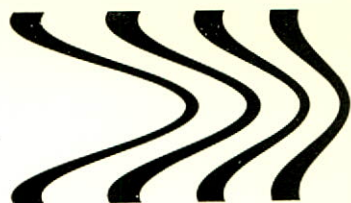


C

TRANSPORTATION
REVIEW
AND
ANNUAL REPORT
1975 - 1976



**TRANSPORTATION REVIEW
AND
ANNUAL REPORT FOR THE
YEAR ENDED MARCH 31, 1976**

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.

CONTENTS

TRANSMITTAL LETTER	3
DIRECTORS	4
1975-76 EXECUTIVE COMMITTEE	5
OBJECT AND FUNCTIONS OF A.P.T.C.	8
GENERAL TRANSPORTATION REVIEW	9
— Rail	9
— Highway	11
— Air	11
— Ports	13
— Ferries	14
GENERAL LEVEL OF RATES	15
— Rail Rates — Domestic	15
— International	16
— Express	16
— Truck Rates	17
— Pool Car and Domestic Water Rates	18
ATLANTIC REGION FREIGHT ASSISTANCE PROGRAMS	18
NATIONAL TRANSPORTATION POLICY DEVELOPMENTS	20
ANTI-INFLATION PROGRAM-EFFECTS ON TRANSPORTATION	23
MARITIME CODE BILL	24
PILOTAGE CASE	26
FEDERAL SALES TAX APPLICATION TO TRANSPORTATION CHARGES	27
AWARD OF COSTS CASE	27
LOCAL AIR SERVICES	28
HIGHWAY WEIGHT RESTRICTION SURCHARGE	29
EXPORT RATES ON GRAIN AND FLOUR	30
FEED GRAIN RATES	31
LUMBER RATES	32
FISH MEAL RATES	33
50TH ANNIVERSARY OF A.P.T.C.	34
MEETINGS AND CONFERENCES	35
OTHER ACTIVITIES	35
COMMISSION DIRECTORS	39
ACKNOWLEDGEMENTS	40

Honourable George M. Mitchell
Minister of Development
Province of Nova Scotia
Halifax, N.S.

Honourable John H. Maloney, M.D.
Minister of Industry and Commerce
Province of Prince Edward Island
Charlottetown, P.E.I.

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

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

Sirs:

On behalf of the Directors of the Atlantic Provinces Transportation Commission, I have the honour to submit the Transportation Review and Annual Report of this Commission for the period April 1, 1975 to March 31, 1976. The report attempts to review transportation developments in Canada particularly as they relate to the Atlantic Provinces. In addition, it covers a limited number of the matters dealt with by this Commission during the year 1975-76.

The Atlantic Provinces Transportation Commission observed the 50th Anniversary of its creation during the past year. Untold benefits have occurred to the region from this Commission's activities during that period.

The financial support for the Atlantic Provinces Transportation Commission which your Governments had provided and continues to provide is an investment yielding tangible benefits to the region. The Directors thank you and your Governments for this support.

All of which is respectfully submitted,

N. H. Smith
Chairman

**DIRECTORS OF THE
ATLANTIC PROVINCES TRANSPORTATION COMMISSION
AS AT MARCH 31, 1976**

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

NOVA SCOTIA

Government

Charles B. Christie

G. G. Etienne

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

Russell Phaneuf

C. M. McLean

Charlottetown, P.E.I.

Central Bedeque, P.E.I.

Summerside, P.E.I.

Charlottetown, P.E.I.

NEWFOUNDLAND

Government

One vacant appointment

E. J. O'Brien

Atlantic Provinces Chamber of Commerce

S. G. Humphries

Norman H. Smith

St. John's, Nfld.

Corner Brook, Nfld.

St. John's, Nfld.

ALSO

President, Atlantic Provinces Chamber of Commerce

STAFF

Craig S. Dickson, General Manager and Treasurer

Ramsay M. S. Armitage, Assistant General Manager

Lorne M. Mitton, Transportation & Distribution Officer

A. Scott DeBow, Assistant Transportation & Distribution Officer

Roger Breau, Traffic Analyst

Ross Palmer, Traffic Analyst

Austin Durant, Assistant Traffic Analyst

Peter Vuillemot, Assistant Traffic Analyst

Charles Legere, Research Officer

Dale Ronalds, Senior Tariff Clerk

Debbie Cain, Junior Tariff Clerk

Ruth Berryman, Staff Secretary

Trudy Lockerbie, Assistant Staff Secretary

Heather Clarke, Assistant Staff Secretary

1975 - 1976

EXECUTIVE

COMMITTEE



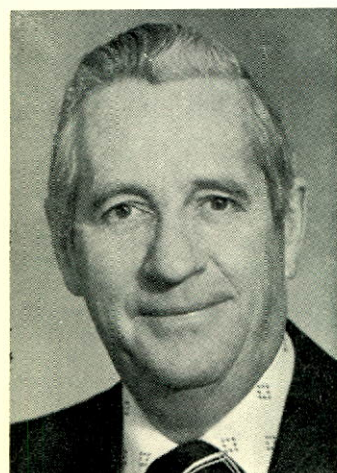
NORMAN H. SMITH

Chairman

Vice-President, Merchandise

Steers Limited

St. John's, Nfld.



GLENDON EDDY

Vice-Chairman

Bathurst, N. B.



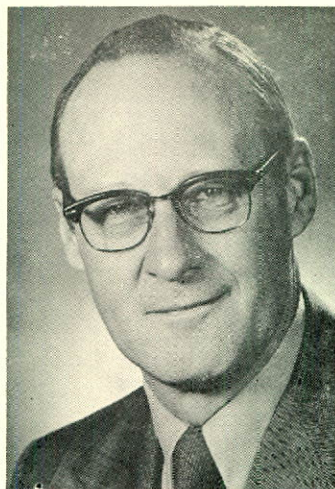
DAVID G. BURCHELL

North Sydney, N. S.

1975 - 1976

EXECUTIVE

COMMITTEE



G. G. ETIENNE

Director of Transportation
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.

1975 - 1976

EXECUTIVE

COMMITTEE

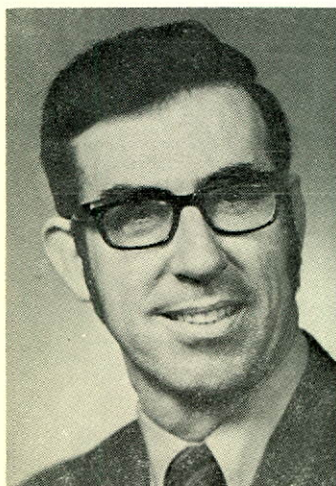


D. G. WALES

Senior Transportation Policy Officer

Province of New Brunswick

Fredericton, N. B.



G. D. WRIGHT

President

Campbell & Burns Limited

Central Bedeque

P.E.I.



CRAIG S. DICKSON

General Manager

Moncton, N. B.

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 submissions in regards to Federal or Provincial policy as shall be approved by its Directors, the Provincial Governments, or both.

