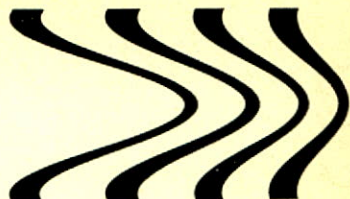


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TRANSPORTATION
REVIEW
AND
ANNUAL REPORT

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**TRANSPORTATION REVIEW
AND
ANNUAL REPORT FOR THE
YEAR ENDED MARCH 31, 1977**

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 A. M. Cameron
Minister of Development
Province of Nova Scotia
Halifax, N.S.

Honourable James Morgan
Minister of Transportation
& Communications
Province of Newfoundland
St. John's, Nfld.

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

Honourable John H. Maloney, MD
Minister of Industry & Commerce
Province of Prince Edward Island
Charlottetown, P.E.I.

Sirs:

On behalf of the Directors, I am pleased to present the Transportation Review and Annual Report of the Atlantic Provinces Transportation Commission for the period April 1, 1976 to March 31, 1977. 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 1976-77.

Many industries throughout the Atlantic Region have benefitted 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 the four Atlantic Provinces.

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 businesslike manner.

All of which is respectfully submitted,

Glendon F. Eddy
Chairman

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**DIRECTORS OF THE
ATLANTIC PROVINCES TRANSPORTATION COMMISSION
AS AT MARCH 31, 1977**

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

NOVA SCOTIA

Government

Charles B. Christie

D. J. MacDougall

L. J. Hayes

Atlantic Provinces Chamber of Commerce

David G. Burchell

E. L. Dillman

J. J. Kinley

Amherst, N. S.

Halifax, N. S.

Halifax, N. S.

North Sydney, N. S.

Hantsport, N. S.

Lunenburg N. S.

NEW BRUNSWICK

Government

Glendon Eddy

F. H. Hatfield

D. G. Wales

Atlantic Provinces Chamber of Commerce

G. A. Heaton

F. J. Crease

J. G. MacDonald

Bathurst, N. B.

Hartland, N. B.

Fredericton, N. B.

St. Francois, N. B.

Saint John, N. B.

Moncton, N. B.

PRINCE EDWARD ISLAND

Government

K. A. MacKenzie

G. D. Wright

Atlantic Provinces Chamber of Commerce

Donald MacKenzie

C. M. McLean

Charlottetown, P.E.I.

Central Bedeque, P.E.I.

O'Leary, P.E.I.

Charlottetown, P.E.I.

NEWFOUNDLAND

Government

R. S. Chancey

E. J. O'Brien

Atlantic Provinces Chamber of Commerce

H. Manuel

Norman H. Smith

St. John's, Nfld.

St. John's, Nfld.

Corner Brook, Nfld.

St. John's, Nfld.

ALSO

President, Atlantic Provinces Chamber of Commerce

STAFF

Craig S. Dickson, General Manager

Ramsay M. S. Armitage, Assistant General Manager

Lorne M. Mitton, Transportation & Distribution Officer

Roger Breaux, Assistant Transportation & Distribution Officer

Ross Palmer, Traffic Analyst

Austin Durant, Traffic Analyst

Peter Vuillemot, Assistant Traffic Analyst

Dale Ronalds, Assistant Traffic Analyst

Sheldon B. Steeves, Research Officer & Accountant

Debbie Cain, Senior Tariff Clerk

Glenn Gildart, Junior Tariff Clerk

Ruth Berryman, Staff Secretary

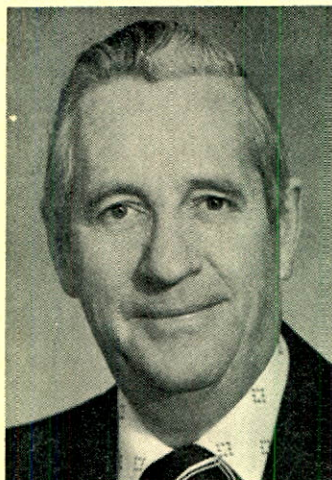
Trudy Lockerbie, Assistant Staff Secretary

Cathy Peters, Assistant Staff Secretary

1976 - 1977

EXECUTIVE

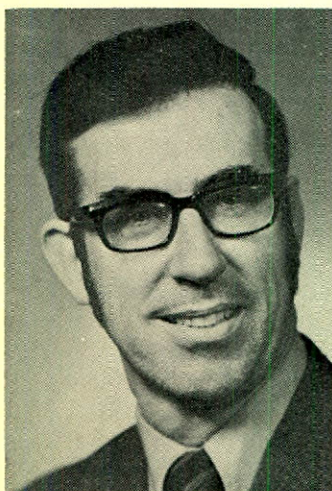
COMMITTEE



GLENDON EDDY

Chairman

Bathurst, N. B.



G. D. WRIGHT

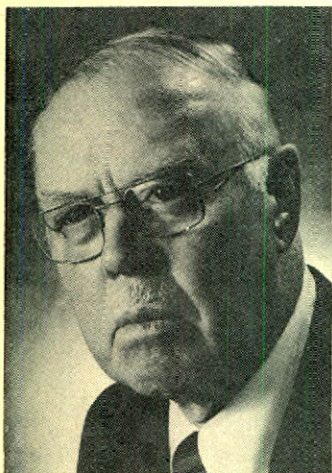
Vice-Chairman

President

Campbell & Burns Limited

Central Bedeque

P.E.I.



DAVID G. BURCHELL

North Sydney, N. S.

1976 - 1977

EXECUTIVE

COMMITTEE



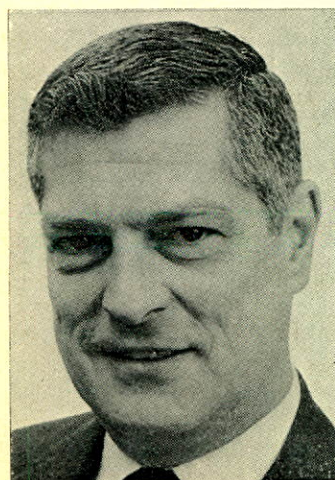
Mr. D. J. MacDOUGALL

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



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.

1976 - 1977

EXECUTIVE

COMMITTEE



NORMAN H. SMITH

Vice-President, Merchandise

Steers Limited

St. John's, Nfld.

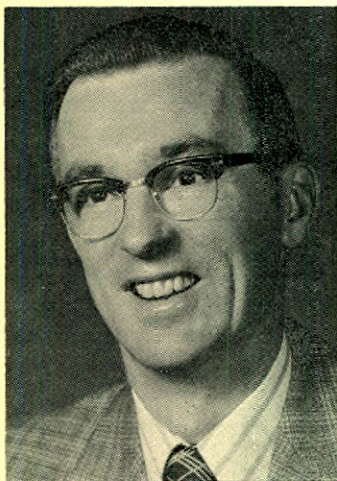


D. G. WALES

Senior Transportation Policy Officer

Province of New Brunswick

Fredericton, N. B.



CRAIG S. DICKSON

General Manager

Moncton, N. B.

COMMISSION STAFF



LEFT TO RIGHT: Sheldon Steeves, Trudy Lockerbie, Lorne Mitton, Debbie Cain, Peter Vuillemot, Ruth Berryman, Craig Dickson, Ramsay Armitage, Dale Ronalds, Austin Durant, Ross Palmer, Cathy Peters, Roger Breau, Glenn Gildart.

OBJECT AND FUNCTIONS OF THE ATLANTIC PROVINCES TRANSPORTATION COMMISSION

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

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

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

The services of the Commission are available free of charge by contacting the Commission's office at 236 St. George Street (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 014-3842.

GENERAL TRANSPORTATION REVIEW

Rail

Railway revenue freight originating in the Atlantic Provinces as a whole declined again through the first three quarters of 1976. It is the third year in succession in which a decline has been recorded. This trend was offset only in Newfoundland which due to increased loadings of Labrador iron ore, maintained a steady increase in loadings in 1976. A sharp reduction was recorded in potato loadings on Prince Edward Island.

For Canada as a whole, total loadings increased slightly in 1976, as shown in the table below:

Railway Carloadings 1976

	1976 (tons x '000)	1975* (tons x '000)	% Change
Carload Traffic Loaded	240,135	227,091	+ 5.7
Non-Carload Traffic Loaded	1,127	1,614	— 30.2

* Revised from previous Annual Report

Source: Statistics Canada Railway Carloadings, December 1976, Catalogue 52-001

Payments received to December 31, 1976, by both major railways under terms of the National Transportation Act in respect of the maintenance of services on uneconomic branch lines and unprofitable services 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 1975

(Payments to December 31, 1976)

	Canadian National Railways		Canadian Pacific Limited	
	<u>Claimed</u>	<u>Paid</u>	<u>Claimed</u>	<u>Paid</u>
Sections 256 and 258 of the Railway Act				
In respect of uneconomic branch lines	\$ 70,827,858	\$ 46,372,418	\$49,377,106	\$33,963,393
Section 261 of the Railway Act				
In respect of unprofitable passenger service	\$185,709,044	\$130,240,078	\$42,094,183	\$31,767,974
Totals:	\$256,536,902	\$176,612,496	\$91,471,289	\$65,731,367

Source: Canadian Transport Commission, Tenth Annual Report

A further breakdown of the subsidies paid out for uneconomic branch lines and unprofitable passenger services on a regional basis is shown below. Payments to services in the Atlantic Provinces increased approximately 14% over the previous year. Corresponding payments to the rest of Canada increased approximately 16%.

Payment to Canadian National Railways and
Canadian Pacific Limited Under Terms of the
National Transportation Act in Respect of Year 1975

(Payments to December 31, 1976)

Canadian National Railway	Atlantic Provinces	Central Canada	Western Canada	Through Services Between Central and Western Canada
Section 256 (unprotected branch lines)	Nil	Nil	Nil	Nil
Section 258 (guaranteed branch lines)	Nil	Nil	\$46,372,418	Nil
Section 261 (passenger-train service)	\$28,475,118*	\$45,842,132	\$11,821,995	\$44,100,833
Canadian Pacific Limited				
Section 256 (unprotected branch lines)	Nil	Nil	\$226,434	Nil
Section 258 (guaranteed branch lines)	Nil	Nil	\$33,736,959	Nil
Section 261 (passenger-train service)	\$ 3,218,750	\$ 3,159,235	\$ 706,095	\$24,683,894
TOTALS:	\$31,693,868	\$49,001,367	\$92,863,901	\$68,784,727

* Includes Maritime passenger train services east of Montreal which cover a major part of the Province of Quebec.

Source: Canadian Transport Commission, Tenth Annual Report

During the year under review a number of hearings were held by the Railway Transport Committee of the Transport Commission on applications by the Railways to abandon a number of branch lines in the region. In Nova Scotia a hearing was held at Caledonia, N.S., September 14, 1976, on the application of Canadian National Railways to abandon operations over the Caledonia Subdivision. The A.P.T.C. assisted several industries in the area with their submissions to the Canadian Transport Commission. No decision has yet been made on this application. Hearings were also held in Stellarton in May, 1976 on an application to abandon the Sunny Brae Spur. Permission was granted for Canadian National to cease operation on the line from Stellarton to Sunny Brae.

