Table Showing Truck Tariff Bureaux Fuel
Surcharges In Effect On March 31, 1981

Atlantic Provinces Motor Carrier Tariff Bureau Tariffs -

Tariff 4000 - (between Ontario and the Maritime Provinces)

Less Than Truckload Shipments	1.50%
Truckload Shipments	2.75%

(A surcharge of LTL 4% and TL 8% was incorporated into the general rate structure on February 23, 1981).

Tariff 5000B - (within the Maritime Provinces)

Less Than Truckload Shipments	3.5%
Truckload Shipments	7.0%

Tariff 6000 - (between Newfoundland and the Maritime Provinces)

All Shipments	3.0%
---------------	------

Tariff 7000A - (within Newfoundland)

All Shipments	4.0%
---------------	------

Tariff 8000 - (between Ontario and Newfoundland)

All Shipments	2.0%
---------------	------

(A surcharge of 4% was incorporated into the general rate structure on March 9, 1981.)

Quebec Tariff Bureau, Inc. -

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

Less Than Truckload Shipments	2.0%
Truckload Shipments	4.5%

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	3.3%
Truckload Shipments	19.0%

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 26/80	Ontario	NB/NS/PEI	8%
Oct. 14/80	Quebec	NB/NS/PEI	7% - 12%
Jan. 5/81	Ontario	NB/NS/PEI	10%
Jan. 5/81	Ont./Que.	Newfoundland	6% - 15%

Rates published by Newfoundland Steamships Limited between Montreal, Que., and Newfoundland were not increased during the year under review.

ATLANTIC REGION FREIGHT ASSISTANCE

Payments under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act for the year 1980 were slightly in excess of \$60 million, representing an increase of approximately 3% 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>		
1980	7,999	28,441	347	36,787
1979	6,777	27,349	239	34,365
		<u>Westbound-Basic</u>		
1980	10,117	8,153	—	18,270
1979	11,666*	7,579	—	19,245
		<u>Westbound Selective</u>		
1980	3,149	2,636	—	5,785
1979	2,898*	2,639	—	5,537
	<u>Total Payments - Intra-Regional & Westbound</u>			
1980	21,265		39,230 347	60,842
1979	21,341		37,567 239	59,147
decrease	{ 76 4.4%	increase { 1,663 4.4%	108 45.2%	1,695 2.9%

* Corrections from 1979-80 report

Source: Canadian Transport Commission

There were no major changes in the program during the past year. The review of the subsidy program covering rail and truck traffic moving outbound from the Atlantic Region to other parts of Canada, as reported in the Annual Report for last year, had not been completed at the close of the year. This review is being undertaken under the direction of the Federal/Provincial Committee on Atlantic Region Transportation and is still in progress.

Application of Westbound Subsidy to Certain Peat Moss Shipments

Prompted by a complaint by a shipper of peat moss located in the Province of Quebec, the Railway Transport Committee of the Canadian Transport Commission rendered an informal ruling as to the eligibility of certain peat moss shipments to receive the benefits of reduced rates under the

provisions of the Maritime Freight Rates Act. It has been argued by CN Rail, supported by CP Rail and the shipper interests, that the traffic in question qualifies for reduced rates because:

- (a) it moves all rail from a point in select territory to destinations outside the select territory, where it is released to the consignee by the carrier and from the carrier's standpoint, qualifies as a preferred movement contemplated by Section 4 of the Maritime Freight Rates Act; and
- (b) the subsequent reshipment to the United States of America is by highway transport and not by rail, therefore, the exception cited in Section 5 of the Act, which contemplates "all rail" movements, does not disqualify the previous movement to the consolidation point, as the beyond movement is performed by a highway carrier.

The Committee concurred with this position and ruled accordingly. However, the Committee went on to limit this conclusion to the Maritime Freight Rates Act and noted that it does not apply in relation to movements performed by highway truckers under the provisions of the Atlantic Region Freight Assistance Act Regulations. This further conclusion was based on a limitation in the regulations governing the payment of assistance to truckers as not applying on "... the transportation of goods that are exported from Canada;".

As a result of this ruling, the A.P.T.C. wrote to the Minister of Transport seeking a change in the regulations governing movements by truck so as to provide the same assistance for such movements as now apply in relation to rail movements. It was stated in these representations that the difference of treatment as between the truck and rail modes is discriminatory and contrary to the stated intention to provide the same degree of assistance to commercial trucking as is paid to the railways.

No action had been taken by the Minister in response to this matter at the conclusion of the year under review.

PILOTAGE

During the year covered by this report, pilotage matters continued to occupy the attention of the Atlantic Provinces Transportation Commission.

Early in April, 1980, a sub-committee of the Directors of the Atlantic Provinces Transportation Commission met with the Marine Administrator of Transport Canada and the Chairman of the Atlantic Pilotage Authority to review the operations of the Authority in light of the concerns that the Commission has over its operations, particularly in light of the observations of the Canadian Transport Commission in its Decision W.T.C. 12-79 when the Commission expressed concern about the shortcomings in the cost management of the Authority and the lack of any incentive to the Authority to achieve greater cost control.

It became obvious from that meeting that the Marine Administration of Transport Canada does not share the concern of the Canadian Transport Commission over the effectiveness of management's control over cost of the Atlantic Pilotage Authority.

On April 19, 1980, the Authority published in the Canada Gazette a revision in its tariff for charges at "any other port area". The proposed tariff increased the basic charge from \$100.00 to \$162.00 and the unit charge by 8% from \$2.00 to \$2.16 per unit. The tariff amendment also provided a minimum charge of \$200.00. The Chairman of the Atlantic Pilotage Authority had indicated to this Commission that, if there were objections filed to the proposed tariff at any other port area, the Authority would withdraw its services to pilot ships in those areas. No objections were filed to the proposed tariff and it became effective on July 10, 1980.