The services of the Commission are available free of charge by contacting the Commission's office at 236 St. George Street (Room 210), Moncton, N. B. Inquiries should be directed to the General Manager, Atlantic Provinces Transportation Commission, P. O. Box 577, Moncton, N. B. E1C 8L9. (Phone (506) 855-0031), Telex 014-2842.

GENERAL TRANSPORTATION REVIEW

Rail

Revenue freight traffic originating in the Atlantic Provinces showed steady declines through the third quarter of 1975. This general trend was offset only by increased loadings of potatoes in P.E.I. during the second quarter and by increased loadings of iron ore in Newfoundland in the first quarter.

At the end of the year covered by this review, Canadian National's annual report had not yet been tabled in the House of Commons. As a consequence the Company's financial position and general performance during 1975 are not yet known.

CP Rail reported a net income of \$31.7 million, a drop of \$12.9 million from restated 1974 income. Rail freight revenues increased to \$887.6 million from \$803.3 million. Operating expenses increased by \$69.8 million with major increases due to pension fund, fuel and materials costs.

Statistics for rail carloadings in Canada appear below:

Railway Carloadings 1974-1975

	<u>1975</u> (tons x '000)	<u>1974*</u> (tons x '000)	<u>% Change</u>
Carload Traffic Loaded	226,131	242,348	— 6.7
Non-carload Traffic Loaded	1,617	2,400	— 32.6

* Revised from previous Annual Report

Source: Statistics Canada Railway Carloadings, December 1975
Catalogue 52-001

Payments received to December 31, 1975 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 as follows:

Subsidies paid to Canadian National Railways and Canadian Pacific Limited under terms of the National Transportation Act in respect of year 1974

(Payments to December 31, 1975)

<u>Sections 256 and 258 of the Railway Act</u>	<u>Canadian National Railways</u>		<u>Canadian Pacific Limited</u>	
	<u>Claimed</u>	<u>Paid</u>	<u>Claimed</u>	<u>Paid</u>
In respect of uneconomic branch lines	\$ 58,438,281	\$ 41,295,611	\$35,323,265	\$29,298,187
 <u>Section 261 of the Railway Act</u>				
In respect of unprofitable passenger service	\$154,553,544	\$112,990,391	\$33,099,671	\$25,817,647
Totals:	\$212,991,825	\$154,286,002	\$68,422,936	\$55,115,834

Source: Canadian Transport Commission, Ninth 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 the Atlantic Provinces increased approximately 18% over the previous year while corresponding payments to the rest of Canada increased approximately 40%.

**Payment to Canadian National Railways and
Canadian Pacific Limited under terms of the
National Transportation Act in Respect Of Year 1974**

(Payments to December 31, 1975)

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	\$41,295,611	Nil
Section 261 (passenger-train service)	\$25,100,290*	\$40,741,026	\$ 9,806,140	\$37,342,935
Canadian Pacific Limited				
Section 256 (unprotected branch lines)	Nil	Nil	Nil	Nil
Section 258 (guaranteed branch lines)	Nil	Nil	\$29,298,187	Nil
Section 261 (passenger-train service)	\$ 2,679,008	\$ 2,945,223	\$ 704,791	\$19,488,625
TOTALS:	\$27,779,298	\$43,686,249	\$81,104,729	\$56,831,560

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

Source: Canadian Transport Commission, Ninth Annual Report

During the year hearings were held by the Canadian Transport Commission on the application of CP Rail to abandon 19.4 miles of the Minto Subdivision. This application was granted by the C.T.C. decision dated January 19, 1976. Hearings were opened and then postponed on an application to abandon the so-called Shore line of CP Rail to St. George, N.B. In Nova Scotia hearings were held in March 1976 on CN's application to abandon the St. Peters Subdivision.

The provisions of the Railway Act in respect of reimbursements to the railways for the maintenance of uneconomic branch lines and unprofitable passenger services did not provide for payments to the railways until the railways claims were processed by the Canadian Transport Commission. Because of the extensive investigations often required to determine the proper amount of the claim, there was a considerable time elapsing between the time the railway submitted its claim and payment was received. By Order-in-Council, dated December 15, 1975, regulations were approved to permit the Minister of Transport to advance monies to the railways when claims were filed for subsidy under Sections 256, 258 & 261 of the Railway Act based on estimated losses subject to verification and such adjustment as is found necessary. This lifts some of the burden of this subsidy procedure from the railways.

As part of the Government's restraint of spending, it has proposed repealing section 272 of the Railway Act. This would remove the subsidy being paid to the Railways for the movement of grain and flour to Eastern Canadian ports for export. This subject is dealt with in more detail in another section of this report.

Highway

The Atlantic Provinces Motor Carrier Tariff Bureau formed in late 1974, expanded its traffic coverage with the issuance of several new tariffs during the year under review. Tariff 4000 applying on shipments between the Atlantic Provinces and Ontario replaced a number of individual carriers tariffs and the Canadian Transport Tariff Bureau's Ontario-Maritimes tariff. A new tariff on shipments between Newfoundland and the Maritimes is expected to be issued shortly. When issued it will replace the individual tariffs of participating carriers.

Two major changes in operating authority during the past year included the Midland Transport Group through McLaines Transfer Ltd. obtaining from the Ontario Highway Transport Board authority to provide a general freight service between Ontario and the Maritimes. Operations commenced on this route in the fall of 1975.

Canadian National Transportation Ltd. received general freight extra-provincial operating authority from the Province of Newfoundland in February 1975. Operations commenced shortly thereafter. An increased level of activity in the field of uniform highway weight limits took place in 1975-76 with Prince Edward Island permitting increased weights through the use of tri-axle trailers. The Atlantic Provinces Trucking Association, among others, continued to press for increased weights in Nova Scotia to permit the economical use of twin trailers and tri-axle units. In March 1976 the four Atlantic Ministers responsible for highways presented a submission to the federal government seeking funds for highway strengthening to permit increases in load limits on an expanded network of highways. At year end the matter is still under consideration.

A number of the smaller carriers in the region were absorbed during the year by large carriers or holding companies continuing a trend established over the past few years.

The terms and conditions of carriage to be incorporated in a uniform bill of lading, agreed upon by the Premiers early 1974 have yet to be included in the Motor Carrier Acts of New Brunswick and Prince Edward Island. There has been very little activity in this area during the year.

Air

There has been considerable activity in the field of air transport in the Atlantic Provinces during the past year. A number of third level carriers filed applications with the Air Transport Committee of the Canadian Transport Commission for expanded service. Further details appear in this Review under the heading Local Air Service.

Public hearings were held by the Canadian Transport Commission on June 10, 1975 on an application by Newfoundland and Labrador Air Transport to serve a number of points on the south coast of Newfoundland. On August 12, 1975 this application was granted. On the same day a hearing was held on an application by Gander Aviation for review by the Air

Transport Committee of its October 1974 decision which denied request by Gander Aviation to operate a Class 2 regular specific point commercial air service between Gander, St. Anthony and Goose Bay. The original decision was upheld. Also during the year Labrador Airways purchased Newfoundland and Labrador Air Transport and its operating authorities.