In a decision dated November 29, 1976, the C.T.C. granted permission for Canadian National to abandon the operation of the St. Peter's Subdivision in southern Cape Breton. Hearings had been held on this application in March, 1976.

In New Brunswick hearings were held in Saint John on July 27, 1976 into the application by Canadian Pacific Limited to abandon a portion of the Shore Line Subdivision from Lepreau to St. George, a distance of 23.8 miles. In its decision, dated February 14, 1977, the Canadian Transport

Commission allowed the railway to abandon only a small segment of the subdivision near St. George, a total of 3.7 miles. It was ordered to upgrade facilities and to maintain service on the remaining 20.1 miles involved in the application. Hearings also were held in Fredericton on August 24, 1976 into the application of Canadian National Railways to abandon the Stanley Spur of the Nashwaak Subdivision. The railway had requested permission to abandon 5.48 miles of track. In its decision, the C.T.C. permitted the abandonment of 3.08 miles of track and ordered service maintained over the remaining 2.40 miles.

During the year, an application was received from the Canadian National Railways to abandon forty-four miles of the Murray Harbour Subdivision in Prince Edward Island. No date has been set for a hearing on this application.

The Annual Report of the Canadian National Railways had not been tabled in the House of Commons at the time of writing this review. Therefore, the financial statements are not yet known. However, Canadian National is expected to show a modest profit for 1976 of about \$10 million. It is the first time in the railway's history that an overall profit has been achieved.

It will be recalled that at the request of the Federal Government the Canadian railways maintained a twenty-three month freeze on most open tariff rates which expired at the end of 1974. The Tenth Annual Report of the Canadian Transport Commission for 1976 reports the completion of the verification of railway claims for compensation to recover part of the revenue lost during the rate freeze with total payments amounting to \$117,889,000.

Highway

The terms and conditions of carriage of freight of a uniform highway bill of lading were adopted by the Motor Carrier Boards of New Brunswick, Prince Edward Island and Newfoundland during the year under review. Uniform terms and conditions have been urged by the Atlantic Provinces Transportation Commission for some years. Through the efforts of the Maritime Provinces Transportation Committee of the Council of Maritime Premiers such terms and conditions were agreed upon by the three Maritime Provinces in January 1974. The Province of Nova Scotia had previously adopted these terms and conditions and incorporated them into its Motor Carrier Regulations on February 5, 1974. The Province of New Brunswick did the same on May 19, 1976, as did Newfoundland on September 24, 1976. Prince Edward Island adopted the uniform terms and conditions on January 1, 1977. Uniform terms and conditions of carriage is another step in achieving uniformity in regulations governing highway transport in the Atlantic Provinces.

Spring highway weight restrictions in the Atlantic Provinces were of great concern during the past year, particularly in respect to New Brunswick. This subject is covered in detail later in this review.

The Atlantic Provinces Motor Carrier Tariff Bureau, which publishes rates between points in the Atlantic Provinces and between points in the Atlantic Provinces and Ontario, expanded its membership during the year. With the participation of the Midland Transport Group in the Bureau's tariffs, there is now only one major carrier serving the Ontario-Maritime trade that is not a member of the bureau.

A number of smaller regional carriers were absorbed by larger carriers or holding companies during the year. The number of firms so absorbed has risen noticeably over the past few years. A number of these takeovers were by firms located in the Province of Quebec.

The Federal Government in a decision on July 16, 1976, announced transferred regulatory jurisdictions over the operation of Canadian National's trans-island roadcruisers from the Newfoundland Public Utilities Board to the Canadian Transport Commission. The decision came following a long dispute between Canadian National and the Public Utilities Board over fare increases, resulting in CN removing its buses from service on July 12, 1976. Canadian National had applied for fare increases in December 1975 to generate a 150% increase in revenue. The Public Utilities Board granted permission in April, 1976 for a 30% increase in revenue conditional upon CN providing supporting documents. Canadian National appealed the Board ruling to the Newfoundland Supreme Court and instituted a 30% fare increase in June, 1976. It was the first fare increase for the bus service since 1969.

In February, 1977 public hearings were held in St. John's and Corner Brook by the C.T.C. into an application for an 8% increase in fares for the CN buses. Permission was granted for the increases effective March 15, 1977. The roadcruiser service is reported to have lost \$1.4 million in 1976.

As reported earlier under rail, the Canadian railways were compensated for lost revenues due to the voluntary 1973-74 freight rate freeze with payments totalling \$117,889,000. The 1976 Annual Report of the Canadian Transport Commission also reports that up to \$10 million has been allotted to trucking companies as an extension of this compensation program. The exact amount paid to trucking companies was not available at the time of writing.

Air

The improvement and upgrading of a number of airports in the region continued during 1976. The new municipal airport at Digby, N.S. was officially opened on June 24th. This represents a major improvement in airport facilities for western Nova Scotia. Work continued during the summer of 1976 on the upgrading of the runway at Charlottetown, P.E.I. This is to be followed by further improvements in terminal and landing facilities.

Work continued at Charlo, N.B. with the completion of an instrument landing system. The landing system is part of \$4.5 million of improvements to the airport which began last year and includes an extension of the runway, installation of lights, and a new maintenance garage.

Port Hawkesbury industrial airport received Federal funds totalling \$250,000 for the expansion and paving of the runway and the installation of lighting. Plans for improvements to Gander International Airport were announced in January, 1977. The work, to be completed over a period of three or four years, includes repaving of one runway, a new air traffic control centre, a new instrument landing system, and a maintenance garage. The cost of the project is expected to be \$13 million.

The Saint John Airport master plan received approval from the Federal Department of Transport in August, 1976. The plan, which took several years to complete, was first unveiled in October, 1975. Included

in the plan is a new terminal and expansion of the runways. The total cost is \$22 million. No timetable for the work has been decided upon as funds have not yet been allocated by the Treasury Board.

During the year under review, Eastern Provincial Airways applied to the Canadian Transport Commission for amendments to its licenses to enable it to serve between Halifax and Montreal with a direct flight, and also to have Halifax added to its service to and from the French territories of St. Pierre and Miquelon. No decision had been made on these applications by year end. CP Air again expressed its interest in operating a direct flight from Toronto to Halifax. The route is the ninth busiest in Canada. However, no formal application has been made to the C.T.C. in this regard.

Domestic air fares were increased 7% on March 1, 1977 by Air Canada and CP Air. This increase follows two increases in 1976, in April and September, totalling 12.5%. Air cargo and air express rates also increased during the past year by varying amounts up to 12%. Eastern Provincial Airways applied similar passenger and cargo increases.

As the Annual Report of Air Canada had not yet been tabled in the House of Commons at the time of writing this report, accurate statistics are not available. However, the airline is expected to show its third loss in as many years. Eastern Provincial Airways suffered its second loss in a row due to declining passenger loads coupled with sharply rising costs. A brief table of statistical highlights is shown below:

	AIR CANADA			EASTERN PROVINCIAL AIRWAYS		
	1976	1975	Percent Change	1976	1975	Percent Change
Revenue Passengers Carried	*	10,393,000	*	593,099	603,944	— 1.8
Revenue Passenger Miles (x'000)	*	10,110,077	*	224,641	237,775	— 5.5
Freight Ton Miles (x'000)	*	293,957	*	2,666	2,876	— 7.3
Passenger Load Factor	*	58.0%	—	45.0%	46.8%	—
Net Income (loss) After Taxes	*	(\$12,473,000)	—	(\$999,844)	(\$175,774)	—

* Not Available At Time of Printing

Source: Air Canada and Eastern Provincial Airways

Hearings were held by the Canadian Transport Commission on a number of applications to extend air service within the region. Further details appear in this review under the heading Local Air Service.

Ports

For the third year in a row, total cargo tonnage declined at N.H.B. ports in the Atlantic Provinces with the exception of Saint John, N. B. which recorded increases in all categories. Container cargo tonnage handled by the major ports showed an increase of 11.5% for the region.

Labour disputes plagued the two major ports of Halifax and Saint John during the year. Halifax was most seriously affected with a work slowdown which began in mid-June, 1976 escalating into a complete shutdown of operations lasting eleven weeks from August 8 to October

22, 1976. As agreement could not be reached in this dispute, the Federal Government legislated a return to work. The legislation allowed for the appointment of an arbitrator if a settlement could not be reached by the parties themselves by December 10, 1976. On that date, Judge Nathan Green was appointed to draw up a binding contract.

The long shutdown at Halifax contributed greatly to the drop in tonnage figures for the port in 1976, as well as being responsible for some of the increases recorded at Saint John which was less seriously affected with a shutdown lasting nine days, from August 12 to August 21, 1976.

Waterborne Cargo Tonnage, Loaded and Unloaded at N.H.B.
Ports of Saint John, N.B., Halifax, N.S., St. John's Nfld.,
and Belledune, N.B.

Calendar Year	All Cargo				
	Saint John	Halifax	St. John's	Belledune	Total
1976	6,061,234	12,064,259*	1,030,250	292,999	19,448,742
1975	5,394,293	12,490,801	1,035,279	532,472	19,452,845
Increase or (Decrease)	666,941	(426,542)	(5,029)	(239,473)	(4,103)
% Change	+ 12.4	- 3.4	- 0.5	- 45.0	-
	General Cargo				
	Saint John	Halifax	St. John's	Belledune	Total
1976	1,070,201	532,984*	224,887	—	1,828,072
1975	1,056,208	669,042	267,050	—	1,992,300
Increase or (Decrease)	13,993	(136,058)	(42,163)	—	(164,228)
% Change	+ 1.3	- 20.3	- 15.8	—	- 8.2
	Container Cargo				
	Saint John	Halifax	St. John's	Belledune	Total
1976	1,069,398	1,056,692*	11,233	—	2,137,323
1975	525,787	1,384,436	6,890	—	1,917,113
Increase or (Decrease)	543,611	(327,744)	4,343	—	220,210
% Change	+ 103.4	- 23.7	+ 63.0	—	+ 11.5

* Labour dispute, port closed 11 weeks during 1976

Source: National Harbours Board

Tenders were called and contracts awarded for the construction of a new shed at the Pier 1 Forest Products Terminal during the year. Agreement was reached with the Federal Government on a cost sharing formula for the Rodney Terminal development. The Federal Government's share of the project has totalled \$25 million to date with the Provincial Government picking up the rest of the costs associated with the development of the container terminal and the forest products terminal. At year end the prospects of a second container terminal at the Port of Halifax were enhanced by the Province of Nova Scotia announcing a commitment of \$6.5 million for the acquisition of land and land filling at the proposed container terminal site at Fairview Cove.

A number of new shipping services commenced or were announced during the year for the Atlantic Provinces. In January, 1977 the North American West African Line commenced operation from Halifax to West African ports utilizing a roll-on/roll-off and container vessel. During March, 1977 a new container service was announced by Chimo Shipping Ltd. between Central Canada and Central and Eastern Newfoundland. In January a new container service between St. John's, Nfld. and Halifax, N.S. was announced by Newfoundland Container Lines Ltd. Zim Container

Service inaugurated a feeder service early in 1977 between the Port of Halifax and ports in the eastern United States.

A number of new lines began calling at Saint John, N.B. during the year. Among these were the Korea Shipping Corporation, Cuban State Line, and the Venezuelan Line.

In November, 1976 Maritime Coastal Containers Ltd. ceased operations between Halifax, Saint John and U.S. seaboard ports. Also in November, Federal Bermuda Line discontinued its feeder service between Halifax and Bermuda.