On September 5, 1980, the Authority filed notice in the Canada Gazette that it proposed to increase its pilotage charges at compulsory pilotage ports under its jurisdiction. The proposed tariff was to yield an average increase for the Authority of 9%. The tariff was proposed to become effective January 1, 1981.

As a result of objections and interventions being filed, the tariff was subject to a public hearing in Saint John, N.B., on November 25 to 28, 1980. The public hearing was preceded by an informal hearing in Halifax on November 13 and 14.

Appearing at the hearings were the Dominion Marine Association, the Shipping Federation of Canada, the Saint John Port Development Commission, Irving Oil Limited/Kent Lines Limited, Atlantic Towing Limited, as objectors, and the St. John's (Nfld.) Port Association, the Atlantic Provinces Transportation Commission and the Strait of Canso Industrial Development Authority, as intervenors.

The Water Transport Committee gave its decision (W.T.C. 9-80), dated December 30, 1980.

Specific changes recommended by the Canadian Transport Commission of particular interest to the Atlantic Provinces include: (1) the proposed tariff for Canso was considered excessive in view of the revised expenses and the C.T.C. recommended no increase; (2) the proposed increases at the Ports of Bay of Exploits, Come by Chance, Goose Bay, Holyrood, Humber Arm, Port aux Basques, Stephenville, Sydney, Pugwash and Charlottetown, were approved as proposed; (3) changes proposed in the tariff for the Ports of Miramichi, Restigouche, Saint John, Clarendville, St. John's, Bras d'Or and Halifax, were varied by the Commission and, as a result, the recommended increases were primarily greater for the larger vessels and, even in the case of St. John's, Nfld., and the Miramichi, the increases recommended by the Commission were greater for the small vessels; (4) the Authority had proposed a special boat charge to apply where a boat other than a pilot boat is hired to embark or disembark a pilot and the C.T.C. denied the Authority the right to impose this special boat charge; (5) the C.T.C. indicated that it was "... obliged to agree with the request made by the parties of record for an operational review to be carried out by an independent body." The need for an independent operational review of the Atlantic Pilotage Authority had been requested by this Commission at the 1979 hearings and such a request

was repeated by the A.P.T.C. and other interested parties during the 1980 hearings.

The charges recommended by the Canadian Transport Commission were approved and implemented by the Atlantic Pilotage Authority effective January 6, 1981.

In early December the Atlantic Pilotage Authority invited parties interested in the provision of pilotage services in the non-compulsory waters of Newfoundland to meet with the Authority concerning the threatened withdrawal of services by the Atlantic Pilotage Authority pilots in the performance of pilotage services in such waters. The employee pilots who perform this pilotage service in their "off-time" threatened to withdraw service unless the Authority was prepared to pay increased compensation to the pilots for services rendered in the performance of pilotage in such waters. In view of the gravity of the situation facing the users in light of the arbitrary action threatened by the pilots, the Commission and other interested parties advised the Atlantic Pilotage Authority that they would not file an objection to the pilotage charges proposed by the Authority for Newfoundland coastal pilotage based on the discussions at the meeting with the Authority held in St. John's, Nfld., on December 12, 1980. At year end, the new level of pilotage charges had not yet been published in the Canada Gazette.

The Atlantic Pilotage Authority gave notice in the March 28, 1981, issue of the Canada Gazette that it proposed to increase its tariff of pilotage charges at most non-compulsory ports under the jurisdiction of the Authority. Port or port areas where the increases are proposed are: Bathurst, Buctouche, Caraquet, Shediac, N.B.; Georgetown, Souris, Summerside, P.E.I.; Pictou, N.S.; and Chandler, Que. In addition, the proposed tariff contained an increase in pilotage charges in "any other port area" and an increase in the charge for piloting a ship in "any area other than a compulsory or port area, with the exception of waters in and around the Province of Newfoundland". The Authority did not increase the tariff of pilotage charges at the above named ports when it filed for an increase at compulsory ports in late 1980.

In late December the Commission received a communication from the Atlantic Pilotage Authority seeking its views on the necessity to fill the position of Pilotage Officer at Saint John, N.B., when the current incumbent retires in 1981. In response to that inquiry, the Commission advised that, while it understood the requests of Saint John shipping interests to have a qualified mariner stationed in Saint John with the authority to grant waivers in order that waivers might be granted by someone able to assess local conditions, the Atlantic Provinces Transportation Commission saw no reason to provide a comprehensive structure as outlined by the Authority during testimony of its Chairman at the Water Transport Committee hearings of the Canadian Transport Commission in Saint John in November, 1980. Consequently, the A.P.T.C. urged the Authority to vest in an appropriate individual in Saint John the necessary authority to issue waivers as appropriate without the establishment of an office and all its accompaniments. The A.P.T.C. suggested that such a course of action would be more appropriate bearing in mind the need to service the shipping public and to provide economical and efficient pilotage services.

A.P.T.C. — SHIPPERS' MEETING

As reported in last year's annual report, the Commission organized and sponsored a series of information meetings for users of transportation services. Over thirty meetings were held at various locations throughout the Atlantic Provinces, including two meetings in Labrador.

Apart from the objective of providing a forum for shippers and receivers to identify and discuss transportation requirements and problems, the meetings were designed to acquaint business and industry generally with the services provided by the A.P.T.C., and to create a better understanding of the transportation assistance programs and the marketing opportunities they enhance.

From the meetings, a number of concerns and problems pertaining to the cost and quality of transportation for the movement of goods from, to and within the Atlantic Provinces were identified. For the largest part, the concerns of the shippers fall into the following key areas:

- Delays/slow/unreliable service;
- Lack of or unsuitability of equipment;
- Loss and damage claims handling/settlements; and
- Inability to trace shipments.