The Ministry of Transport announced plans for the development of Charlottetown Airport in February 1976. The \$21 million project will be constructed over 3 years with completion expected in 1979. The plans call for a new terminal facility, a new runway and a new control tower.

CP Air requested permission for landing rights at Halifax. The intention is to use Halifax as a stopover on international flights to and from Europe. Presently government policy requires that all CP Air domestic flights either originate or terminate in Montreal as the eastern most terminal.

On August 1, 1975 the Air Transport Tax was increased from 5% of the air fare, maximum \$5.00 to 8% of the air fare, maximum \$8.00. This tax applies on flights within Canada and from Canada to the United States. The tax on international flights was increased to a flat rate of \$8.00 per ticket. The tax was introduced last year to help the transport department cover the costs of operating Canadian airports.

A new sea-air service began operating from Halifax in 1975. Called Sea-Wing, the service combines water transport across the Atlantic with air freight to inland or west coast North American points. The service costs less than all air transport and transit time is less than all surface shipment.

The air industry was hard pressed during the past year to keep up with rising costs and less than expected increases in traffic volumes.

Air Canada reported its second deficit in as many years with its largest ever loss of \$12,473,000. CP Air also reported its second consecutive loss after thirteen profitable years. Regional airlines also reported losses. Eastern Provincial Airways reported a loss of \$176,000 in 1975, a drop of \$686,625 in net income over 1974. Fare increases of 8% to 12% in May 1975 for domestic passenger service were followed by an increase of 6% on freight rates in July. At year end applications were before the Canadian Transport Commission for further domestic passenger fare increases of 8% to 10%.

Statistics of the two major airlines operating in Atlantic Canada are shown below:

	AIR CANADA			EASTERN PROVINCIAL AIRWAYS		
	1975	1974	Percent Change	1975	1974	Percent Change
Revenue Passengers Carried	10,393,000	10,700,000	— 2.8%	603,944	593,636	+ 1.7%
Revenue Passenger Miles (x'000)	10,110,077	10,268,087	— 1.5%	237,775	238,561	— .3%
Freight Ton Miles (x'000)	293,957	239,680	+22.6%	2,876	2,681	+ 7.2%
Passenger Load Factor	58.0%	64.0%	—	46.8%	56.5%	—
Net Income (loss) After Taxes	(\$12,473,000)	(\$9,225,000)	—	(\$175,774)	\$510,851	—

Source: Air Canada and Eastern Provincial Airways

Ports

Ports in the Atlantic Provinces showed a decline in total cargo tonnage for the year 1975. The following table indicates comparative cargo volume statistics for several National Harbours Board Ports in the Atlantic Provinces.

Rodney Terminal in Saint John, N.B. began full operation in the fall of 1975. It began full operation with two container cranes and two berths in July. The opening of this facility contributed to an increase in container tonnage of 16% during 1975. At year end announcement was made that plans for the long-delayed forest products terminal for Saint John had been finalized and that tenders for construction would be called during the coming year.

The controversy over the building of a second container terminal at Halifax continued through the year. A consultants report tabled in the Nova Scotia Legislature during the first week of March 1976, recommended that a single-berth terminal be constructed in Fairview Cove on the Halifax side of Bedford Basin at the earliest practical time. The Nova Scotia government more than a year ago selected a site on the Dartmouth side of Bedford Basin at Wrights' Cove. A federal-provincial task force has been formed to study the report.

On January 1, 1976 a five member consortium of Japanese container lines made Saint John their exclusive port of call on the Canadian east coast. Japan Line, Mitsui OSK Line, K-Line, NYK Line, and YS Line had previously split their services between Halifax and Saint John. Reasons given for the consolidation of services at Saint John were improved customer service and costs.

Equalization of ocean rates between Eastern Canada and Scandinavia and Baltic countries became effective on November 4, 1975. A tariff amendment on that date applied the ocean rates to the Port of Saint John. Previously they applied only to Halifax, Quebec and Montreal. The containerlines now absorb any cost difference between the ports of Halifax and Saint John.

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. during 1975 and 1976

Calendar Year	All Cargo				
	Saint John	Halifax	St. John's	Belledune	Total
1975	5,394,293	12,490,801	1,035,279	532,472	19,452,845
1974	5,899,426	13,875,240	1,125,160	714,422	21,614,248
Increase or (Decrease)	(505,133)	(1,384,439)	(89,881)	(181,950)	(2,161,403)
% Change	— 8.6	— 10.0	— 8.0	— 25.5	— 10.0
	General Cargo*				
	Saint John	Halifax	St. John's	Belledune	Total
1975	1,056,208	669,042	267,050	—	1,992,300
1974	1,470,869	606,648	277,591	—	2,355,108
Increase or (Decrease)	(414,661)	62,394	(10,541)	—	(362,808)
% Change	— 28.2	+ 10.3	— 3.8	—	— 15.4
	Container Cargo				
	Saint John	Halifax	St. John's	Belledune	Total
1975	525,787	1,384,436	6,890	—	1,917,113
1974	450,824	1,705,857	7,628	—	2,164,309
Increase or (Decrease)	74,963	(321,421)	(738)	—	(247,196)
% Change	+ 16.6	— 18.8	— 9.7	—	— 11.4

* Excluding container cargo

Source: National Harbours Board

A number of new shipping services commenced or were announced during the year for the Atlantic Provinces. Clarke Transportation will begin service to St. Pierre and Miquelon from Montreal through a connection at St. John's, Nfld. with the Umar Line to the Islands. The frequency will be every three weeks. Direct steamship service from the Great Lakes to St. John's, Nfld. was announced by Newfoundland and Ontario Steamships Limited. Sailings will be every 8 to 9 days from Oshawa, Ont. to commence in April 1976.

Federal Commerce and Navigation Ltd. announced a new service between Halifax, N.S. and Bermuda. The weekly service is due to commence in April 1976. Zim Container service resumed its twice monthly service from Halifax to Kingston, Jamaica on March 29, 1976.

Hapag Lloyd re-established its service between Halifax, N.S. and Continental and United Kingdom ports which had been discontinued earlier to permit the company to expand its capacity by lengthening its ships. During the year two new lines were added to the growing number of containership services utilizing the Maritime ports. The Italian Line chose Halifax for its service to Mediterranean ports while the Med-Atlantic/Black Sea Line made Saint John its Canadian port of call on its service to Mediterranean and Black Sea ports. Several break bulk services were established or were expanded through the Maritime ports during the year.

Ferries

Traffic increased substantially on all major ferry routes during 1975. The largest increase occurred on the North Sydney-Argentia run. The decline shown for the Wood Island-Caribou service is not a true indication of traffic. This service operated 28 fewer days in 1975 due to construction of new facilities at Caribou. Statistics for the year 1975 appear below with 1974 figures in brackets.