Because of the disruption of service at the Port of Halifax in 1976 and the numerous changes in lines calling at both Halifax and Saint John, the Atlantic Provinces Transportation Commission's publication "Directory of Ocean Containership Services" was not re-issued during the year. Plans call for the Directory (last published November, 1975) to be re-issued in May, 1977.

A proposed new National Ports Policy for Canada was announced by Transport Minister Otto Lang on September 13, 1976. An Act to be introduced to Parliament in the Spring of 1977 will set up a National Port Commission. Local port authorities would assume control of twenty ports now administered by the National Harbours Board. These new authorities, along with the other local port commissions now in existence, will have responsibility for their own budgets and planning and would be expected to operate as self-sustaining businesses. The National Port Commission will dictate overall policy and will oversee and approve the budgets and operation of the local commissions. Regional port commissions will be set up to provide regional input into national policy. Any major capital expenditures or expansion plans will require direct approval of the National Commission. Ports in the Atlantic Provinces which are presently administered by the National Harbours Board and which would see major administrative changes under the new policy are: St. John's, Nfld., Halifax, N.S., Saint John, N.B., and Belledune, N.B.

Ferries

Passenger and auto traffic declined noticeably on all major ferry routes in 1976. This was the result of decreased tourist activity in the Atlantic Provinces during 1976 as a result of events such as the Montreal Olympics and the United States Bi-Centennial. The increase shown for the Wood Island-Caribou service is distorted by the fact that the ferries operated for thirty days more in 1976 than in 1975.

Commercial vehicle traffic on the other hand showed an increase on all but two services. Decline on the Yarmouth, N.S. to Portland, Me. service is partially due to operations being reduced from twelve months in 1975 to seven months in 1976. Statistics for the year 1976 appear below, with 1975 figures in brackets.

Service	Passengers		Automobiles		Trucks and Tractor Trailers	
Cape Tormentine- Borden	1,457,654 + (1,591,064)	8.4%	432,471 — (476,576)	9.3%	112,003 + (103,930)	7.8%
Wood Island- Caribou *	507,196 + (462,909)	9.6%	144,788 + (128,532)	12.6%	51,092 + (45,225) #	12.8%
North Sydney- Port Aux Basques	289,913 — (294,698)	1.6%	62,256 — (65,713)	5.3%	34,124 + (26,569)	28.4%

North Sydney- Argentina		41,769 — 10.9% (46,899)	10,600 — 7.5% (11,462)	224 — 40.9% (379)
Yarmouth- Bar Harbour	(1)	87,882 — 16.3% (104,995)	24,263 — 16.7% (29,135)	839 + 9.4% (767)
Yarmouth- Portland	(2)	136,605 — 12.5% (156,113)	30,892 — 14.7% (36,208)	2,817 — 58.6% (6,809)
	(3)	547 — —	183 — —	125 — —
Saint John- Digby		187,070 — 7.7% (202,741)	43,718 — 6.5% (46,766)	23,443 + 20.5% (19,447)

(1) Ceased operations November 30, 1976

(2) Operated May 7 to October 30, 1976 by Lion Ferry A/B

(3) Operated November 28 to December 31, 1976, by CN Marine

* Operated 30 days more in 1976

Corrected from 1975

Source: CN Marine
Prince of Fundy Cruises
Northumberland Ferries Ltd.

CN Marine suspended operations on the Yarmouth-Bar Harbour route for the winter months effective November 30, 1976 and placed the vessel "Marine Cruiser" on the Yarmouth-Portland route with twice weekly sailings beginning on November 28th. Prince of Fundy Cruises will resume service May 1, 1977 with one new vessel replacing the two vessels previously operated during the peak summer months.

CN Marine assumed operation of the "Princess of Acadia" on the Saint John-Digby route on September 1, 1976. This service had been operated by Canadian Pacific for over sixty years. The vessel and port facilities were purchased by the Federal Government in December, 1974. Operations since then have been carried out by CP on an annual operating contract.

The use of the vessel "William Carson" on the St. John's-Lewisporte-Goose Bay, Nfld. route during the summer of 1976 enabled vehicles to be transferred on a roll-on/roll-off basis to and from Goose Bay regularly and also improved cargo capacity and service on the route. Previously only freight and passengers had been carried on four small vessels.

Service between Wood Islands, P.E.I. and Caribou, N.S. was improved with the completion of renovations to the terminals and the addition of a fourth vessel, the "Confederation", to the route.

Fares increased on most ferry routes in the Atlantic Provinces during 1976. Increases ranged from 20% to 100% on the various services. Fares on the Cape Tormentine, N.B. — Borden, P.E.I. route were increased during the summer but returned to their former level in the fall.

Plans for the construction of a new ferry to operate between Cape Tormentine, N.B. and Borden, P.E.I. were announced by CN Marine in November. Tenders for the new vessel, which will replace the "Abegweit", are to be called in 1977 with the ship expected to enter service in 1981.

GENERAL LEVEL OF RATES

Rail Rates — Domestic

During the period under review, the Canadian railways applied one general rate increase to domestic rates. Following the format used in the

previous year, increases varying from 8% to 15% were applied to various commodity groups published in open tariffs between July 6, 1976 and January 1, 1977. Some specific rates received lower increases through negotiations between the shipper and the railway.

During the past two years, many railway agreed charge rates were cancelled and republished in open tariffs. Those agreed charges remaining were increased on September 1, 1976 by generally 15%. At the year end the Canadian Transport Commission reported there were 295 agreed charges in effect involving 1,505 shippers.

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

Between the Atlantic Provinces and Ontario:

<u>Date</u>	<u>Increase</u>	
	<u>Westbound</u>	<u>Eastbound</u>
Jan. 4/77	7%	7%

Between the Atlantic Provinces and Quebec:

<u>Date</u>	<u>Westbound</u>	<u>Eastbound</u>	<u>Category</u>
May 10/76	9%	10%	up to 30,000 lbs.
May 10/76	7%	8%	over 30,000 lbs.

This Quebec increase replaced the 6% temporary increase imposed on November 20, 1975.

On July 19, 1976 the 15,000 lbs. and 20,000 lbs. general scale freight rates via CN Piggyback from various Ontario points and Montreal to the Atlantic Provinces were cancelled. The rates and minimum weight for 24,000 lbs. now applies. At the conclusion of the year, CN Piggyback further amended their tariff to eliminate, with a few exceptions, their westbound general scale rates of less than 24,000 lbs., effective May 3, 1977. CN have maintained the general scale of rates for the lower minimum weights on routes competitive with CP Rail.

On March 7, 1977 rail piggyback rates between Western and Eastern Canada, including from and to the Atlantic Provinces, were increased by 6 to 7%.

Rail Rates — International

During the year in review, international rail rates between Canada and the United States were increased on two occasions. A 7% increase, effective March 21, 1976, did not apply to or from points in the Western United States and to points on certain other railroads. On October 7, 1976 this increase was replaced by an increase of 7% on all rates between Canada and the United States with the exception of points in the western United States where a 5% increase was implemented. The second increase of the year occurred on January 1, 1977 when an increase of 4% was published on international rail traffic between the United States and Canada.

Express

Express rates from and to the Atlantic Region were increased by 8% on July 20, 1976 for shipments weighing over 100 lbs. Increases for shipments weighing less than 100 lbs. ranged from 5% to 7%. Concurrent with this increase, a number of new point to point rates were established from Quebec and Ontario to the Atlantic Region at the former general scale level.

The general scale express rates for shipments within the Atlantic Region were increased by 10% on October 1, 1976. The point to point rates within the region were not increased at that time. Additional point to point rates within the Atlantic Region were published on October 5, 1976. The new rates reflected a reduction of up to 9% from the general scale rates.

Express rates from and to the Atlantic Region were again increased on January 3, 1977. The general scale rates were increased by 9% while the point to point rates were increased by 5% on weights up to 100 lbs. There was no increase on point to point rates over 100 lbs.

On November 15, 1976 air express rates within Canada were restructured. The rates, previously expressed in whole dollars per shipment, were changed to cents per shipment. The result of this restructuring meant an increase in some cases and a decrease in other instances. This was followed by an 8% increase on international air express rates between Canada and the United States on December 16, 1976. On January 1, 1977 Air Canada's Expedair rates within Canada increased by approximately 10%.

Truck Rates

During the period under review, truck rates within the Maritime Provinces, as published by the Atlantic Provinces Motor Carrier Tariff Bureau, increased on November 29, 1976 as follows:

Freight All Kinds and Class Rates	— 7%
Minimum Charge	— no increase
Commodity Rates	— 0 to 10%

Truck rates published by the Atlantic Provinces Motor Carrier Tariff Bureau between the Atlantic Provinces and Ontario increased by 7% at this time.

On January 5, 1977 truck rates published by the Atlantic Provinces Motor Carrier Tariff Bureau for shipments within Newfoundland increased by 7% and for shipments between Newfoundland and the Maritime Provinces the increases ranged from 5% to 7%. Commodity rate increases were subject to individual negotiation.

During the period under review, class rates between the Atlantic Provinces and Quebec were restructured resulting in a new structure of class and freight all kinds rates. The new structure, effective January 17, 1977, resulted in the following changes calculated on an average basis:

Up to 4,999 lbs.	— rates increase up to 28%
5,000 lbs. to 9,999 lbs.	— no change
10,000 lbs. and over	— slight reductions

Commodity rates between the Atlantic Provinces and Quebec were not increased during this period. However, in March 1977, the carriers applied for an increase as follows:

Freight All Kinds and Class Rates	— 10%
Commodity Rates	— Westbound 15%
	— Eastbound 8%

The A.P.T.C. has objected to the Quebec Tariff Bureau and the carriers regarding this increase since it provides a higher westbound increase as compared to the eastbound increase. This is in direct contrast to previous increases in which the eastbound increase was greater than the westbound increase. No decision has been made on the effective date of these increases or whether the amount of increase will be modified.

Pool Car and Domestic Water Rates

Pool car rates on traffic from Ontario and Quebec to the Maritime Provinces increased by 9% on May 17, 1976. Rates to Newfoundland from Central Canada increased at this time by 8½%.

Pool car rates again increased on March 1, 1977 by 6% to 10% on traffic from Central Canada to the Maritimes and by 10% on traffic to Newfoundland.

On November 1, 1976 Clarke Transportation Canada Ltd. cancelled its pool car service from Moncton, N.B. to St. John's, Nfld.

Class and commodity rates published by Newfoundland Steamships Limited were increased by approximately 15% on traffic from Montreal, Que. to Corner Brook and St. John's, Nfld., effective June 15, 1976. These rates were again increased by 12 to 15% on December 6, 1976.

ATLANTIC REGION FREIGHT ASSISTANCES PROGRAMS

During the year payments under the freight assistance programs increased as follows:

Atlantic Region Freight Assistance Act

Westbound	16.3%
Intra-Regional	6.5%

Maritime Freight Rates Act	4.8%
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Atlantic Region Selective Assistance Act

Rail	12.6%
Truck	21.4%

Particulars of these payments are shown below.