Apart from problems pertaining to specific carriers and services, a number of general concerns were identified. The most notable of these being:

- Impact of energy on transportation costs; and
- Monopolization of trucking in Atlantic Canada.

As a follow-up to the meetings of shippers, the Commission communicated with carriers to acquaint them with the problems and concerns identified through the meetings. In a number of cases, meetings were held with individual carriers and carrier groups to discuss problems and to seek solutions. In addition, two regional shipper-carrier conferences were organized to discuss topics which were largely influenced by the concerns expressed by shippers. The dates of the conferences and the panel topics were:

March 12, 1981	— <i>Transporting to Export Markets</i>
Saint John, N.B.	<i>Loss and Damage Claims</i>
April 9, 1981	— <i>Motor Carrier Regulations - Do We Need Them?</i>
Halifax, N.S.	<i>Quality of Transportation Services</i>

The conferences were co-sponsored by the Boards of Trade in the respective cities and were supported by the Atlantic Provinces Trucking Association, the Maritime Branches of the Canadian Manufacturers' Association, and the Atlantic Division of the Canadian Industrial Traffic League. Both conferences were well attended and received enthusiastic support.

FERRY TOLLS REVIEW

Through meetings with the A.P.T.C. and other interested organizations during the past year, Transport Canada made it known that the pricing structure for federally subsidized ferry and coastal services in the Atlantic Region is being reviewed.

Transport Canada identified two main areas of concern being addressed by the federal government, namely, the rapidly rising level of subsidy payments which in 1979 were approximately \$125 million, plus a decreasing proportion of revenue from user charges and a concurrently increasing proportion from government subsidy. In specific terms, consideration was being given to adopting a pricing formula based on a 60-40 ratio (i.e., subsidy payments to revenue derived from user fees) as compared to the present 80-20 ratio.

Concerned over the economic implications to users of ferry and coastal services, the Commission submitted a brief to the Minister of Transport. The brief stated that, in the opinion of the A.P.T.C., the proposed pricing formula would: (1) be an unreasonable burden on the trade and commerce of this region, and particularly upon Prince Edward Island and Newfoundland; (2) be a discouragement to tourism which is important to the economy of the region; and (3) be counter-productive to regional transportation policies and regional economic development generally. The submission further pointed out that each ferry service has its own distinct features influencing tolls (i.e., constitutional obligations, competition with alternative routes, economic importance to the provincial or regional economy) and should be dealt with according to their individual merits. The brief contained some views on the importance of the federally subsidized ferry and coastal services to the regional economy, as well as an outline of the constitutional obligations upon the federal government.

The A.P.T.C. submission requested that the following principles be met in any review of Atlantic coast ferry and coastal marine tolls:

Prince Edward Island & Newfoundland Services:

- Payments by CN Rail should conform with the requirement that the ferry crossings be treated as though the movement is a like distance of rail trackage.
- Truck and passenger auto tolls should not exceed the cost of travel over a like distance of Trans Canada Highway.
- Truck tolls should not exceed the level of payments assessed against CN Rail (based on an equivalent cost per ton of freight).
- Passenger and passenger auto tolls should be set at a level consistent with the objective of encouraging maximum utilization by tourists.

Other CN Marine Ferries:

- Truck and passenger auto tolls should reflect a level which is fully competitive and attractive in relation to alternative routes (e.g.,

Yarmouth/Portland tolls should not exceed the cost of the alternative of driving around or a combination of the Digby/Saint John ferry plus driving).

- Passenger and passenger auto tolls should be set at a level consistent with the objective of encouraging maximum utilization by tourists.

The submission also noted, among other things, that combined with these principles should be a further objective that user fees should not be at a level which would represent an unreasonable burden upon a particular province of the region as a whole, nor should they be inconsistent with the objective of minimizing transportation costs for regional economic development purposes.

Near the conclusion of the year, the Commission was advised that Transport Canada no longer intends to proceed with the proposed pricing formula and, instead, each service will be dealt with in relation to its individual merits in consultation with the provincial governments and other interested organizations in the region.

In March, Transport Canada announced an increase in ferry tolls of generally 12½% to become effective on June 1, 1981. The increase is to apply to all tolls except for trucks to and from Prince Edward Island and Newfoundland where the increase has been deferred pending a resolution of the question of equity in fares as between truck and rail traffic moving via these ferries.

CANADIAN MERCHANT MARINE — COASTAL TRADE

In the summer of 1980, the federal government showed renewed initiatives in taking action to amend the Canada Shipping Act insofar as it relates to the movement of goods by vessel between ports in Canada. It will be recalled that for a number of years the Government of Canada has indicated a desire to restrict the movement of such goods between ports in Canada to vessels of Canadian registry.

Meetings were arranged by Transport Canada officials with the Commission and with the Atlantic Transport Users Association. The Transport Canada officials outlined the proposed changes in the legislation insofar as it relates to the various marine activities that would be affected. Following an exchange of information between the Commission and the federal officials as to the exact nature of the proposed changes, the matter was considered by the Atlantic Transport Users Association and a submission to Transport Canada officials outlining the position of the Association. The submission of the Association was considered by the Directors of the Atlantic Provinces Transportation Commission on February 10 and received their endorsement which was conveyed to federal officials.

In the submission, the Association indicated its support for changes in shipping legislation provided it met certain requirements, namely, (1) an economic, efficient, competitive and adequate service is available to users; (2) any added cost of providing protection for the Canadian shipping industry is

not borne by the users; (3) the users right to choose the vessel best suited to its needs is not diminished substantially; and (4) the changes do not result in increased transportation costs by other modes of transport which now publish water compelled competitive rates.