Service	Passengers	Automobiles	Trucks and Tractor Trailers
Cape Tormentine- Borden	1,591,064 + 7% (1,355,272)	476,576 + 6% (448,992)	103,930 + 18% (88,112)
Wood Island- Caribou *	462,909 — 2% (472,284)	128,532 — 5% (135,263)	17,836 — 2% (18,289)
North Sydney- Port aux Basques	294,698 + 6% (277,678)	65,713 + 4% (63,220)	26,569 + 45% (18,289)
North Sydney- Argentia **	46,899 + 56% (30,033)	11,462 + 48% (7,725)	379 — 5% (400)
Yarmouth- Bar Harbour	104,995 + 9% (95,992)	29,135 + 11% (26,251)	767 + 23% (625)
Yarmouth- Portland	156,113 + 11% (104,778)	36,208# + 25% (28,986)	6,809## + 4% (6,542)
Saint John- Digby	202,741 + 17% (173,917)	46,766 + 31% (35,749)	19,447 + 18% (16,517)

* Service operated 28 fewer days in 1975

** Summer service June 16 to October 11, 1975

Includes campers

Includes buses

Source: East Coast Marine & Ferry Service
Northumberland Ferries Ltd.
Lion Ferry AB
CP Rail Bay of Fundy Service

A number of vessel changes took place in 1975. The "*Marine Atlantica*" began operations on the North Sydney-Port aux Basques route in June increasing capacity by 24%. In addition the vessel "*Sir Robert Bond*", a newly constructed rail car and truck ferry, began operation in the fall.

Two ferries operated on the North Sydney-Argentia route during 1975 with the "*Marine Cruiser*" joining the "*Ambrose Shea*". In addition the Ministry of Transport awarded a contract for the design of a new high-speed ferry to carry passengers, cars and trucks on the Port aux Basques-North Sydney run.

Three vessels operated on the Wood Island, P.E.I. — Caribou, N.S. service with the addition of the M.V. "*Manic*" to the run.

The "*Lucy Maud Montgomery*" operated on the Souris, P.E.I.-Magdalen Islands route. A new terminal facility was opened in Souris on July 25, 1975 as part of the overall upgrading of this service.

A consultants report on the feasibility of a third ferry link between Prince Edward Island and the mainland was released in November. The report concluded that a proposed service between West Point, P.E.I. and Richibucto Head, would be uneconomic and could not operate without heavy subsidies.

Ferry service between Dalhousie, N.B. and Miguasha, Quebec was terminated in September 1975. The service was discontinued when the federal government terminated the subsidy for this service.

Prince Edward Island's suit against the federal government for failing to provide ferry service during the 1973 national rail strike went before the Federal Court in Ottawa during the first week in December 1975. In its ruling on the case the Federal Court determined that Ottawa was in breach of its constitutional duty when the ferry service was disrupted. Prince Edward Island had originally asked one million dollars in damages but later dropped this figure on the understanding that damages would be determined at a later date.

GENERAL LEVEL OF RATES

Rail Rates — Domestic

During the period under review domestic rail rates were subject to two general rate increases. These increases, added to the increase under Canadian Freight Association 1005 earlier in 1975, made a total rate increase of 85% to 90% for the year 1975. In the review period class rates increased by 20% on May 5th and by another 20% on October 21st. Commodity rates were increased by 15% to 30% during June and July and again by the same percentage during the period October 1975 to January 1976.

The railway deviated from their practice of general rate increases and began implementing selective increases. The amount of increase and the effective date varied from one commodity to another.

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 between Central Canada and the Maritimes as follows: —

Date	From/To	Increase	
		Westbound	Eastbound
Nov. 20/75	Quebec	6%	6%
Mar. 19/76	Ontario	8%	9%

In addition the piggyback rates on freight all kinds from Central Canada to Newfoundland increased by 10% to 15% on September 17, 1975. The westbound rates did not increase at that time.

Railway Agreed Charge rates were increased by 20% on September 1, 1975. Many Agreed Charge contracts were terminated by the railways during the year with higher rates being published in "open-tariff" form.

Rail Rates — International

During the year in review international rail rates between Canada and the United States were increased as follows: —

Increase in International Rail Rates	
Date	Percentage
June 17/75	7%
June 20/75	5%
October 11/75	2½%
March 21/76	7%

As in previous cases there were a few exceptions and hold downs to these increases none of which had a major effect on the Atlantic Provinces with the exception of the March 21, 1976 increase. This increase does not apply on traffic moving between Eastern Canada and the Western United States. Originally the Canadian lines opted out of this increase altogether and announced a separate surcharge on international rail traffic. This action was taken because they considered the original increase too fragmented due to its limited application. The surcharge was cancelled before it was due to become effective and the Canadian lines joined in the original United States rail increase.

Express

Express rates within the Atlantic Region were increased by 15% on June 1, 1975. This increase was partially offset by certain adjustments in a number of special express tariffs which were established to offset the full impact of the increases that would have otherwise resulted from the Less-Than-Carload rate cancellation earlier in the year.

Express rates from and to the Atlantic Region were increased by 15% for shipments exceeding 200 lbs. on September 2, 1975. This increase was originally to become effective on May 5, 1975, as it did generally elsewhere in Canada, but was postponed as a result of representations made by the Atlantic Provinces Transportation Commission. The reason for the postponement was that the increase followed too closely the Less-Than-Carload rate cancellations.

The Express rates between the Atlantic Region and the rest of Canada were again increased on January 5, 1976 by 8% to 15%.

Within the Atlantic Region express rates were subject to two increases in 1975-76. The first increase of 15% took place on November 15/75 with a further increase of 10% announced for April 1, 1976. The impact of this increase was offset to a limited degree by the publishing of specific point to point rates between major centres in the Atlantic Region.

These point to point rates were 3% higher than the existing general rates except in cases where lower competitive truck rates were in effect in which case the point to point rate remained at the previous level without taking any increase.

At year end the express companies had announced that they were extending their "Rapidex Route" small package express service to cover shipments westbound from the Atlantic region to other parts of Canada. This type of rate had been available for sometime in an Eastbound direction. Representations by the Atlantic Provinces Transportation Commission to the railways and the Canadian Transport Commission facilitated its extension for Atlantic Provinces shippers.

In December 1975 air express rates in Canada were restructured. This revision resulted in the following changes for Atlantic region:

<u>Within the Region</u> <u>Shipment Size</u>	<u>Approximate Change</u>
Under 10 lbs	Slight reductions
10 lbs to 50 lbs	Increases up to 6%
Over 50 lbs	Increases ranging up to 230%
<u>Between Atlantic Region & Ontario & Quebec</u>	
Under 10 lbs	Increase of 20-25%
10 lbs to 50 lbs	Increases of 40-120%
Over 50 lbs	Increases ranging up to 260%

The increase was greater as the weight of the shipment increased.

Truck Rates

During the year under review truck rates within the Maritime Provinces for the carriers members of the Atlantic Provinces Motor Carrier Tariff Bureau were increased on December 1, 1975 by various amounts ranging up to 15%.

The Atlantic Provinces Motor Carrier Tariff Bureau's new tariff which incorporated the rates of four major carriers operating between Ontario and the Atlantic Provinces which became effective on February 16, 1976, reflected a 10% increase in eastbound less-than-truckload rates and 9% on truckload; westbound rates increased at this time by amounts ranging up to 8%.