ATLANTIC REGION FREIGHT ASSISTANCE ACT (TRUCK)

Westbound	}	Calendar Year	Cumulative
		1976	June 15/69 to Dec. 31/76
		<u>\$4,243,000</u>	<u>\$19,654,000</u>
Intra-Regional	}	Calendar Year	Cumulative
		1976	Oct. 1/70 to Dec. 31/76
		<u>\$17,848,000</u>	<u>\$74,608,000</u>

MARITIME FREIGHT RATES ACT (RAIL)

Westbound and	1972	1973	1974	1975	1976
Intra-Regional	\$13,073	\$14,015	\$15,059	\$16,300	\$17,089
(X '000)					

ATLANTIC REGION SELECTIVE ASSISTANCE (RAIL & TRUCK)

	Calendar Year 1976	Cumulative April 15/74 to Dec. 31/76
Rail	\$2,064,000	\$4,881,000
Truck	\$1,270,000	\$2,732,000

Source: Canadian Transport Commission

Additional Westbound Assistance

During the year a change was made in the regulations governing the subsidy with the aim of insuring that the goods originated or had been subjected to some processing within the region. The following paragraph was added to the regulations:

"No selective assistance shall be paid in respect of the outward movements of the goods described in the schedule unless the goods have been grown, harvested or subjected to a manufacturing process within the select territory."

The Commission assisted several firms in applying for this assistance for their products during the past year in co-operation with the transportation sections of the four Atlantic Province Governments.

Intra-Regional Assistance

It will be recalled that on February 13, 1976 the Provincial Ministers responsible for transportation had recommended to the Federal Government a number of changes in the intra-regional subsidy program. In a statement in the House of Commons on May 27, 1976, the Federal Minister of Transport stated that the Federal Government would review the matter carefully before any decision would be made. In the meantime the program would continue as it is. The Provincial Governments' position was that they felt a selective subsidy on certain commodities would better serve the needs of the region than the present blanket subsidy.

At a meeting in Charlottetown on February 7, 1977 between the Premiers of the three Maritime Provinces, the Newfoundland Minister of Transportation and Communications, and the Honourable Otto Lang, Federal Minister of Transport, agreement in principle was reached to a selective approach to freight rate assistance within the region. This is intended to make the existing Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act more responsive to regional economic development needs. It was acknowledged that the current blanket intra-subsidy did not provide the maximum economic benefit to the region. The merits of applying the subsidy only to selected commodities and only to shippers of regionally produced commodities were recognized. Mr. Lang indicated his acceptance of the principle that the Federal Government should re-allocate funds resulting from a reduction in subsidy payments to other essential priority transportation projects and programs in the region.

NATIONAL TRANSPORTATION POLICY DEVELOPMENTS

On January 27, 1977 the transportation policy proposals flowing from the Minister of Transport's statement of June 16, 1975 were tabled in the House of Commons as Bill C-33. As had been indicated, the proposed

legislation embraced the following major changes:

1. Revised policy objectives
2. Changed role for the Canadian Transport Commission
3. Modifications in setting maximum and minimum rates
4. Prohibitions against long and short haul discrimination except where justified by competition
5. Modifications in Canadian Transport Commission appeal procedures.

Revised Policy Objectives

The Bill provides that the objective of transportation policy for Canada is to achieve a transportation system that (a) is efficient, (b) is an effective instrument of support for the achievement of national and regional social and economic objectives, and (c) provides accessibility and equity of treatment for users. The policy further declares that the achievement of this objective requires the integration of services employing the most appropriate modes for each service and that it is the responsibility of governments to attend to the provision of the transportation system.

Following a meeting between the Honourable Mr. Lang, Minister of Transport, and the Council of Maritime Premiers, and the Honourable James Morgan, Minister of Transportation and Communications for the Province of Newfoundland, representing Premier Frank Moores of that Province, it is anticipated that this objective of transportation policy will be amended to provide that, where required by economic development objectives, such objectives would take precedence over the commercial viability of the services concerned.

Besides the objectives of transportation policy, Bill C-33 provides certain principles applicable to the implementation of transportation policy. Such principles include, among other things, that (a) in the planning and development of transportation services designed to achieve a particular purpose, consideration should be given to all means of achieving that purpose including means that do not involve a mode of transport; (b) competition within and between modes of transport should be encouraged where economic and technical factors permit; (c) in the provision of transportation services there should be opportunity for both public ownership and private ownership of carriers and also for national, regional and local carriers with Canadian control of privately-owned carriers being an objective; (d) commercial viability should be an objective both in the operation of transportation services and in the provision of facilities and services in direct support thereof; (e) where implementation of a particular policy of the Government of Canada requires departure from the objective of commercial viability, the benefits and costs involved should be identified and the relevant additional costs assumed by the Federal Government; (f) where effective competition exists, transportation rates and services should be established through the working of the market mechanism, but where no effective competition exists, transportation rates and services should be so regulated as to give transportation users the same protection as they would have if effective competition existed; (g) where competitive services are available but public assistance is considered necessary to support a policy of the Government of Canada, such assistance should be available in such a way as not to distort the selection by the user of the

appropriate mode of transportation; and (h) special measures insofar as they are necessary should be adopted to avoid undue disruption of transportation services essential to the national interest.

Role of the Canadian Transport Commission

The proposed legislation modifies the role of the Canadian Transport Commission considerably. For example, its research role and many of its areas of inquiry into various measures pertaining to economic development, co-ordination, assistance, and expenditures in respect of transportation generally will be transferred to the Minister of Transport. Furthermore, Bill C-33 provides that the Governor General in Council may issue such directions to the Canadian Transport Commission as considered necessary to achieve the objectives and principals of transportation policy set out in the Act but such directives shall not have reference to a particular matter presently before the Commission.

Modification of Maximum/Minimum Rates

The proposed legislation modifies the present maximum and minimum rate sections of the Railway Act considerably. At present, the railways are prohibited from setting rates lower than their long run variable cost. The new minimum rate rule will remain unchanged but the Canadian Transport Commission will be requested to disallow any rate, not otherwise provided for by the Railway Act (e.g., export grain and flour rates), where the Commission determines that such rate is non-compensatory, that is, falling below the so-called variable cost. Furthermore, the railways will be subject to penalty if any rate is found to be below the compensatory level. This penalty ranges from the difference in the revenue received by the railways and the revenue which the railways would have received had a compensatory rate been in effect to an amount equalling three times this difference.

This penalty clause provision, if passed, will have the effect of forcing railway rates upward. The railways will wish to ensure that any rate which may be approaching the compensatory level is set at a level sufficiently high to ensure that the Canadian Transport Commission will not subsequently find such rate in violation of the minimum rate level. It will also prohibit the railways, in some cases, from effectively meeting competition of other carriers.

The present maximum rate provisions are modified in the proposed legislation by extending maximum rates to all shippers wishing to avail themselves of such rates rather than restricting them, as is the case at present, to those shippers deemed to be captive shippers, that is, those shippers for which in respect of those goods there is no alternative, effective and competitive service by a common carrier other than a rail carrier or carriers.

The maximum rate level found in the present legislation is determined by the variable cost of a key carload minimum weight, namely, 30,000 lbs., plus 150% of such variable cost. Bill C-33 gives the Governor General in Council authority to make regulations from time to time which, with respect to any goods or class of goods, would vary the carload weight to be used in determining the key minimum weight and substituting a lesser percentage but not less than 100% for the existing 150%. Furthermore, such regulations may also provide for the determination of maximum

rates without the use of a key minimum weight. In all cases, however, the regulations shall not permit a maximum rate that is less than 100% or more than the 150% greater than the variable cost.

Bill C-33 further provides that when a rate is found to exceed the maximum rate, the railway shall pay to the shipper by way of restitution an amount equal to the amount charged the shipper in excess of that which he would have been charged had the rate not exceeded the maximum specified in the legislation. In addition, the railway shall pay to the Government a penalty up to three times the amount of the restitution paid to the shipper depending upon the extent to which the rate exceeded the maximum level.

Long and Short Haul Discrimination

A long-standing complaint of certain Western Canadian interests has been that the railways publish lower rates to points in British Columbia than rates on the same commodities to points in the Prairie Provinces. The new legislation proposes that, if a freight rate for the movement of goods of like description carried under substantially similar circumstances and conditions over the same line or route is greater for a shorter distance than for a longer distance, on specific complaint the Commission shall disallow the freight rate for the longer or the shorter distance or both, unless it is satisfied on the basis of evidence presented to it that, because of competition, it is expedient to allow both such freight rates. The proposed legislation makes this prohibition against long and short haul discrimination applicable also in respect of rates made under the Transport Act, namely, agreed charges.

Modification to Canadian Transport Commission Appeal Procedures

At present, the National Transportation Act contains a provision (Section 23) which is commonly called the Public Interest Section of the Act. This section provides authority for a person who believes that an act or omission of a carrier or a rate established by a carrier may prejudicially affect the public interest to apply to the Commission for such remedy as the Commission in its opinion deems warranted. This clause has been used in several cases since 1967 and generally speaking cases taken to the Canadian Transport Commission under this section are found to be extremely expensive and time-consuming. To correct that deficiency in the present legislation, Bill C-33 proposes that where a person takes a case to the Canadian Transport Commission, the Commission shall within ninety days thereafter either give a decision to the applicant indicating that it is satisfied that a prima facie case has been made by the applicant or, in the absence of such decision, the Commission shall be deemed to have been satisfied that a prima facie case has been made. A further addition to the so-called Public Interest Clause of the National Transportation Act is a section which provides that the Commission in making an order to remove the prejudicial features complained of shall be subject to the provisions of the Railway Act which requires that all rates be compensatory. In other words, the Commission in removing a prejudicial feature of a rate complained of, may not prescribe a rate which would be non-compensatory.

Not contained in Bill C-33 but a change which will have effect on the rail rates of Canada, is a review of the so-called costing order of the Canadian Transport Commission. As background, the Canadian Transport

Commission issued Order No. R-6313 on August 5, 1969 which prescribes the items and factors which shall be relevant in the determination of costs for any of the purposes of the Railway Act. On February 3, 1977, Order in Council PC 1977-234 was issued requiring the Canadian Transport Commission to report on the adequacy of the Railway Costing Order (R-6313) and, in doing so, to take into consideration to the extent of being proper and relevant the findings of the so-called Snavelly Commission on the cost of transporting grain by rail as well as any other studies. In addition, the Commission is required to take into account those objectives of a revised costing system as have been prepared by the Department of Transport in consultation with the Provinces and the Class I railways and to report to the Minister of Transport in two phases, namely, a preliminary analysis and a detailed analysis, including a recommended revised costing system. At year end, it is not clear as to the method of the Canadian Transport Commission's inquiry. The Atlantic Provinces Transportation Commission has made known to the Governments that this inquiry is of significance to this region of Canada and has offered its facilities to assist in the presentation of a common Atlantic Provinces position on this subject.

At year end, Bill C-33 has not received Second Reading in the House of Commons. Considerable debate has taken place on the Bill and much of it has been directed towards the vesting of substantial powers in the Governor in Council and the Minister of Transport.