Specifically, the submission sought provision for the waiving of duty when no "Canadian" vessel is available and a waiver is granted by the Canadian Transport Commission. The submission indicated that there was no reason for the Canadian user to pay duty, directly or indirectly, for the use of that vessel because there was no Canadian vessel available and any assessment of duty would not protect the Canadian vessel operator but rather the revenue for the federal government. The submission further sought the elimination of duty in order to enable the providers of marine transportation to more adequately meet the needs of shippers with part cargo lots. Again, it sought an undertaking that, if it is necessary to have a system requiring waivers prior to the use of a non-Canadian vessel, government policy must equip the regulatory authority with the ability to respond promptly at all times to requests for waivers. Finally, the Association outlined its position that users of marine shipping have a very real interest in the availability of economic, efficient and competitive transportation services and these factors, not the protection of Canadian ships and their owners, must be the basis upon which the policy rests and that, if a waiver system is necessary, these factors must be given weight in the process of assessing the application for a waiver.

The Ministers of the four Atlantic Provinces' governments that are responsible for transportation policy have communicated with the Federal Minister of Transport indicating general agreement with the points made by the Atlantic Transport Users. At year end, there was no indication as to when the Government of Canada might move to implement the coasting trade legislation amendments.

No new developments occurred during the year on the question of Canada establishing a deep-sea merchant marine.

LEGISLATIVE PROPOSALS REGARDING FREIGHT RATES

As background, in 1977 the government introduced amendments to the National Transportation Act and the Railway Act to incorporate a number of policy proposals stemming from a general transportation policy statement made by the Minister of Transport in June, 1975. These proposals embraced, among other things, a change in the regulation of maximum/minimum rates and some modifications to the appeal procedures available to users under Section 23, the so-called "Public Interest" clause, of the National Transportation Act.

Overall, the proposed changes found in the Bill presented to the House of Commons in 1977 were unacceptable to both carriers and shippers.

As a result of this general opposition to the legislation, a proposal was advanced to implement an arbitration process concept for settling rate disputes. During 1979 consultation took place between Transport Canada

officials and various industry and trade groups throughout Canada to define more clearly the arbitration proposal. The Atlantic Provinces Transportation Commission participated in that consultative process during 1979.

In the year covered by this report, a discussion paper on legislative proposals regarding freight rates was distributed by Transport Canada and meetings held with industry and trade groups to consider the main points of the arbitration process proposal that had been developed following the 1979 consultative process.

A meeting between the Commission and Transport Canada officials took place in Halifax on October 21, 1980. At that time, the discussion paper and the position of the Commission, as expressed in 1979, were considered, particularly those aspects where the discussion paper differed from the position taken by this Commission.

Some of the key elements of the federal paper concerning the arbitration process called for the procedure to be administered by the Canadian Transport Commission who would appoint an arbitrator to meet with the parties and within a specified period make an award. The award would be subject to appeal. The Canadian Transport Commission, as administrator, would determine whether an application for arbitration was justified. The administrator would be required to make a decision on whether arbitration was justified within ten days of application. Unless the parties could agree upon an arbitrator, the administrator would make a selection from a list of names which had been agreed upon by the administrator, large shipper groups and by the railways. The selection of the arbitrator would be completed within ten days and, within ten days of being appointed, the arbitrator would meet with the applicant parties. The arbitrator would be given thirty days for the arbitration process, not including the time for making an award. The parties could proceed on written evidence or oral evidence, or both. Submissions to the arbitrator would be limited normally to documents exchanged during negotiations. Legal counsel could be used but not necessarily so. After the arbitration process had concluded, another thirty days would be allowed for the making of an award. The award would be legally binding for a specified period (probably one year) and would be incorporated in a formal C.T.C. order. The award could cover other conditions of service, besides the freight rate itself. Each party would bear its own internal cost of using the arbitration procedure.

The proposal provided for appeals, first, on questions of law or jurisdiction to the Federal Court of Canada provided for in Section 642 of the National Transportation Act. Secondly, either party could appeal to one Commissioner of the Railway Transport Committee for a review but only on the grounds that there is bonified and new evidence or that a manifest error had been made in the award. There would be no petition to the Governor in Council from an arbitration award.

One of the concerns of many parties with the arbitration proposal is to ensure that the system is not overburdened by requests that are essentially opportunist and not founded on real rate disputes. Requirements that shippers

and railways must enter into full negotiation or that the dispute must be one of significance are subjective and difficult to implement. The federal proposal calls for the shipper to elect to declare himself captive in order to exercise the opportunity to avail himself of the arbitration process. In declaring himself captive, he would offer all of the goods concerned for shipment by railway for a period of at least one year, unless he was able to reach an agreement with the railway to ship less than the one hundred percent by rail.

Among the concerns expressed by the Atlantic Provinces Transportation Commission in its meeting with Transport Canada officials were, (a) that an association representing a shipper could invoke the arbitration procedure on behalf of shippers, (b) that shippers should be permitted to invoke the arbitration procedure when the dispute centered on the railways' refusal to publish a commodity rate for a particular movement of traffic, and (c) that consideration be given to making the award retroactive to the date of application.

Overall, the government proposal for an arbitration process to replace the maximum rate clause of the present Railway Act (Section 278) met with general approval by the Commission.

At the close of the year, no further developments have occurred on the arbitration process.

SUBMISSION TO I.C.C. REGARDING STAGGERS ACT

On October 14, 1980, the President of the United States signed into law a Bill which has become known as the Staggers Rail Act of 1980 which removed some of the regulations which have governed the railroads of the United States for many decades. The Bill also removed a certain degree of protection from the U.S. anti-trust laws as a measure to encourage competitive pricing.