Truck rates between Quebec and the Atlantic Provinces increased by 6% on September 15, 1975. This was a temporary increase that was replaced on March 1, 1976 by a permanent increase as follows: —

	<u>Eastbound</u>	<u>Westbound</u>
Less than truckload	10%	9%
Truckload	8%	7%

Before this permanent increase was published, discussions were held in Montreal between the Atlantic Provinces Transportation Commission, the Canadian Industrial Traffic League and the Quebec Tariff Bureau. At that time, the reasonableness of this increase was assessed and this Commission also stressed the importance of maintaining a lower rate in-

crease westbound than eastbound. This differential is justified in light of the subsidy paid to the carriers on westbound traffic.

During the year under review, rates published from and to Newfoundland by Canadian National Transport Ltd. increased by approximately 20% on January 1, 1976. This trucking operation of Canadian National is a recently instituted service following the granting of additional licensing by the Newfoundland Board of Commissioners of Public Utilities. The operation is used primarily to augment rail service between Newfoundland and the mainland for the movement of truck and express shipments.

Pool Car and Domestic Water Rates

Pool car rates from Montreal and Ontario origins to destinations in the Maritimes were increased June 2, 1975 by 10% to 15%.

Clarke Transportation Canada Ltd. increased their water rates from Montreal to Newfoundland by 20% to 25% during the year under review. The increase was originally scheduled to be effective on November 10, 1975. Because of the absence of sufficient prior notice and at the suggestion of the Atlantic Provinces Transportation Commission it was postponed until December 8, 1975. A major exception to the increase was foodstuff, in which case the increase did not become effective until February 1, 1976.

ATLANTIC REGION FREIGHT ASSISTANCE ACT

Additional Westbound Assistance

It will be recalled that as a result of a recommendation made by the Federal Provincial Committee on Atlantic Region Transportation, a selective subsidy of 20% over and above the existing 30% westbound subsidy was made available to unprocessed agricultural and fisheries products and on commodities manufactured in the region for which value added was significant. It will be noted in the table below that although payments for 1974 commenced only in mid-April, assistance under this plan shows a significant increase. This can be attributed to the fact that most companies are now aware of the plan and are securing benefits where eligible. During the past year, the Commission, through the co-operation of the transportation sections of the governments of the four Atlantic Provinces and the Canadian Transport Commission in Ottawa, has assisted several companies in applying for assistance for their respective products, as well as arranging for tariff changes that permitted eligibility. Total amounts paid under freight assistance programs in 1975, with cumulative totals, are shown below:

ATLANTIC REGION FREIGHT ASSISTANCE ACT (TRUCK)

Westbound *	}	Calendar Year	Cumulative
		1975	June 15/69 to Dec. 31/75
		\$3,649,000	\$15,411,000
Intra Regional	}	Calendar Year	Cumulative
		1975	Oct. 1/70 to Dec. 31/75
		\$16,752,000	\$56,760,000

MARITIME FREIGHT RATES ACT (RAIL)

Westbound and	1971	1972	1973	1974	1975
Intra Regional	\$13,112	\$13,073	\$14,015	\$15,059	\$16,035**
(X '000)					

ATLANTIC REGION SELECTIVE ASSISTANCE (RAIL & TRUCK)

	Calendar Year 1975	Cumulative April 15/74 to Dec. 31/75
Rail	\$1,832,000	\$2,817,000
Truck	\$1,046,000	\$1,462,000

* Includes Rail Express traffic.

** Estimate

Source: Canadian Transport Commission

Intra-Regional Assistance

Presently a subsidy of 15% is paid under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act to railway companies and commercial highway transport companies for shipments carried between points within the Atlantic Region.

It will be recalled that in late 1970 the first of several planned steps was taken to phase-out the intra-regional subsidy payments, when the then 20% subsidy was reduced to 17½%. A major decision was also made to include such payments to the trucking industry during the phase-out period. The only development to date regarding phase-outs was in December 1974 when the subsidy payments were reduced from 17½% to 15%.

As part of the anti-inflation program announced in the fall of 1975, the Federal Government listed in its restraint program a \$31 million cut-back in freight subsidies. Although not stated, the Atlantic Provinces understand that a \$5 million reduction in the subsidy program will come from the intra-regional assistance.

On February 13, 1976 the Ministers from the four Atlantic Provinces responsible for transportation met with the Federal Minister of Transport, the Honourable Otto Lang. At that meeting the Provincial Ministers recommended the following changes in the intra-regional subsidy program designed to achieve the \$5 million reduction in expenditures.

1. Effective April 30, 1976, the present blanket 15% truck and rail subsidy to be terminated.
2. Effective May 1, 1976, under the Special Assistance Section (Section 6) of the Atlantic Region Freight Assistance Act, a selective truck and rail transportation assistance program be implemented which has as its objectives:
 - a) Utilization of intra-regional subsidy funds so as to maximize their effect on regional economic development.
 - b) Enhancement of viability of processing and manufacturing within the region.
 - c) Maintaining the viability of other basic industries of major importance to the region.
 - d) Meeting the Federal Budget Restraint objective of \$5 million reduction of 1976 subsidy expenditures.
3. This new selective assistance program to include:
 - a) A 17% intra-region assistance level on forest products, fishery, agriculture, energy source materials, and all other commodities on which maximum processing has been achieved within the region.

- b) No intra region assistance to be paid on commodities and movements not included in (a) above.

At time of writing this report the Federal Government has not yet formally accepted the Provinces recommendations and it may therefore be assumed that implementations of any changes in the intra-regional subsidy program will not occur prior to the summer of 1976.

Peter Cook Limited Case

An important precedent was set during the year with the application by Peter Cook Limited, a for hire carrier, for a ruling by the Canadian Transport Commission on the eligibility of a certain movement under the Atlantic Region Special Transportation Assistance regulations. This was the first formal application regarding intra-regional subsidies brought before the Canadian Transport Commission. It underscored the fact that applications may be made by interested parties to secure official rulings on the eligibility of commodities under the regulations. Originally this commodity, liquid manure, had been deemed ineligible as the regulations state that "the movement of garbage refuse and sewage is ineligible" for subsidies. As a result of a hearing in St. John's, Newfoundland in June 1975, the C.T.C. ruled that this commodity was eligible when its end use was as a fertilizer.

NATIONAL TRANSPORTATION POLICY DEVELOPMENTS

During the past twelve months two major transportation policy announcements were made by federal Ministers of Transport. The first of these occurred on June 16, 1975 when the Honourable Jean Marchand outlined new national transportation policy and tabled three documents, namely:

1. Transportation Policy — A Framework for Transportation in Canada.
2. An Interim Report on Inter-City Passenger Movements in Canada.
3. An Interim Report on Freight Transportation in Canada.