In the months preceding the introduction of Bill C-33, officials of Transport Canada consulted with numerous trade groups and the Provincial Governments throughout Canada outlining the changes which were being considered. The general reaction of the shipping public was unfavourable by and large to the proposed changes. In respect of the Atlantic Provinces, this Commission is deeply concerned that the change in the maximum rate level will not yield benefits to this part of Canada but will instead reduce rates for manufacturers and producers with which Atlantic Provinces companies must compete. This concern is confirmed in a measure by preliminary working papers distributed to those organizations with which the Transport officials consulted. Secondly, this Commission sees the penalty provisions associated with minimum rates as forcing the rate level upward for many products of the Atlantic Region where the railways attempt to meet the competition of other carriers because of the rate officer's desire to ensure that he does not publish rates which the Canadian Transport Commission may subsequently find to be below variable cost. Thirdly, the Commission is deeply concerned that the review of the Costing Order will result in a new order which establishes a higher variable cost level than at present. To this extent it should also be noted that the new legislation proposes that in determining variable cost the cost of capital shall be determined by the cost of capital for CP Rail. Any increase in the variable cost will reflect throughout the whole rate structure as the railways base their rates on variable costs plus those markups which they deem appropriate for the movement. In short, if the variable cost level is higher then the absolute mark-up will likewise be higher.

Because of these concerns, the Atlantic Provinces Transportation Commission will be submitting representations to the Standing Committee on Transport and Communications of the House of Commons when Bill C-33 is being considered by it.

MARITIME CODE ACT

During the year under review, Bill C-61, a Maritime Code Act, continued to occupy the attention of users of marine transportation in Atlantic Canada as well as the Provincial Governments and the Atlantic Provinces Transportation Commission. The potential adverse effects of the restricting of the coastal trade to Canadian ships as proposed under the Bill were demonstrated early in May when the Sydney Steel Corporation was faced with an increase of more than double its cost for shipping iron ore from Sept Iles to Sydney using a Canadian flag vessel. An increase of this magnitude could not possibly be accepted by the Sydney Steel Corporation so negotiations were undertaken with a Commonwealth flag line with the company being able to secure a rate reflecting an increase over its previous contract rate of less than 50%. It also became apparent about that time that the measures contained in Bill C-61 might discourage the development of a new or expanded steel complex in Cape Breton.

The opposition to Bill C-61 was not only manifest in the Atlantic Region but the Government of British Columbia and manufacturing and producing industries in that Province likewise opposed the legislation.

Assurances from the Minister of Transport that the coastal trade provisions would not be proclaimed until a high degree of satisfaction was achieved among the interested parties with the regulations to be developed under the Act did not dispel the concern of the users of marine transportation on both of the Canadian coasts. While the Bill was brought forward for debate on June 28, 1976, it did not receive Third Reading during the first session of the Thirtieth Parliament.

On July 23, 1976 a group of users of marine transportation in the Atlantic Region met in Halifax, N.S. to consider what further steps they could take to secure modifications in Bill C-61 to meet the needs of the user. The group decided to form the Atlantic Transport Users Association with the primary objective of securing modifications in this legislation. Captain R.C.E. Kitching, Corporate Traffic Manager of Labrador Linerboard, was elected Chairman of the group and the General Manager of the Atlantic Provinces Transportation Commission, was asked to serve as Secretary. Following the resignation of Capt. R.C.E. Kitching to accept employment outside the Atlantic Region, the Association elected Mr. L.A. Hicks, Manager, Commercial, of Sydney Steel Corporation, as Chairman.

The Association's Executive immediately sought a meeting with the Minister of Transport and, at the Minister's suggestion, met with his officials on September 17, 1976. At that meeting it was recognized by the Ministry of Transport officials that until the revised regulations being prepared by the Ministry of Transport were available to industry, further consultation between the users and the Government was not likely to produce useful results. During the meeting with the Ministry officials, the Association Executive stressed that it was essential to the user to retain control over the decision-making process on the type of vessel to be used. The provisions of Sections 8 to 16 of the Bill would lessen competition within the marine transport mode and between that mode and the rail and highway modes to the detriment of the shipper. The Association stressed that their members were not opposed to the provisions of the Bill other than those which dealt with the movement of goods between two points in Canada. In fact, they stressed to the Ministry of Transport officials that they supported a greater participation by Canada in the off-shore and Arctic development.

On October 5, 1976 the Association made a number of recommendations to the Minister for modification in Sections 8 to 16 of the Bill which, if accepted, would lessen the adverse impact of the proposed legislation on the region. The Association again sought a meeting with the Minister of Transport.

In late November, the Minister announced that it was his intention to delete Sections 8 to 16 of Bill C-61 before re-introducing it into Parliament. He further indicated that it was his intention to prepare a separate coasting trade act which would contain many of the provisions formerly found in Bill C-61 but also incorporating a number of changes resulting from discussions between officials of the Federal Government, provinces, and representatives of industry. In his press announcement the Minister said "... removing the coasting trade provisions from the main Bill should not be viewed as a lessening of this Government's resolve to proceed with reasonable regulations of the coasting trade in Canada".

In February the Minister advised the Atlantic Transport Users Association that the recommendations proposed by the Association in October, 1976 are unacceptable because the proposal "... leaves the whole decision-making process with the shipper of the goods". He further indicated that "... it is fundamental to the whole idea of coasting trade regulations that the lowest rate quotation is not always the deciding factor".

It is apparent from these developments that the position of the users of marine transportation continues to be rejected and continued efforts must be made to secure modifications in the Government's policy.

On March 9, 1977 the Minister of Transport introduced Bill C-41 which embodies the former provisions of Bill C-61 insofar as they propose a Maritime Code for Canada. The new Bill (C-41), however, does not include the former Sections 8 to 16 which would exclude the Commonwealth vessels from the coastal trade of Canada.

At year end, the Users Association is continuing to seek a meeting with the Minister of Transport so that they might outline to him personally their concerns regarding this legislation.

During the year reviewed by this report, developments related to a deep sea merchant marine were basically studies of a cost-benefit nature for such a fleet. The Shipping Advisory Board, an interdepartmental committee of the Federal Government, has commissioned a number of studies covering such areas as international agreements, labour, and shipping rates. It will be recalled that a report by the late Howard J. Darling in 1974 suggested a limited development of a deep sea merchant marine. At year end the results of the Federal Government's studies have not been released to the public.

PILOTAGE MATTERS

On May 25th, 1976 the Canadian Transport Commission issued its Decision (WTC 1-76) in the matter of notices of objection filed by various parties to a proposed tariff of pilotage charges published by the Atlantic Pilotage Authority on July 26th, 1975. As a result of these objections the proposed tariff of pilotage charges did not become effective pending a decision by the Canadian Transport Commission. The Canadian Transport Commission held public hearings in January 1976.

In its decision of May 25th, 1976 the Canadian Transport Commission granted the Authority the increases it sought with some exceptions. The most significant exception was that it maintained a maximum pilotage charge at several of the Atlantic Region ports whereas the Authority had proposed no such maximum. This was particularly significant to the Ports of Come-by-Chance, Nfld., the Strait of Canso area of Nova Scotia, Halifax, N.S., and Saint John, N.B. where the previous maximum was \$1000. If the maximum had been eliminated entirely, it was estimated that the charge for some of the larger ships using these ports could have exceeded \$3,100. Under the C.T.C. decision, the maximum was set at \$1,200. Other areas of change recommended by the C.T.C. were a lower charge for a moveage at Goose Bay, the removal of a proposed fee of \$35.00 for pilot boat services when a boat other than a pilot boat is hired for the purpose of embarking or disembarking a pilot, a reduction in the general pilotage rate from 50¢ proposed by the Authority to 30¢ per pilotage unit, and the reduction in certain maximum and minimum charges for such things as trial ships, safety watches, dry-docking services, detention on board ships, detention on shore, and cancellations.

The general pilotage reduction is of particular significance to ships plying the northeast coast of Newfoundland especially during the winter months.

Certain conclusions of the Authority which did not directly deal with the charges per se are of a particular significance. The C.T.C. noted that the Authority's quest for self-sufficiency was rendered most difficult by virtue of significant inherited financial obligations to the pilots as a result of the decision by the Government of Canada to give the pilots statutory rights to become employees of the Authority. It noted that pilot productivity has significantly reduced since the pilots exercised their right to become employees of the Authority. It also noted that the Authority, in its efforts to operate on a self-sustaining financial basis, appeared to be attempting this by making its revenue meet its expenses rather than subjecting its expenses to the level of available revenue. Furthermore, the Authority observed that savings could accrue to the Authority by the elimination of certain pilotage areas from the compulsory pilotage list. The Commission concluded "... many of the matters brought before us by way of Notice of Objection, whilst affecting the costs and revenues of the Authority, resulted from actions of the Authority over which the Canadian Transport Commission has no control or jurisdiction." The Commission continued "... we have also closely examined our own jurisdiction as it bears upon these matters and we have concluded that we are severely limited in the recommendations which we may statutorily make." Again, the Commission said "... we are of the firm opinion that the current financial difficulties that the Authority faces will only be overcome by increased exercise of the managerial powers which it has been granted under the terms of its incorporation."

As a result of the recognition that the Canadian Transport Commission had limited jurisdiction in which to deal with the Notices of Objection submitted by interested parties in this particular case, the Atlantic Provinces Transportation Commission wrote the Minister of Transport, the Honourable Otto Lang, on October 15th, 1976, expressing its concern over the requirement that the Authority operate on a self-sustaining basis, the difficulty if not the impossibility of the users of pilotage charges to bring about changes in the regulations enacted under the Pilotage Act,

the excessive influence which the pilots exert on the Authority, and the lack of adequate effective control over the Authority's cost. The Commission elaborated on each one of these matters and urged the Minister to make such changes in policy or legislation or both as are required in order to provide economically efficient pilotage service and to meet the interests of users of pilotage services.

In response, the Minister indicated that the officials of Transport Canada are examining various briefs and submissions received from interested parties in respect of the present legislation. He further indicated that his officials were in the process of proposing amendments to the Pilotage Act which, if accepted by Parliament, should result in improved legislation. He also indicated that the Atlantic Pilotage Authority were reconsidering their decision as to whether certain small ports in the Maritimes might well be changed to the non-compulsory status.

On January 8th, 1977 the Atlantic Pilotage Authority published in the Canada Gazette notice that the following ports would be eliminated from compulsory pilotage: Bathurst, Buctouche, Caraquet, Shediac, Baie Verte, Pictou, Sheet Harbour, Georgetown, Souris and Summerside.

On February 12, 1977 the Atlantic Pilotage Authority published in the Canada Gazette a proposed increase in its tariff of tolls and charges. Basically, the proposed tariff embodied a 10% increase in minimum charges and moveages and introduced a pilot boat charge into the tariff which ranged from a low of \$16.94 to a high of \$87.47. In addition, charges for vessels using the Port of St. John's, Nfld. were modified so that the smaller vessels were subject to an increase of more than 10%.

The Commission reviewed these proposed changes and in view of the limited authority that the Canadian Transport Commission has to effect economies and efficiency in the operations of the Atlantic Pilotage Authority, it was decided that the Commission would not file a Notice of Objection in this particular instance. In addition, it was noted that the action being taken by the Authority was, in most cases, following recommendations or suggestions made by the Canadian Transport Commission in its May, 1976 Decision.

Notices of Objection were filed by the Dominion Marine Association and the Province of Nova Scotia. As a result, the Commission felt it desirable to file an Intervention so that it would be a party of record and be able to participate in the case should the Canadian Transport Commission hold public hearings on the matter.