It was this aspect of the legislation which concerned Canadian railways and Canadian shippers using rail service to the United States. Without some way for the Canadian railways to consult with their U.S. counterparts and to avoid the risk of prosecution under anti-trust laws, the continued existence of through international rail rates appeared to be in jeopardy. In order to avoid any possibility that the Canadian railways would no longer be able to publish joint through rail rates, in addition to representations from other organizations, the Atlantic Provinces Transportation Commission filed a short statement with the Interstate Commerce Commission on December 10, 1980, urging the I.C.C. to confirm the continuance of the anti-trust immunity conferred under Section 5(b) agreements of the United States to apply to international joint through rail rates.

In the Interstate Commerce Commission's decision of January 21, 1981, the U.S. regulatory agency regarded the Canadian railways as an integrated enterprise for the purpose of joint rail rates on international traffic and authorized the Canadian carriers to jointly meet with their direct American connections so long as they meet only one American connection or several American end-to-end practical rail participants. Furthermore, American carriers need not fear anti-trust liability because their Canadian connectors

collectively establish rates on the Canadian portion of an international through route. Likewise, the I.C.C. gave Canadian shippers immunity from the American anti-trust laws when the latter negotiate collectively with Canadian carriers.

NEW ZEALAND TRADE AGREEMENT

On January 23, 1981, this Commission learned through a telex from one of the member lines of the Australian/New Zealand Conference that the federal government was reviewing the current Australian/New Zealand Trade Agreements and that, as part of this agreement, the Canadian government had recently removed the so-called direct shipment provisions from the New Zealand Trade Agreement.

Investigation of the matter revealed that the Canadian government had, by Order in Council P.C. 1980-3160, eliminated the requirement that goods imported into Canada from New Zealand would still be required to move directly into Canada via Canadian ports in order to receive the benefit of the preferential rate of duty. This direct shipment requirement, which has been an integral part of Canada's trade agreements with Commonwealth countries for many years, was seen by the lines serving Canadian ports, the inland carriers serving those ports, as well as ports interests and others, to hold the potential for significant losses of traffic to U.S. ports, with associated losses of employment and income for Canadian ports and transportation agencies serving those ports.

The A.P.T.C. Board of Directors authorized a communication to the Department of Finance which was carrying out the review of the Australian/New Zealand Trade Agreements and a letter expressing this Commission's concern was submitted to the Federal Department of Finance on February 12. The response to that letter indicated that the removal of the direct shipment requirement was undertaken because it had been concluded there would be little economic impact on Canada as a result of the elimination of this requirement and that such action would facilitate the achievement of Canadian objectives in negotiating any new agreement with New Zealand. The Federal Department of Finance's response also indicated that New Zealanders were unhappy with the waiver procedures which could be used to permit the importation of goods into Canada through non-Canadian ports where direct shipment was not reasonably practicable and that New Zealand felt it should be treated similar to Australia where the direct shipment requirement was eliminated in 1973.

Representatives of the two Atlantic ports, the two major Canadian railways and this Commission met in early March to review what further action could be taken in the interest of having the federal decision to waive the direct shipment provisions reversed. It was agreed that the Atlantic Provinces Transportation Commission would prepare a more comprehensive submission for the Honourable Allan MacEachen, Minister of Finance, outlining the potential impact that this action could have on the Canadian ports, the carriers serving those ports, port labour and the entire range of companies and people whose earning capacity is affected directly or indirectly by servicing port traffic..

That submission was made on March 31, 1981, and it pointed out that the waiver system was being used primarily for imports into Canada that were shipped by air from New Zealand as there was no regular direct New Zealand/Canada airlink, with the result that such goods must be transhipped usually at Los Angeles. The Commission's submission to the Minister of Finance identified potential impact on the region in terms of jobs and dollars of benefit of the Australian/New Zealand traffic. It suggested that Canada should not introduce a protectionist attitude but Canada surely should retain the advantages that its ports have and not give such advantages away unnecessarily. Further, it urged the Minister to rescind Order in Council P.C. 1980-3160 insofar as it applies to goods transported to Canada by surface means. The Minister was also urged to initiate steps to reinstate the direct shipment requirement provided for by Article IV of the 1960 Canada/Australia Trade Agreement and which had been negated by the 1973 amendments. The submission pointed out that the change in the direct shipment provision from New Zealand was contrary to the assurances given by the Minister of Finance to interested parties in 1974 when representations by interested parties were received by the Minister and were helpful in his consideration of the matter. He assured the interested parties that their advice was valuable in the event that the government should consider a change in policy at some future date. The change in policy had been implemented under Order in Council on November 27, 1980, without seeking the views of any of the parties involved in the handling of traffic through Canadian ports.

TERMINAL OPERATIONS

In July of 1980, the National Harbours Board announced that, effective January 1, 1981, the Port of Saint John, N.B., would introduce terminal operations throughout the port. Terminal operations means the operation of specified areas and sheds on the waterfront by one company for a period of time under a licensing type of agreement with the port. The Board also announced that the port will start assessing a charge against all operations using port facilities and, in order to minimize the impact and allow the market to absorb these charges, they will be phased in over a three year period.

An Industrial Inquiry Commission was appointed by the Federal Minister of Labour to inquire into and report with respect to the implementation of terminal operations in the Port of Saint John, N.B. More specifically, the Inquiry was concerned with:

- (a) The impact and implications of current and future terminal operations on workers in the port engaged in loading and unloading Canadian National and Canadian Pacific rail cars;
- (b) The matter of "work ownership" among trade unions operating within the port, who are affected by terminal operations; and
- (c) The loading and unloading of truck transport in the port, commonly referred to as "tailgating".