In outlining some of the major differences in the transportation policy being proposed versus that currently in effect, aides to the Minister of Transport at a briefing session on June 18, 1975 itemized the following differences:

<u>Current National Transportation Act Policy</u>	<u>Proposed National Transportation Policy</u>
Transportation shall be economic, efficient and adequate	Transportation shall be accessible, equitable and efficient
Passive role of government in transportation	Active government leadership in transportation
Policy Market Oriented	Policy Market & Development Oriented
Policy Carrier Oriented	Policy Government, Carrier, Shipper Oriented
Policy Freight Oriented	Policy Freight & Passenger Oriented

Underlying the Minister's statements was the principle that transportation would be used as an instrument of policy designed to achieve broad

national, social and economic objectives. Among other principles enunciated by the Minister at that time were that all transportation and non-transportation alternatives should be taken into account in the development and provision of transportation services; that there should be an objective of commercial viability including cost recovery, both in the operation of transportation services and the provision of transportation facilities; that where national policy requirements dictates that the principle of cost recovery cannot be achieved such costs should be clearly identified and borne by the government; and that special measures should be adopted to ensure that essential transportation services are maintained.

Turning specifically to freight rates regulation, the Minister proposed a new set of principles which were designed to be equitable to regions and to shippers. Among the areas to be examined were:

- 1) reducing the difference between the legal minimum and maximum rates;
- 2) basing freight rates on a combination of variable and fixed costs, rather than a long run variable costs alone; and
- 3) permitting any interested party, not simply those who prove they are "captive shippers", to appeal to the Canadian Transport Commission.

Other provisions related to railway rates included more disclosure of cost information of the railways; the location of special rate officers in the regions who can quickly investigate rate grievances raised by shippers and seek prompt action to resolve the issue; opposition to horizontal across-the-board rate increases; removal, if necessary by legislative action, of the right of the railways to publish lower rates for long haul traffic than rates published for the same commodity moving in the same direction for a short haul.

In respect of the powers of the Canadian Transport Commission, the Minister's policy statement indicated that the Commission would be primarily concerned with the regulatory function and presumably the research and policy advisory functions of the Commission would be diminished.

It was envisaged by the Minister that these policy papers would be sent to the House of Commons Standing Committee on Transportation and Communications for study and this, along with extensive discussions with Provincial Governments, labour, transportation associations and others, would make it possible to introduce amendments to the National Transportation Act late in 1975. The referral of the policy statement to the House Committee did not in fact take place. Provincial Governments, labour organizations and industrial trade organizations have been actively making their views known to the Minister.

The Minister's references to more government involvement in transportation has brought expressions of concern from major industrial and shipper organizations.

The proposal to base freight rates on a combination of variable costs and fixed costs may hold serious implications for Atlantic Region shippers.

The second policy announcement was made on January 29, 1976 when the Honourable Otto Lang, Minister of Transport, made a major statement on rail passenger services. In that statement the Minister stated that all passenger train services in Canada were uneconomic and losses

incurred on such services amounted to about \$167 million in 1974, 80% of which is paid by the Government to the railways under provisions of the National Transportation Act. Steps were necessary to bring this increasing drain on resources under control.

The Minister's policy paper suggested that three areas existed where passenger train services could be operated at reasonable subsidy levels. These were, (1) short to medium distance services between major cities where rail offers the potential of trip times somewhere between those of automobiles, buses and aircraft; (2) commuting trips in and about major cities for the movement of large numbers of people; and (3) long distance services where service levels somewhat above those of a bus are required. Rail services should be continued in the remote areas of the country where no reasonable alternative exists. The government's plan for rail passenger services was described as one which should provide a basic single service network across Canada, integrated to the greatest degree feasible with services provided by bus and air, offering services between both the Atlantic and Pacific Coasts and Central Canada and within Central Canada from Windsor, Ont. to Quebec and avoiding duplication of service by either or both national railway companies.

The government indicated in its policy paper that it "... will consider raising its subsidy for improved services from 80% to 100% of losses in appropriate instances, while ensuring that adequate controls and incentives are available to encourage efficiency in management and operations." (1)

The Minister tabled a directive which had been sent to the Canadian Transport Commission to guide that Commission in public hearings which it would conduct within the framework established by the policies and guidelines announced by the government. Over-all the Canadian Transport Commission in its hearings is to be governed by the government's need to develop and implement a plan which will seek the best method of satisfying passenger requirements regardless of mode, but insofar as rail passenger services are concerned, will be altered to the technical and economic characteristics of the rail modes, the needs and preferences of the public, as demonstrated by their actual use of passenger trains and the objective of commercial viability.

The Minister envisaged that a total plan would be developed in stages by 1978. The following priorities were defined with the overall new basic network in place and operating not later than 1980.

- a) early action on local or regional cases where no major public need for service continuation is clearly obvious.
- b) transcontinental service between Western and Central Canada by late 1976.
- c) service between the Maritimes and Central Canada by 1977.
- d) the remainder, including regional and intercity services not dealt with previously, by 1978.

Following the Minister's directive the Canadian Transport Commission announced hearings commencing on April 6, 1976 in Ottawa, Ont. The case for hearing was stated to be "In the Matter of Public Hearings by the Railway Transport Committee of the Canadian Transport Commission for the purpose of determining interests and concerns of the public

(1) Paper on a Canadian Rail Passenger Program, January 26, 1976, Transport Canada.

relating to the two existing Transcontinental Passenger Train Services (Montreal/Toronto — Vancouver)." These hearings are expected to progress across Canada terminating prior to the summer months with hearings on the Maritimes-Montreal services to be scheduled for the fall of 1976.

Other developments in rail passenger service in the year covered by this report was the Canadian Transport Commission's reassertation that the transcontinental trains operated by Canadian National were to be maintained. These trains were found to be uneconomic by the C.T.C. in 1971 and the railway ordered to maintain them. As a result 80% of the losses of these trains is covered by federal payments to the railway. Under the existing law, such services must be reviewed after five years and either discontinued or re-ordered to be maintained. During the coming twelve months most passenger train services will require review by the C.T.C. under this provision of the Railway Act.

Before concluding this national transportation policy section, another area should be emphasized. In both policy statements referred to above, reference is made to what is generally called a "user-pay policy". In an address to the Annual Traffic and Transportation Conference of the Canadian Industrial Traffic League held in Calgary, Alta. on February 26, 1976, Mr. D.H.W. Kirkwood, Senior Assistant Deputy Minister, Policy and Planning of Transport Canada, emphasized the Governments intention to move toward a full cost recovery from the users of transport services for mature transport systems. Among the departures from the user pay concept would be services required to support national and regional development objectives and services to remote areas.

In defining total costs, Mr. Kirkwood said that "... such costs must include all operating and maintenance costs, and the full range of capital costs including depreciation and return on capital, . . . (and) allowances for the costs of necessary infrastructure and services such as airports, highways, ports, canals, right of ways, trackage, traffic control and navigation services, icebreaking, and so on."

ANTI-INFLATION PROGRAM EFFECTS ON TRANSPORTATION

When the anti-inflation program was announced in October, 1975, many questions arose as to its impact on transportation rate increases. The A.P.T.C. immediately dispatched a telex to the Minister of Transport to determine the application of the program to rate increases of carriers. The initial response from the Minister was basically that the carriers were subject to the guidelines as any other corporation and their pricing decisions would be subject to review by the Anti-Inflation Board.