At year end no decision has been announced by the Canadian Transport Commission on whether or not it will hold public hearings.

LOCAL AIR SERVICES

In 1975 three Atlantic Provinces airlines applied to the Canadian Transport Commission for permission to expand services to communities in the Atlantic Provinces. Public hearings concerning these applications were held in St. John's, Nfld. on June 7, 1976; in Charlottetown, P.E.I. on June 9th; in Fredericton, N.B. on June 10th; and in Halifax, N.S. on June 14th. The joint submission of the Atlantic Provinces Transportation Commission and the Atlantic Provinces Chamber of Commerce was presented at the Halifax hearings. The decision on each of the applications was

handed down by the Air Transport Committee on December 21, 1976. A brief outline of the decisions follows.

Eastern Flying Service was granted permission to provide a unit toll service to Trenton, N.S. in addition to the points of Sydney, N.S. and Charlottetown, P.E.I., which it previously served. Permission to serve Halifax, N.S. was denied. Also granted was permission for the airline to use larger aircraft than had previously been permitted.

Atlantic Central Airlines had applied for permission to serve the additional points of Moncton, N.B., Summerside and Charlottetown, P.E.I., Trenton, Halifax, Shearwater, and Greenwood, N.S., and also St. Stephen, Grand Falls, and Charlo, N.B. In its decision the Air Transport Committee granted permission for Atlantic Central to serve Moncton, Grand Falls, and Charlo, N.B. The Committee also granted permission to serve Digby, N.S. in lieu of Greenwood, N.S. Service to other points on the application was denied. Atlantic Central Airlines, however, ceased to operate all scheduled services as of October 31, 1976. Until that time it had been providing regular scheduled service between Bathurst, Fredericton, and Saint John, N.B. and Bangor, Me. The company cited financial losses and the uncertainties of obtaining additional routes as its main reasons for a return to charter service only.

Eastern Provincial Airways had applied for a licence to serve twenty-three Atlantic Provinces' communities. The service would be provided with Twin Otter type fixed wing aircraft with the possibility of the Dash-7 aircraft at some future date. The application was amended during the hearings, reducing to twenty the number of points to be served. As the application was presented as a proposal for an integrated service between all the communities involved, the C.T.C. in denying permission for operating authority denied rights to all points. Some of the reasons given in the decision were that the service as proposed was not economically feasible and that there was no subsidy available to assist in its operation. Also, a number of the airports would require extensive upgrading to accommodate the proposed service, and in some cases the proposed routes would result in the duplication of a service already being provided by other airlines.

HIGHWAY WEIGHT RESTRICTION SURCHARGE

For the second consecutive year a number of general freight highway carriers serving the Atlantic Provinces imposed a surcharge of 25% on truckload shipments moving between points where highway weight restrictions prevent a "capacity load" during the spring thaw period. The carriers involved are the member carriers of the Atlantic Provinces Motor Carrier Tariff Bureau (responsible for rates within the Atlantic Provinces and between the Atlantic Provinces and Ontario) and the Quebec Tariff Bureau (publishing rates between the Atlantic Provinces and Quebec).

Reduced highway weight limits are imposed to varying degrees during the spring thaw period to prevent unnecessary damage to highways. Throughout the Atlantic Provinces, the Trans Canada Highway and other major all-weather highways are exempt from reduced weight limits except for the removal of the tolerance in New Brunswick and Nova Scotia. However, an area of major concern to highway carriers and the industries they serve is the New Brunswick north shore where weight limits generally have curtailed payloads to a major degree. In addition, the Province of Quebec

reduces its normal maximum weight limits on the Trans Canada Highway each spring thaw period by an amount equal to approximately 8% under the lowest maximum weight permitted over inter-provincial routes between the Atlantic Provinces and Central Canada.

A major improvement in 1977 spring weight limits was made in New Brunswick where weight limits were raised to 90% (up from 80%) on some specific routes, including the route between Moncton and Campbellton (via No. 11 Moncton to Chatham, No. 8 Chatham to Bathurst, and No. 11 Bathurst to Campbellton). For the purpose of spring weight restrictions in 1977, New Brunswick has been divided into two zones which should result in a shorter period of time during which the restrictions are in force in the northern part of the Province.

In addition to meetings with highway carriers and carrier groups, this Commission submitted a brief to the Atlantic Provinces Motor Carrier Tariff Bureau and the Quebec Tariff Bureau, with copies to other carriers and various motor carrier boards, in opposition to the surcharge being imposed by the carriers. The brief demonstrated that the surcharge is not justified where weight limits are no more severe than 90% of normal limits and concluded by appealing to the carriers to remove the surcharge between Central Canada and the Atlantic Provinces and other areas where highway restrictions are no more severe than 90% of normal limits.

No relief from the surcharge was granted between Central Canada and the Atlantic Provinces by Bureau members. However, with the exception of Day & Ross Ltd., member carriers of A.P.M.C.T.B. Tariff 5000-B applying between points within the Maritime Provinces exempted from the surcharge shipments moving between points where weight limits are not less than 90% of normal maximum weights. A further improvement in the surcharge rule, comparing the 1977 spring thaw period with last year, is the elimination of LTL (less than truckload) traffic from the application of the surcharge.

Through the Commission's newsletter "Tips & Topics" shippers were kept informed of developments regarding this matter. The surcharge rule itself is worded in an ambiguous manner and shippers have been cautioned to guard against incorrect assessment.

FREIGHT RATE INCREASES — TAPER PRINCIPLE

An area of major concern to the Atlantic Region is the absence of a taper (a declining percentage as distance or rate levels increase) in recent freight rate increases.

From the enactment of the National Transportation Act up to the general increase immediately following the termination of the last freight rate freeze (CFA 1005, effective January 1, 1975) the Canadian railways observed the principle of a lesser percentage increase as the rate and/or distance increased. This was extremely beneficial to long haul shippers generally and had a moderating effect upon the long standing problem of the Atlantic Region of a worsening competitive position caused by the horizontal method of applying rate increases. Horizontal or uniform percentage increases result in higher increases in absolute terms for long haul shippers. The problem is particularly acute for manufacturers and producers in the Atlantic Provinces who must rely upon distant sources for raw materials and semi-manufactured products while, at the same time,

depending on markets outside this region to sustain an economic level of production.

During the past year the A.P.T.C. continued its efforts to persuade CN Rail and CP Rail to re-establish the taper principle in rate increases. In a submission to the railways in June, 1976 a hypothetical example similar to the following was given to illustrate the significance of the taper method:

HYPOTHETICAL EXAMPLE ILLUSTRATING
THE DIFFERENCE BETWEEN A UNIFORM
PERCENTAGE INCREASE VERSUS A SLIDING
SCALE PERCENTAGE INCREASE

(Cents Per 100 Lbs.)			
<u>Hypothetical Rates</u>			
	<u>Short Haul</u>	<u>Long Haul</u>	<u>Differential Favouring Short Haul</u>
Base Rates	50	400	350
Flat 9% Increase	55	436	381
Net Increase	5	36	31
VERSUS			
Base Rate	50	400	350
C.F.A. 85 Increase (6% to 12%)	56	424	368
Net Increase	6	24	18
Net relief (or improvement) afforded long haul shipper			13

The submission also contained an example of the actual effect on the competitive position of a Nova Scotia manufacturer as compared to competing manufacturers outside the region.

In reply to these representations the railways pointed out that increases are now being made on a commodity by commodity basis rather than a general type of increase and consequently the amount of manpower and resources has restricted their ability to use the percentage taper format. However, both railways advised that they are prepared to negotiate a taper in their rates in direct negotiations with shipper and shipper groups.

EXPORT RATES ON GRAIN AND FLOUR

The Federal Government's proposal to appeal Section 272 of the Railway Act which provided for the maintenance of certain export rates on grain and flour and the provision of a subsidy to the railways to compensate them for maintaining these rates did not become law during the past year. This proposal, originally introduced in Bill C-87 of the First Session of the Thirtieth Parliament, was not passed prior to the prorogation of that Parliament. It was re-introduced as part of Bill C-19 of the Second Session of the Thirtieth Parliament and after a long debate in the House of Commons, the Minister of Transport withdrew that provision of the Bill which would have repealed the export grain and flour rates. These rates are of great importance to the Ports of Halifax and Saint John to enable

them to be competitive with St. Lawrence and other Canadian ports. Not only is this traffic important to the Atlantic ports, but marine workers on the Great Lakes and grain handling personnel and facilities in Ontario are heavily dependent of the traffic that moves via this route.

The following table contains details of the tonnage and subsidy paid on this traffic in the calendar year 1976:

Table Showing Export Grain And Flour
Movements under Section 272 Of The
Railway Act For The Calendar Year 1976

	GRAIN		FLOUR	
	Tons	Subsidy (\$)	Tons	Subsidy (\$)
Halifax	387,686	3,943,870	167,544	2,428,403
Saint John	463,944	4,801,834	144,802	2,126,593
Quebec City	2,632	21,360	—	—
Montreal	17,637	124,672	64,513	572,644
TOTALS	871,899	8,891,736	376,859	5,127,640

Source: Canadian Transport Commission

During the year the railways filed revisions to their export grain and flour rates which were published to become effective on the date of the proclamation of any legislation repealing Section 272 of the Railway Act. The increased rates widened the differential between the Atlantic ports and the St. Lawrence ports.

Table Showing Rail Rate Differentials
Between the Ports of Halifax/Saint John
And the Port of Montreal on Export Grain and Flour

	Statutory Rate	Rate Differentials in Favour of Montreal	
		Compensatory Rate*	
		1975	1976
		(Differentials In Cents Per 100 Lbs.)	
Wheat ex Bay, Lake & River Ports	.83	20.00	22.00
Barley ex Bay, Lake & River Ports	1.04	20.00	22.00
Flour ex Lake & River Ports	1.00	34.00	37.00

* Based on published rates to become effective on the date of proclamation of the legislation repealing Section 272 of the Railway Act

Because of the importance of this traffic to the Atlantic Provinces, the Atlantic Provinces Transportation Commission in co-operation with the Atlantic Provinces Chamber of Commerce prepared a submission to the Miscellaneous Estimates Committee of the House of Commons. Before this submission was presented, the Minister of Transport withdrew the clause in Bill C-19 which would repeal the statutory rate level and the payment of subsidies in respect of that traffic. The joint submission reviewed the effects of the repeal on the Atlantic Provinces and indicated that direct losses to the economy could be determined as \$4¼ million. Such losses did not reflect any effects of the loss of this traffic on transportation agencies and grain handling companies outside the Atlantic Region. The submission stressed the need to maintain a competitive

relationship in transportation costs via the Maritime ports with other trade routes and to permit Canada to maintain a maximum penetration of export markets for grain and flour. If this can be achieved, the submission said, through the use of unit trains for grain and other methods for flour, then the concern of the two organizations has been met. The submission pointed out that to allow a repeal of Section 272 of the Railway Act would be entirely unacceptable to the two organizations without guarantees that alternative transportation methods will be provided and the continued movement of flour ensured.