The Industrial Inquiry Commission hearing was held in Saint John, N.B., during the week of August 11 to 15, 1980, under the Chairmanship of Prof.

Innis Christie. The A.P.T.C. submitted a written brief to the hearing stating that terminal operations could be advantageous to port users provided the operation will result in overall efficiencies, with concomitant economic advantages to exporters and importers. In addition, the A.P.T.C. stressed that prior consultations should be undertaken with carriers, shippers and labour groups with the objective of resolving all potential operational problems in advance. It was further advised that the operation should be subject to an effective method of control over rates and charges and that care should be taken not to allow the Port of Saint John to become non-competitive with other eastern Canadian ports.

In addition to the brief submitted by the A.P.T.C., there were written and oral presentations by the two major railways, the two major railway unions, the Maritime Employers' Association, the I.L.A., the Teamsters and the Atlantic Provinces Trucking Association.

NATIONAL FARM PRODUCTS COUNCIL INQUIRY

In early August, 1980, this Commission became aware of a proposal that the National Farm Products Marketing Council would hold public hearings on a proposal for an Eastern Canada potato marketing plan.

In a submission to the Council, the Commission pointed out that transportation plays an important role in the ability of New Brunswick and Prince Edward Island potato producers to competitively reach the marketplace for their product. To be successful, the submission stated, the product must be carried over substantially greater distances to the major domestic consumer markets than products of other Eastern Canadian provinces. The proposed potato marketing agency, if it is to be successful in meeting the needs of the New Brunswick and Prince Edward Island potato producers, must strive to minimize the effect that this greater distance has on the Maritime producers. The submission pointed out that one of the vehicles which has played a part in minimizing the impact of distance on the potato producers of this region, including that part of the Province of Quebec east of Quebec City and south of the St. Lawrence River, has been the Maritime Freight Rates Act and its companion legislation, the Atlantic Region Freight Assistance Act. It is essential, the Commission said, that the proposed agency guard against any steps to decrease and discontinue this assistance program for the potato industry of this area. The submission set out the impact of the program on rates and the relationship of such rates to producers outside the region. It urged that great care be taken by the proposed potato marketing agency to ensure that competition within and between the modes of transport is increased rather than diminished. In conclusion, the Commission indicated that, if a decision were made to create the proposed marketing agency, the Commission was prepared to continue to assist the New Brunswick and Prince Edward Island potato industry with expertise in the transportation of its products.

This submission was presented at the Charlottetown hearings of the National Farm Products Marketing Council. The Commission also attended the public hearings held in Perth-Andover, N.B., and Montreal, Que.

The National Farm Products Marketing Council issued its report on December 19, 1980, and recommended to the Minister of Agriculture that an Eastern Canada Potato Marketing Agency be established for the Provinces of Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island, under Section 18 of the Farm Products Marketing Agencies Act with all the powers contained in that Act, except that related to fixing and determining the quantity of potatoes to be marketed in inter-provincial and export trade.

CN EXPRESS CLOSURE

CN Express announced a significant restructuring of their service across Canada during the year under review with the exception of services in Newfoundland, operated as part of its TerraTransport Division. The following changes occurred in the Maritimes:

- The cancellation of the Rapidex small parcel service, effective February 28, 1981.
- The closure of CN Express satellite terminals at Yarmouth, N.S., Bridgewater, N.S., Amherst, N.S., Port Hawkesbury, N.S., and Summerside, P.E.I., effective March 1, 1981.
- The closure of CN Express main terminals at Campbellton, N.B., Fredericton, N.B., and Edmundston, N.B., effective August 1, 1981.

Service to and from all areas in the three Maritime Provinces will still be provided utilizing the services of various trucking companies operating in conjunction with the remaining terminals located at Halifax, N.S., Stellarton, N.S., Sydney, N.S., Moncton, N.B., Saint John, N.B., and Charlottetown, P.E.I. Original plans called for closing the terminals at Sydney, N.S., and Charlottetown, P.E.I., effective August 1, 1981; however, after consultation with the Ministry of Transport, CN has decided to keep these terminals open with reduced staff until 1983.

Charges for points affected by the closures are determined by combining the express rate between the remaining terminals plus the addition of an "add on" charge between the main terminals and the origin or destination of the shipment. These changes, effective December 31, 1980, resulted in a mixture of increases and reductions as noted earlier under "General Level of Rates". A large portion of the increases, however, are offset by the availability of lower truck rates.

RAIL CAR DEMURRAGE

In June, 1980, the Canadian Car Demurrage Bureau, on behalf of its member rail lines, advised the public that demurrage charges would increase on August 1, 1980, by generally 33%.

In response to this proposal, the Shippers' Demurrage Committee was reactivated — a committee was made up of representatives from a large number of national organizations involved with traffic and transportation matters throughout Canada — to meet with the Canadian Car Demurrage Bureau. Such a meeting was held on July 23 and, as a result of that meeting,

the increase was suspended until September 15. A further meeting was held with the Demurrage Bureau on September 10 and, as a result of that meeting, the member lines of the Demurrage Bureau agreed to revise the proposed demurrage charges downward to reflect a 20% increase rather than the 33% proposed originally.

As part of the railways' conditions to modify the amount of increase, it was agreed that the Shippers' Demurrage Committee representatives would continue to work with the Bureau and its member carriers during the period to September 15, 1981, to improve the basis and structure of demurrage charges, as well as to give consideration to guide lines or indices, or both, which might govern future revisions in the demurrage tariff.

During the meetings with the Bureau to consider the amount of the increase being implemented in 1980, the Bureau advised that it had a draft tariff about ready for publication to meet a request of the shippers of several years ago. That request suggested that the demurrage tariff be revised to make it easier to read and clarify its application. The railways made the proposed revised tariff available to members of the Shippers' Demurrage Committee and the Committee has drawn to the Bureau's attention areas where the proposed tariff goes beyond the intent of the revision, insofar as the shippers are able to interpret the proposed tariff.