As more information became available, the interpretation of the program has generally been that it limits the railways freight rate increases which became effective after October 13th to produce revenue which would not result in pre tax net profits of the railways exceeding 95% of their average per tax net profit for the last five fiscal years completed prior to October 14, 1975.

By Order-in-Council P.C. 1975-3060, dated December 23, 1975, the Federal Government authorized the Canadian Transport Commission to "... monitor the increases in freight and passenger revenues of rail carriers under the jurisdiction of the Canadian Transport Commission to be derived from increases in . . . (such) . . . rates in order to ensure that the applicable guidelines established under the Anti-Inflation Act are being adhered to

by such rail carriers and (to) report to the Governor in Council any such increases in . . . revenues and in . . . rates that, in the opinion of the Commission are likely to result in a breach of those guidelines." (It will be recalled that the C.T.C. does not have power to disallow increases in rates except in very limited and specific circumstances.)

In the case of airlines, the C.T.C. has instituted a review of the most recent fare increases to determine whether it is in conformity with the guidelines.

A rate increase by Newfoundland Steamships Ltd. on its Montreal to Newfoundland service instituted in the fall of 1975 has been referred to the Anti-Inflation Board by the Newfoundland Minister of Transportation and Communications. At year end, this reference is under review by the Anti-Inflation Board but no decision has been rendered.

The Highway Carrier Tariff Bureaus throughout the country have proposed to the Anti-Inflation Board that insofar as price (rate) matters are concerned, that the members of the Bureau be considered as a unit rather than on an individual basis.

Developments respecting the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act and the export grain and flour programs are covered in some detail in other sections of this report. At year end no particulars have been announced respecting increases in ferry fares and coastal steamship rates. It is anticipated, however, that substantial increases will be announced for these categories of traffic shortly.

MARITIME CODE BILL

A step was taken by the Government of Canada during the past year to overhaul Canada's maritime and shipping laws. The genesis for the overhaul of these laws occurred in 1969 when the Government of Canada appointed John J. Maloney, QC, an Ontario lawyer with long experience in shipping and admiralty matters, to undertake a study of existing legislation as a first step in a complete revision of Canada's maritime and shipping laws. Concurrent with this review other studies of marine transportation were instituted and the first legislative evidence of these studies occurred on July 23, 1973 when Bill C-216 was introduced in the House of Commons. That Bill was titled the Maritime Code Act. The intent of this legislation and other parts of it which were to follow was to replace the Canada Shipping Act.

Bill 216 did not receive passage prior to the defeat of the 29th Parliament and the calling of the election for July, 1974.

Bill C-216 did not change the existing Canada shipping legislation which provided for the operation in Canadian coastal waters of British Commonwealth vessels to carry goods from, to or between ports in the Atlantic Provinces. It will be recalled that a study by the Canadian Transport Commission under the authorship of H. J. Darling, recommended in 1970 that Canada withdraw from the British Commonwealth shipping agreement and that only Canadian registered ships be permitted to transport cargoes between any two ports in Canada. This recommendation was vigorously opposed by users of marine transportation in the Atlantic Provinces because of the effects it would have upon the cost of transportation not only by water but by other modes of transport which are influenced by water rates.

Following a meeting with the Council of Maritime Premiers and the

Provinces of Newfoundland in September, 1973, the then Minister of Transport, the Honourable Jean Marchand, announced that Canada would be giving notice to the signatory parties to the British Commonwealth Merchant Shipping Agreement that it intended to withdraw from that agreement and to reserve Canadian coastal shipping to Canadian flag vessels. In making that announcement, the Minister of Transport gave assurance to the Premiers of the Provinces that adequate safeguards would be implemented to ensure that transportation costs in the Atlantic Provinces would not be adversely affected by Canada's withdrawal from the British Commonwealth Merchant Shipping Agreement. These assurances included, among other things, (a) that safeguards would be introduced to ensure the protection of regional industries through the maintenance of adequate and economic shipping services on the coast, (b) the safeguards will ensure that present and future water and water competitive transportation costs in the Atlantic Provinces will not be adversely affected, (c) agreement that the Provinces would participate actively in drawing up regulations governing these safeguards, and (d) the Federal-Provincial Committee on Atlantic Region Transportation was charged with monitoring this situation.

On May 26, 1975 Bill C-61, a Maritime Code Act, was given first reading in the House of Commons. It incorporated the provisions of its predecessor, Bill C 216. In addition, Bill C-61 included provisions to restrict the coastal trade of Canada to Canadian ships except in two cases. First, where a Commonwealth ship had been operating in the Canadian coastal trade continuously since September 24, 1972 (one year prior to the Ministers announcement) it may continue to do so under permit from the Canadian Transport Commission until April 26, 1980. In the second case, a non-Canadian ship may operate in the coastal trade after having secured a licence from the Canadian Transport Commission under regulations to be prescribed by the Governor-in-Council — regulations which the Transport Minister on September 23, 1973 said would be developed with the Provinces.

In early December, 1975, it was learned that the Maritime Code Bill, Bill C-61, was before the House of Commons Standing Committee on Transport and Communications and the Governments of the Atlantic Provinces requested the Atlantic Provinces Transportation Commission to appear before that Committee and voice its concern that the assurances given by the Minister of Transport in September 1973 had not yet been fulfilled.

Accordingly, the General Manager appeared before the House of Commons Committee on December 18th and presented a statement and was subject to questioning by the members of the Committee. Early in the new year discussions were activated between the Canadian Transport Commission and other Federal officials and the Provincial Governments on regulations to be implemented should Bill C-61 become law. The presentation by the Commission to the House of Commons Committee endeavoured, among other things, to show that the restrictions of Canada's coastal trade to Canadian ships could have a far greater adverse effect on the economy of the Atlantic Region than any increase in ship-building or ship-manning employment opportunities that may result from the closure of the coastal trade to non-Canadian ships. It was apparent during the Commission's presentation to the Committee that the benefits to the ship-building and ship-manning industries were thought of more in terms of a Canadian Merchant Marine in deepsea trades than in the much more restricted coastal trades.

At year end, Bill C-61 has not yet passed Third Reading in the House of Commons and the Commission's efforts in drawing the serious consequences of this portion of the Bill to the Committee's attention has no doubt been instrumental in developing intensive discussions between the Federal officials and Provincial officials and industry representatives prior to the proposed legislation becoming law.

PILOTAGE CASE

A notice appeared in Part I of the Canada Gazette (Vol 109 No. 30), of July 26, 1975, advising that the Atlantic Pilotage Authority proposed to increase its tariff of pilotage charges in the Atlantic Region. Under the Pilotage Act, any person who has reason to believe that the proposed charges are prejudicial to the public interest, may file a notice of objection within 30 days with the Canadian Transport Commission, outlining the grounds for such objections.

As the proposed increases in certain cases would have more than doubled existing rates, the Atlantic Provinces Transportation Commission became concerned that the proposed rates would have a marked effect on sales and competitive positions of industries located within the Atlantic Region. Industries in the Region were notified by circular letter and also consultation was held with the four Provincial Governments about the proposed increases. Because of response received from industry a notice of objection was filed by the A.P.T.C. The four Atlantic Provinces also filed notice of objection as well as many other interested parties including the Port Commissions at Halifax and Saint John, the Shipping Federation of Canada and the Dominion Marine Association.