On November 10, 1976 the Minister of Transport indicated in the House of Commons that he had advised the milling industry of the Government's plan to make available to that industry \$9 million in the first year, decreasing it progressively over a five-year period, payable to the industry for commercial export and multilateral aid shipments of flour. He further indicated that the exact formula for the payment of this assistance would be worked out with the milling industry in relation to the hundred weights of flour exported in these two categories, considering, so far as possible, the proportion to hundred weight the impact that the removal of the "at and east" rates has upon the business of the particular miller. He also indicated that the work that his department had been doing on the concept of moving grain by train direct from the Prairies to the elevators in Halifax and Saint John, while not completed, appeared promising. He indicated that there is a real possibility of the railways and the Canadian Wheat Board coming to an agreement which will allow this movement to continue in future years. He concluded by saying that he would encourage the Canadian Wheat Board and the railways to get trains into operation in this way for the good of the whole country. It is understood that Carl Snavely of Snavely, King & Associates Inc., were retained by the Ministry of Transport to undertake a preliminary analysis of the potential for moving grain via the unit train concept to the Maritime ports. At the conclusion of the year the report of Mr. Snavely had not been made public and no new developments have occurred which would indicate that the unit train concept will be implemented in the foreseeable future.

On January 26, 1977 the Minister of Transport introduced Bill C-31 which will repeal Section 272 of the Railway Act. Bill C-31 has not proceeded beyond its introduction in the House of Commons on that date. Upon its introduction the member for Halifax East Hants, Mr. R.J. McCleave, raised the point that the Bill should not be considered at this session of Parliament on the basis of the worthy practice that the same legislation cannot be dealt with twice in the same session of Parliament. At year end no further developments respecting this legislation have occurred.

RAIL EXPRESS RATE MATTERS

Several matters involving railway express rates occupied the Commission during the past year.

Fish

During the early part of the year the difficult problem of leaking containers of fresh fish arose with the railways decreeing once again that such shipments would only be accepted in future provided they are packaged in leakproof containers. On behalf of the fish shippers, the A.P.T.C. was able to obtain an extension to January 1, 1977 before the strict enforcement of the prohibition against non-leakproof containers to allow fish shippers a further opportunity to modify and improve their packaging.

A second problem related to express shipments of fresh fish came to light in October at which time the rail carriers instituted a change in the basis for calculating the chargeable weight for such shipments which, when combined with a general increase in the commodity rates on fish, would have increased the charges by as much as 50%. The A.P.T.C., acting on behalf of the four provincial fisheries associations, as well as the Halifax Board of Trade, secured a postponement of the effective date to allow time for consideration of representations on the subject. Unfortunately, despite a good case for maintaining the former basis for calculating the chargeable weight, the Commission's representations were declined. However, the railways did provide some relief by agreeing to increase the chargeable weight in several small steps to be brought into effect on a semi-annual basis commencing with March 28, 1977.

Canoes

The special rail express tariff covering the shipments of a major New Brunswick canoe manufacturer, which was established in 1975 to offset the full impact of the cancellation of the LCL station to station rail rates, expires at the end of 1976. While the company had endeavoured to develop the use of carload shipments for the distribution of its canoes, this had not in many cases become practical at the time of the expiration of the special tariff.

Through representations by the A.P.T.C. on behalf of this shipper a new tariff was established during the early part of 1977 providing special express rates to three major centres in Central Canada. This tariff remains in effect until the Fall of 1977 at which time the matter is to be considered further. In addition, this Commission was successful in negotiating a reduced carload rail rate on canoes to a number of British Columbia destinations based on the competition of trucking to the nearest U.S. railroad for movement via U.S. rail routes to destination.

Westbound Small Package and Point to Point Rates

In response to a request from this Commission, the railway express companies extended the application of their small package (i.e., up to 50 lbs. per single piece) express rate structure to include traffic from the Atlantic Provinces to other parts of Canada. A similar request for the extension of a new specific "point to point" express rate structure to apply westbound from the Atlantic Provinces was declined on the grounds that a general rate reduction would not likely generate additional traffic and the needs of individual westbound shippers could be met by specific tariff adjustments. One such tariff was established for a major Maritime textile shipper covering the movement of its shipments to destinations throughout Canada.

POTATO RATES

On July 23, 1976 rail rates on potatoes from shipping points in New Brunswick and Prince Edward Island were increased. Rates for domestic shipments were increased by 15% and export rates went up 12%. The increases were lower than initially requested by the railways. The lower levels were agreed upon after negotiations between the Atlantic Provinces Transportation Commission, the railways, the P.E.I. and N.B. Potato Shippers' Associations and the Provincial Departments of Agriculture.

ture. At the same time the volume commitments attached to agreed charge shipments were reduced to 80% from 85% of total tonnage shipped.

During the period in review, CN Rail and CP Rail published rates on potatoes from shipping points in New Brunswick and Prince Edward Island to destinations in Ontario and Quebec which included the charge for heater car service. Prior to this publication the charge for heater car service was expressed in cents per car mile and was in addition to the railway freight rate in cents per 100 lbs. Under the new structure there will be two sets of rates published; one set for shipments requiring heat and including the heater charge and another set for shipments not requiring heater service.

The new structure of potato rates was the result of representations made to the railways by the Atlantic Provinces Transportation Commission in conjunction with the New Brunswick Potato Shippers' Association and the Prince Edward Island Potato Marketing Board.

The inclusion of the heater charge in the rates makes them subject to the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act and thereby provides a freight savings to the potato shipper.

The new rates to Toronto and Montreal became effective on February 16, 1977 and to other destinations in Ontario and Quebec on April 5, 1977.

FISH MEAL RATES

During the latter part of 1975 the competitive position of Atlantic Provinces fish meal shippers deteriorated in reaching the Central Canadian market due to an increase in fish meal rates, combined with a downward adjustment in rail rates on soyabean meal. Both products are used as a protein supplement in animal and poultry feed. These developments followed the establishment of a new lower rate structure for fish meal and had the effect of offsetting the benefits related thereto.

Prompted by representations made by the Atlantic Provinces Transportation Commission on behalf of several associations representing fish meal producers and feed manufacturers, the railways reduced the fish meal rates from the Atlantic Provinces to Central and Western Canada by rolling back the rates to the level in effect prior to the last increase. This adjustment became effective in March, 1977 and is to be followed shortly by further downward adjustments to major receiving points in Ontario for rail shipments of "packaged" fish meal to relate the rail rates more closely to truck competition.

TRANSPORTATION DIRECTORY

Culminating many months of work the Commission published the first "Atlantic Provinces Transportation Directory" in 1976. Sales of the Directory began in mid-August, 1976 and at year end over 775 copies had been distributed to individuals and firms. The Directory is designed as a source reference to enable the user to obtain the information he requires. It is the first Directory of its kind developed specifically for the Atlantic Provinces. Response to the Directory has in most cases been favourable and a number of suggestions have been received for improvements. The Directory contains information on all modes of transport, air, water, rail, and highway. This Directory has filled a long-expressed need in the region and has proved useful to both carriers and shippers in the Atlantic Provinces. At year end plans for future editions are still being considered.

FREIGHT AUDIT SERVICE

Following a study authorized by the Board of Directors of the Atlantic Provinces Transportation Commission, a service to audit freight accounts for shippers and/or receivers was established on August 1, 1976. This service, known as the Freight Audit Service, assists such companies to control transport costs by ensuring that the freight charges have been paid at the lowest possible legal tariff rate.

The Freight Audit Service operates separately from the Atlantic Provinces Transportation Commission, but has access to the Commission's extensive tariff library. The Service charges for auditing by billing its clients for a portion of the monies recovered from the carriers. If no money is recovered, there is no charge to the client.

In addition to the recovery of overcharges, the Service examines freight invoices to determine if reduced transportation costs can be achieved on future shipments through the elimination of errors on shipping documents, consolidation of shipments, negotiating commodity rates or routing changes. Such opportunities are brought to the attention of the Atlantic Provinces Transportation Commission for further action. This has already produced direct benefits for a number of companies.

The establishment of the Service was made possible through initial financial support from the Governments of New Brunswick, Nova Scotia, and Prince Edward Island.

The Freight Audit Service is located at Suite 205, 236 St. George Street, Moncton, N.B. Its Manager is Mr. Scott DeBow.

MEETINGS AND CONFERENCES

During 1976-77 the Chairman or senior staff members were called upon to attend many meetings, conferences, and to speak to or report to various groups and organizations. A summary of these activities follows:

Date 1976	Conference/Meeting/Organization	Nature of Participation
April 27	Maritime Lumber Bureau Directors	Report
May 6	Canadian Feed Manufacturers' Association	Address
May 30	Truro Kiwanis Club	Address
May 30-31	Atlantic Provinces Chamber of Commerce	Report
June 1	Canadian Industrial Traffic League/ Traffic Club National Transportation Week Seminar	Panelist
June 3	Maritime Lumber Bureau Annual Meeting	Report
June 13-16	Canadian Transportation Research Forum	Panel Moderator
July 8	Dalhousie Institute of Public Affairs	Resource Person
	International School of Business	
July 21	N.B. Potato Shippers' Association	Resource Person
Aug. 3	Maritime Lumber Bureau Directors	Report
Sept. 15	Canadian Industrial Traffic League Quebec Division	Address
Oct. 5	Maritime Lumber Bureau Directors	Report
Oct. 15	Atlantic Provinces Chamber of Commerce Directors	Report
Nov. 2-3	Physical Distribution Seminar	Workshop Leaders
Nov. 25	Canadian Feed Manufacturers' Association	Resource Person
1977		
Jan. 5	N.S. Department of Development	Resource Person
Feb. 1	Memorial University of Newfoundland	Address
Feb. 1	Maritime Lumber Bureau Directors	Report
Feb. 27	Atlantic Provinces Chamber of Commerce Directors	Report

OTHER ACTIVITIES

The matters dealt with in the foregoing pages affect a broad segment of the Atlantic Provinces industrial activities. Consequently, they are of significance and importance to the region. Another facet of the Commission's activity, however, yields substantial benefits to the region. Because they are related largely to individual industry or industry groups, these activities cannot be reported at length or in detail in a review of this nature. Nevertheless, they are extremely rewarding to the Commission's staff and they contribute substantially to improving the competitive position of the company or companies on whose behalf these activities are performed. In the following paragraphs, only the more significant matters dealt with in this category are itemized.

Following the announcement of the establishment of a manufacturer of compressed **peat flower pots** in northern New Brunswick, the Commission worked closely with the new manufacturer to have rail rates established for its product. Because of the relatively short lead time between the date the company was able to identify its markets and the date of initial shipments, the expertise of the Commission in the publication of international rail rates was valuable indeed.

A Nova Scotia farmer sought the assistance of the Commission during the past year to help him determine the correct rates on **liquid feed supplement** being imported from the United States. The Commission's investigation of the rates on this product revealed overcharges on previous shipments and that a lower rate could likely be established through negotiations with the carriers. As a result of this the farmer received substantial refunds with future benefits by the publication of lower rates.

A new **fertilizer** manufacturing plant was established in Northern New Brunswick during the year and the Commission was called upon to assist the company in having rates established both by rail and by highway for its inbound raw materials and outbound finished products.

A Prince Edward Island **frozen food** company utilized the Commission's services in securing lower truck rates on its products to numerous destinations in the Province of Quebec.

A **textile** plant, recently opened in New Brunswick, has utilized the Commission's services to secure lower transportation costs on its inbound raw materials and its outbound finished products.