Subsequent to this, the Shippers' Demurrage Committee, of which the General Manager of the Commission serves as a member, met with the Bureau and its members on two occasions to discuss the procedure and the content of the review of demurrage that has been undertaken. In the most recent meeting with the Bureau, the industry sub-committee called for more flexible demurrage rules to recognize some of the difficulties that industries have in meeting the requirements of the tariff in view of the level of carrier service being provided.

The negotiations with the carriers, which lead to the reduction in the amount of increase proposed in demurrage charges on September 15, 1980, brought a commitment from the railways that no further increase would be imposed until September 15, 1981.

SERVICE TO INDUSTRY

Many individual industries or industry groups throughout the region utilized the Commission's services to secure improvements in rates or changes in carriers' services to enable such industries to be more competitive in the marketplace. Because of the confidential and specific nature of many of these activities, as well as the extensive quantity, it is not possible to provide detailed coverage in an annual report. However, 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.

A Nova Scotia **food** producer benefited from the assistance provided by the Commission in extensive negotiations with the railways concerning rates on its products to markets in the Province of Newfoundland.

A New Brunswick **confectionery** company was assisted by the Commission in securing modification in the level of rate increase being applied on its products moved to Western Canada.

A Newfoundland **furniture** manufacturer secured lower transportation costs as a result of work the Commission did in determining the lowest available route for inbound component parts.

A Prince Edward Island **steel** foundry received assistance from the Commission in order to avoid additional freight charges on an inbound carload of sand for foundry purposes.

A provincial Department of Transportation utilized the Commission's services twice during the past year in negotiating with the railways and highway carriers and resulted in a major reduction in rates on **asphalt**.

A provincial Industrial Development Department sought and secured the services of the Commission to assist it in analyzing the potential transportation cost for a substantial movement of **forest products** to export markets.

The Nova Scotia Fisheries Association and its members utilized the Commission's services in negotiations with Canadian National Express and CP Transport to secure the necessary services on Saturdays for **fresh fish** shipments destined to Ontario and Quebec.

A New Brunswick **food processor** was assisted by the Commission in the negotiation of a lower truck rate for the movement of inbound raw materials for use by that company.

Representations were made to the railways to reflect a rate taper in the rail rates for the movement of **rail cars** manufactured by a Nova Scotia company. These representations were successful with resultant benefits to the company.

A New Brunswick **rope** manufacturer sought and secured the Commission's assistance in negotiating a rate with a water carrier for the movement of its products.

The Commission has continued its rapport with the various Tobacco Marketing Boards of the three Maritime Provinces. Rate statements were prepared for these groups and the Commission worked closely with the **tobacco** growers in assessing and negotiating freight rates with the various carriers on their behalf with the aim of landing their product in Central Canada at reasonable costs and adequate services.

A New Brunswick manufacturer of **glass bottles** sought the assistance of the Commission in assessing freight costs to its various markets and extensive analyses of that company's competitive position were prepared and discussed with the railways by the Commission on their behalf.

A New Brunswick **fertilizer** company benefited from A.P.T.C. assistance in securing reduced rates on a number of inbound fertilizer ingredients.

During the past year, the Commission prepared a large number of rate tabulations and rate comparisons for individual companies in the Atlantic Provinces. Among these were rates covering inbound basic **steel** for a steel fabricator in Nova Scotia; outbound rates to points throughout Canada for a **toy** manufacturer in Nova Scotia; outbound rates covering small shipments for a **clothing** manufacturer in Nova Scotia; outbound rates, principally to the U.S.A., for a Prince Edward Island manufacturer of **cookwear**; outbound rates on industrial machinery **components** for a Maritime distributor from several warehouse locations; outbound rates to points throughout Canada for a Nova Scotia manufacturer of **oars** and **paddles**; and outbound rates on **woollen knitwear** to points in Canada for a Prince Edward Island manufacturer.

A Nova Scotia mining company used the Commission's services to determine the best transportation costs and services available for the movement of a substantial quantity of **mine machinery** from Western Canada to Nova Scotia.

A provincial Department of Education asked the Commission to analyze the transportation costs for inbound **books** for schools. The analysis was designed to assist the Department in determining whether it should continue to utilize a central warehouse for books for its various schools or whether some adaptation of shipping direct to the schools would be more economical for the Department.

During the year, the Commission once again assisted the Canadian Feed Industry Association — Atlantic Division in its annual negotiations with the carriers in respect of rail rates on inbound **feed ingredients**.

Extensive tabulations of freight rates for both rail and truck movements of **potatoes** originating at points in the Atlantic Provinces were prepared again this past year and widely distributed among the trade.

During the past year, the Commission succeeded in securing an extension of the Moncton rate group to include Scoudouc, N.B., including the Scoudouc Industrial Park, under truck and rail express rates from and to most points in Canada. The application of the Moncton rates results in lower transportation charges for many shipments moving to and from Scoudouc.

A service provided by the Commission with which many may not be familiar is the evaluation of the economics of shippers undertaking their own transportation in the form of private trucking as compared to the cost of using common carriers. During the past year, four such studies were undertaken by the Commission.

The A.P.T.C. worked closely with the Greater Summerside Chamber of Commerce in an effort to have CN Express include Summerside under the point to point express rate coverage which applied to Charlottetown, P.E.I. These efforts were unsuccessful as CN Express declined to extend the rates unless sufficient new traffic could be identified to offset any diminution of revenue which CN Express would experience as a result of the extension.