Last year the Commission reported work it had done for a New Brunswick **furniture** manufacturing firm to secure a more favourable transportation and distribution pattern to enable it to compete more efficiently in the larger markets of Canada. The experience gained with this company was utilized with a second New Brunswick company in the year covered by this report. As a result the company is in a more competitive position in its markets in Central and Western Canada.

During the year a company was established in Newfoundland to manufacture **paperboard boxes** and the Commission assisted it in securing rates on its inbound box material.

A Nova Scotia **flour** mill used the Commission's services to negotiate rates for export shipments of its product. As a result of the Commission's work the company was able to maintain an export market which might otherwise have been lost.

During the past year the Commission continued to work closely with the Maritime lumber industry through the Maritime Lumber Bureau. Through negotiations with the railways, the rate increase on **lumber** planned for the summer of 1976 of 10% was reduced to 8% on major traffic movements within the Atlantic Region. In addition to this, the Commission responded to numerous inquiries and assisted companies in securing extended publication of rates for new traffic movements.

A Newfoundland fish processor utilized the Commission's services extensively during the year and, in particular, to negotiate rates on its behalf with the carriers for the movement of paperboard **cartons** from points on the mainland and also for a quantity of **wooden pallets**.

A New Brunswick **monument** company benefitted from the Commission's services when through work for that company it was discovered that an error existed in the publication of express rates from its shipping point to points in the Province of Newfoundland. As a result, this Commission was able to have this error corrected by the carriers reducing the company's transportation costs. The Commission also assisted the company by providing an extensive list of its transportation costs to its markets.

In the year 1975-76 the Commission assisted the P.E.I. Tobacco Commodity Marketing Board in negotiations with highway and railway carriers for rates on **tobacco** from Prince Edward Island to Quebec and Ontario. As a result of those negotiations, a lesser increase was applied to the Prince Edward Island rates for the shipping season 1976 than would probably have otherwise been the case.

During the year covered by this report a small **food products** manufacturer utilized the Commission's services extensively. Included in the specific items where there was Commission involvement were: (1) assistance in negotiating commodity rates by highway carriers for its product in the Atlantic Provinces; (2) the development of a routing for import containers for one of its raw materials from Turkey via Maritime ports rather than via Montreal as had been the case previously. This resulted not only in the utilization of a Maritime port but also a reduction in the inland freight from seaboard to its plant; and (3) assistance in determining the routing and cost of imported products from the Far East.

An analysis of the transportation methods used by a New Brunswick company to distribute its products throughout the Atlantic Provinces was conducted by the Commission. As a result of this analysis, the Commission was able to suggest certain changes in shipping patterns to reduce their transportation costs. In this particular instance, the company had been using highway transport to Newfoundland where the minimum charge is \$15.00 per shipment. It was pointed out that for these shipments which were largely under 200 lbs., the railway express rates were considerably lower.

As a result of referrals from the Freight Audit Service to the Commission, Falmouth, N.S. was added as a destination point to the pool car tariffs with a resulting benefit to a company in that community. The Commission also negotiated on behalf of a Truro, N.S. company for lower rates on products being brought into Truro by that company with considerable savings to the Nova Scotia firm. A third Nova Scotia company, located in the Halifax area, was assisted in negotiating lower rates for higher

minimum weights for raw materials being brought into its plant for manufacturing.

The new **plywood** plant at McAdam, N.B. utilized the Commission's services extensively in familiarizing itself with the transportation situation of the region including the freight assistance programs. More recently it has received the assistance of the Commission in the negotiations of certain of its rail rates.

During the year covered by this report the Commission participated in a study being conducted by the Physical Distribution Advisory Service for a New Brunswick manufacturer. This study embraced the transportation functions of the firm's physical distribution program. The Commission undertook the transportation portion of that study. Among the recommendations that flowed from the Commission's study were the setting up of a traffic department and the lowering of freight costs through the consolidation of shipments and, in some instances, the use of alternative modes of transportation.

Subsequent to that study, the Commission has assisted the company in negotiations with the railways respecting an increase in the rail rates on their product. As a result of these negotiations, a lower increase than had been sought was agreed upon. Also, the Commission has been asked to carry out and has just about completed at year end a study of the potential for developing private trucking for this firm.

The Commission was asked by a Provincial public utility to assist in evaluating alternative methods for the movement of a large annual volume of **coal** for thermal generation. A number of meetings were organized, including rate negotiating meetings with the railways plus consultations with other carriers and transportation related agencies. At year end the matter was in the final stages of completion.

As in the past year, the Commission worked closely with the Atlantic Division of the Canadian Feed Manufacturers' Association with the aim of maintaining the lowest possible transportation costs for the movement of **animal feed and feed ingredients**. Among the specific matters involved was the negotiation and acceptance of an increase in rail rates of corn from southwestern Ontario to the Maritimes. These negotiations resulted in some relief in the amount of the increase to points in the Annapolis Valley where a higher increase had been proposed due to the two line hauls.

Another indication of the changing and expanding nature of the Commission's service to business and industry in Atlantic Canada was an increasing number of inquiries and assistance respecting ocean rates. During the year covered herein, in excess of thirty-five specific ocean rate inquiries were dealt with by the Commission. During the year also the Commission has been preparing material for a further effort to secure lower ocean rates from Atlantic ports than from St. Lawrence river ports. This project had been held in abeyance pending the settlement of the port unrest at Halifax.

The foregoing are again only a few illustrations of the kind of service that the Commission provides daily to business and industry throughout Atlantic Canada. In addition to those items mentioned above, manufacturers and producers of peat moss, charcoal briquettes, paper cores, woodpulp, potato chips, potter's clay, coal, limestone and burnt

shale have also utilized the Commission's services with significant benefits.

Provincial Governments and their industrial development agencies, as well as municipal development groups, continued to utilize the Commission's services for transportation information for new or expanded industrial plants. Approximately one hundred such inquiries were received during the year 1976-77.

The number of Rate Advices issued during the year increased by approximately 10% to 3,257. In addition more than one hundred advisory letters were written to specific industries or industry groups with three circulars of a general nature being issued.

For the first time since its initial publication in 1961, the Commission published twelve issues of its newsletter "*Tips & Topics*" during 1976-77. Four of those issues carried a supplementary article on some aspect of physical distribution prepared by the Physical Distribution Advisory Service.

Because of the unsettled labour situation at the Port of Halifax during 1976, the Commission did not re-issue its "*Directory of Ocean Containership Services between Halifax and Saint John and World Ports*". At year end, however, work was in hand to re-issue this Directory. Also, the Commission's "*Highway Overhead Clearance*" booklet was in preparation at year end for re-issuing.

Close association continued between the Commission and the Atlantic Provinces Chamber of Commerce, the Atlantic Division of the Canadian Feed Manufacturers' Association, the Atlantic Division of the Canadian Industrial Traffic League, the Maritime Lumber Bureau, the Nova Scotia Voluntary Planning Group, and the Nova Scotia Forest Products Association. In the case of the Atlantic Provinces Chamber of Commerce, the Chairman is a Director of that organization while the Executive Manager serves as an Ex Officio Director. The Commission is represented on the Transportation Committees of the Canadian Feed Manufacturers' Association, the Maritime Lumber Bureau, the Voluntary Planning Group, and the Nova Scotia Forest Products Association.

The General Manager represents the region on two of the Metric Commission's committees, namely, the Water Transport Sector Committee and the Working Group on Tariff Conversion. In this latter group, he has served as a Chairman of a sub-group involved in identifying the legislation and regulations which require revision to permit the filing of tariffs by the various carriers in metric units.

Membership has been maintained in national and international groups such as the Atlantic Provinces Economic Council, the Canadian Association of Physical Distribution Management, the Canadian Transportation Research Forum, the Greater Moncton Chamber of Commerce, and the Transportation Association of America. In the case of the Canadian Transportation Research Forum the General Manager was elected in 1976 as Secretary of that organization. During this past year the General Manager has served as Chairman of the Greater Moncton Chamber of Commerce Transportation & Communications Committee. He also is a member of the Transportation & Communications Committee of the Canadian Chamber of Commerce.

As indicated in last year's Annual Report, the national dinner for

National Transportation Week 1976 was being held in Halifax, N.S. As Atlantic Region Chairman for National Transportation Week activities, the General Manager was responsible for the organization and planning of this dinner. The dinner was most successful despite unsettled travelling conditions in the airline industry at that time and the substitution of a guest speaker at the last moment.

COMMISSION DIRECTORS

Four new Directors of the Atlantic Provinces Transportation Commission were appointed during the year. Mr. Ralph Chancey, President and General Manager of Standard Manufacturing Co. Ltd., St. John's, Nfld. was appointed on May 21, 1976 by the Newfoundland Government to fill a vacancy from that Province. In June, 1976 the Atlantic Provinces Transportation Commission appointed Mr. Harry Manuel, Sales and Traffic Manager of North Star Cement Limited, Corner Brook, Nfld. to replace Mr. S. G. Humphries, who had completed a term as a Commission Director. Mr. Don MacKenzie, Manager of H.B. Willis Inc. of O'Leary, P.E.I. was appointed by the Chamber to replace Mr. Russell Phaneuf of Summerside, P.E.I. In early January, 1977 Mr. G. G. Etienne, Senior Director of the Nova Scotia Department of Development submitted his resignation due to the fact that he was assuming other responsibilities in the Department. Mr. Don MacDougall, Director of Transportation, was appointed to replace Mr. Etienne.

The Chairman and General Manager express their appreciation and thanks to those Directors who have terminated their association with the Commission for the contribution they have made to its activities during their term of office.

During the 1976 Annual Meeting, Mr. D. Burchell, a past Chairman of the Commission presented Mr. N. H. Smith a plaque expressing the Commission's thanks and appreciation to him for his service as Chairman during the years 1974-75 and 1975-76.

ACKNOWLEDGMENTS

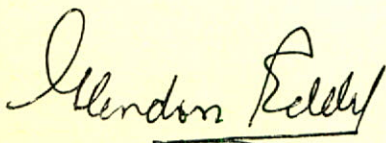
Excellent co-operation has been received during 1976-77 from the various transportation carriers. This co-operation is greatly appreciated by the Chairman and General Manager. Through this relationship it is hoped that the carriers have benefitted through the development of new traffic or the retention of existing traffic.

To the Directors of the Commission, the Chairman and General Manager extend their sincere thanks for their guidance and direction during the past year. The achievements of the Commission are in a large measure attributable to the dedication of its Board of Directors.

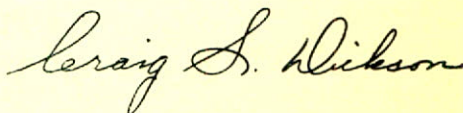
To the staff of the Commission, the Chairman and General Manager extend a sincere expression of thanks for their loyalty, dedication and work during the past year. It is only through the efficient and competent discharge of their duties that the Commission can report progress at year end.

A special word of thanks is extended to Mr. T. C. Bird, former Executive Director of the Physical Distribution Advisory Service, and his staff for the co-operation which has been extended to the Atlantic Provinces Transportation Commission in the past year. Also to Mr. Scott DeBow, Manager of the Freight Audit Service, and his staff, the Chairman and General Manager extend their thanks for the excellent co-operation and rapport which exists between the two organizations.

All of which is respectfully submitted,



Glendon F. Eddy
Chairman



Craig S. Dickson
General Manager