Parties interested in the continuance of rail service to both the Centreville, N.B., and the Yarmouth to Liverpool, N.S., subdivisions, which are under abandonment application proceedings before the Canadian Transport Commission, were assisted by the A.P.T.C. in evaluating the effect of the potential abandonment on the industry in the area served by the lines and in preparation for the public hearings on the railways' applications.

As in previous years, the Commission has received many inquiries from Atlantic Region companies for current or potential ocean rates for their products to markets in various foreign countries. The greatly improved ocean services now available to Atlantic Provinces' exporters through the Maritime ports of Halifax and Saint John has increased the ability of regional companies to reach these offshore markets.

The Commission was called upon again during the past year to provide assistance to a number of companies experiencing difficulties in seeking settlement of loss and damage claims. While the Commission is not an arbitrator of such matters, it does provide advice based on its knowledge and experience, as well as the availability of technical articles and jurisprudence in the area of claims that are available in the Commission's library.

MEETINGS AND CONFERENCES

During the year under review, the A.P.T.C. 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
1980		
April 9	Canadian Feed Industry Association Annual Meeting	Report
May 26	Kiwanis Club of Halifax — NTW	Address
May 28	Duke of Edinburgh Conference Atlantic Tour	Panelist
May 29	Maritime Lumber Bureau Annual Meeting	Report
June 2	Atlantic Provinces Chamber of Commerce Annual Meeting	Report
June 4	Atlantic Dairy Council Annual Meeting	Address
July 12	Canadian Seed Growers' Association Annual Meeting	Panelist
August 26	Labrador West Chamber of Commerce	Address
August 28	Labrador North Chamber of Commerce	Address
September 29	Charlottetown Rotary Club	Address
October 2	International Trade Seminar	Address
October 27	Atlantic Provinces Chamber of Commerce Directors	Report
October 29	Canadian Grocery Distributors' Institute Atlantic Meeting	Address
October 29	Sydney Harbour Ports Regional Development Board Seminar	Address
November 20	Canadian Feed Industry Association Semi-Annual Meeting	Report
November 24	Moncton Kiwanis Club	Address
December 3	Voluntary Planning 1981 Economic Outlook Conference	Panelist
1981		
January 29	Nova Scotia Forest Products Association Annual Meeting	Report
February 23	Atlantic Provinces Chamber of Commerce Directors	Report
March 12	Saint John Shipper-Carrier Conference	Panelist

OTHER ACTIVITIES

The Commission has been represented on the Canadian Shippers' Council and on its Conference Liaison Sub-Committee. In the interests of Atlantic Provinces' exporters and importers, the Commission has made a contribution to the work of the Council in the areas of bunker surcharge and, in particular, the Conference Loyalty Agreement.

The Commission issued during the past year in excess of 6,000 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. Fifteen circulars covering a number of subjects were directed to a specific industry or industry groups during the year in review.

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

The Commission's "Directory of Ocean Containership Services Between Halifax - Saint John and World Ports" was reissued during the past year. 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 Commission in cooperation with the provincial Departments of Transportation, was reissued during the year covered by this report.

In cooperation with the Physical Distribution Advisory Service, a Physical Distribution Management Seminar was held in St. John's, Nfld., in October, 1980. The A.P.T.C. 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 Commission 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 Commission is represented on the Transportation Committees of the Canadian Feed Industry Association (Atlantic Division), the Maritime Lumber Bureau, the Nova Scotia Forest Products Association, and the Voluntary Planning Group of Nova Scotia.

The Commission 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

Board of Directors of the Greater Moncton Chamber of Commerce, 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 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 Commission was called upon for assistance by provincial government departments and other industrial development agencies for transportation information for new or expanded industrial plants. Approximately fifty such inquiries were dealt with during the past year.

COMMISSION DIRECTORS

The Atlantic Provinces Chamber of Commerce appointed at its Annual Meeting in June, 1980, Mr. T.S. Simms, Jr., of Saint John, N.B., and Mr. E.S. Bailey of Edmundston, N.B., to fill the vacancies created by the resignations earlier that year of Mr. F.J. Crease of Saint John and Mr. Aurele Turcotte of Edmundston.

Early in 1981, Mr. Ralph S. Chancey of St. John's, Nfld., an appointee of the government of the Province of Newfoundland to the A.P.T.C. Board of Directors, resigned due to the pressure of business. At year end, the vacancy created by Mr. Chancey's resignation remains to be filled.

Following the Commission's February 10, 1981, meeting, Mr. George D. Wright submitted his resignation to the Premier of the Province of Prince Edward Island. Mr. Wright served as Chairman of the Commission during the years 1978-79 and 1979-80. He was an appointee of the government of the Province of Prince Edward Island. Mr. Wright's resignation is to take effect upon the date a replacement is appointed by the province.

Mr. Wright has given extensively of his time and energy to the Chairmanship of the Commission. In recognition of his service to the Commission, a suitably engraved plaque was presented to him at the Annual Meeting of the Commission held on June 5, 1980.

ACKNOWLEDGEMENTS

During the past year, excellent cooperation has been received by the Commission from all transportation carriers. This cooperation has been mutually beneficial and, to the carriers and their agencies, the A.P.T.C. Board of Directors express thanks for such cooperation. The achievements of the Commission are in a large measure due to the support and dedication of its Board of Directors. For the guidance and direction given by the Board, the Chairman and the General Manager express their sincere thanks.

The day to day operations of the Commission are greatly influenced by the spirit in which the staff carry out their responsibilities. During the year just past, the staff have discharged their duties in a dedicated, loyal and efficient manner. For that service, the Chairman and General Manager acknowledge their indebtedness and express to the staff a sincere vote of thanks for services rendered.

All of which is respectfully submitted,



Elwood L. Dillman
Chairman



Craig S. Dickson
General Manager