The filing of the objections automatically postponed the coming into effect of the planned increase until the C.T.C. had made a decision on the matter. Hearings were held from January 13th to 22nd inclusive, at Halifax N.S. to examine the proposed rate increases requested by the Atlantic Pilotage Authority. At the hearings the Atlantic Provinces Transportation Commission council represented not only this Commission, but also the Governments of the four Provinces.

The Atlantic Pilotage Authority is a Federal Crown Corporation, established on February 1, 1972 to operate, maintain and administer, in the interest of safety, an efficient pilotage service within the Atlantic Provinces. The principle and main source of revenue of the authority is derived directly from the servicing of ships through pilots in the four Atlantic Provinces. The pilotage authority maintained that despite the planned increases, the authority will still experience large deficits at all the major ports and many of the smaller ones.

The objectors argued that the proposed tariffs of pilotage charges, even though primarily intended to permit the authority to operate on a self-sustaining financial basis, were not fair and reasonable. The tariff proposed increases greatly in excess of the value of the services rendered. Even taking into account the inflation factor the increases sought are excessive without any comparable increase in the efficiency of the services rendered as required by C.T.C., decision of October 2, 1973. The validity of the projected revenue and expenditure figures submitted by the pilotage authority to support its request for increased charges was seriously questioned by the objectors. At year end the Canadian Transport Commission had not handed down its decision.

FEDERAL SALES TAX APPLICATION TO TRANSPORTATION CHARGES

In mid-February, 1976 the Commission learned that the Department of Finance had issued a discussion paper on Federal Sales and Excise Taxation which, among other things, discussed the possibility of applying Federal Sales Tax to transportation costs and applying the Federal Sales Tax at the retail level.

The Commission concluded that should these proposals be implemented it would adversely affect the competitive position of Atlantic Provinces' industry and increase the cost of consumer goods which are brought into the region.

The Commission communicated its views to the Commodity Tax Review Group of the Department of Finance pointing out that a tax on manufactured goods at the wholesale level that would include the domestic transportation cost in the value for tax would have a very great negative effect on the Atlantic Provinces because of the region's relatively greater distance from its sources of supply for many consumer articles.

The submission indicated that while such higher prices might suggest greater stimulation of manufacturing and development in the region that there are many other factors considered in the selection of locations for new manufacturing sites. The potential advantage of the "protection" that the application of sales tax to transportation costs would hold for Atlantic industries in fact is not a real advantage because of the size of the Atlantic Provinces' markets which dictates that a firm wishing to locate in this region or one already established in the region must sell a large part of its production in markets outside the region to achieve the necessary economies of production. Furthermore, many raw materials and semi-manufactured products required by regional manufacturers and producers are not available locally and must be brought into the region over substantial distances. A tax on the transportation cost of these products, therefore, would further worsen the regional manufacturers position.

The Commission accordingly urged the Federal Commodity Tax Review Group to reject any proposals that would see the transportation costs to the wholesale or retail levels being included in the value of tax and also to reject any proposal which would change the application of the Federal Sales Tax from the manufacturing level to the retail level.

AWARD OF COSTS CASE

On April 2-4th, 1975, the Canadian Transport Commission held a public hearing in the matter of whether that Commission should award costs to parties that appear before it and more particularly to some intervenors under certain circumstances. Prior to the hearing, the Commission invited interested parties to make their views known to the Commission on the subject.

The Atlantic Provinces Transportation Commission considered the matter and filed a short statement with the Canadian Transport Commission which pointed out that this Commission is concerned with the high cost of initiating and participating in proceedings before the Federal Commission. These high costs tend to discourage companies or associations on behalf of their members from seeking remedies which are available to them under legislation administered by the Canadian Transport Commission. At the same time companies or associations that do initiate action before the Federal Commission often find that the cost of carrying such action is

disproportionate to the benefits which accrued to them even if their applications or interventions are successful. This discourages the exercise of the remedies which Parliament intended should be available to the public. The Atlantic Provinces Transportation Commission therefore concluded that relief in the form of an award of costs should be granted by the Commission in appropriate cases. At the same time, the Atlantic Provinces Transportation Commission indicated that it would strongly oppose any policy of awarding costs in every proceeding depending upon the results of the proceeding and following the general practice and civil litigation of awarding such costs to the party whose position is upheld.

It was pointed out in the A.P.T.C. submission that such a policy would clearly inhibit applications or interventions before the Canadian Transport Commission since the cost incurred in proceedings before the Commission are often extremely high and an award of costs against a party with limited financial resources would be very punitive and in some cases could prove ruinous.

On March 15, 1976, the Canadian Transport Commission issued its report in this matter which basically concluded that the Canadian Transport Commission should not depart from its past practices in the awarding of costs and that the Commission should advise the Minister of Transport that the funding of public interests of consumer groups is not considered to be an appropriate function of the Canadian Transport Commission, but should, if it is considered desirable, be continued as a direct function of the Government itself.

LOCAL AIR SERVICES

In February, 1974, the Air Transport Committee of the Canadian Transport Commission held a hearing on the adequacy of unit toll commercial air services in the Atlantic Region. A joint brief was submitted by the Atlantic Provinces Transportation Commission and the Maritime Provinces Chamber of Commerce. This brief recommended that smaller communities in the region receive air service, either by the regional air carrier obtaining suitable equipment or by the encouragement of third level carriers. The Air Transport Committee released its report in November, 1974. Recommendations were made for improved services and facilities for the Atlantic Provinces.

As a result of that report a number of Atlantic Province air carriers filed applications with the Canadian Transport Commission for permission to expand their services. Atlantic Central Airlines applied to extend its service to ten other points in the three Maritime Provinces in addition to the three points it now serves in New Brunswick. Eastern Flying Service requested permission to serve Halifax and Port Hawkesbury, Nova Scotia, Summerside, P.E.I., and Moncton, N.B. Eastern Provincial Airways applied to operate an extensive network linking 23 communities in the four Atlantic Provinces.

The Atlantic Provinces Transportation Commission and the Atlantic Provinces Chamber of Commerce filed a joint intervention with the Canadian Transport Commission in the E.P.A. application. In that intervention it was clearly indicated that support was not given to any specific applicant. The need for improved air service of the type sought by all the applicants was reiterated. The Canadian Transport Commission was urged to grant the application or applications which will provide the best level of service consistent with the needs of the Atlantic Provinces.

The Canadian Transport Commission will hold public hearings on these applications beginning June 7, 1976 in St. John's, Nfld.; in Charlottetown, P.E.I. June 9, in Fredericton, N.B. June 10 and in Halifax, N.S. on June 14.

HIGHWAY WEIGHT RESTRICTION SURCHARGE

To coincide with the imposition of highway weight restrictions coming into effect in the spring of 1976, a number of highway carriers established a surcharge to offset the resulting loss in payload and revenue.

The surcharge of 25% applied to or from points in northeastern New Brunswick and other N.B. routes where weight restrictions of 80% of normal weights and lower were established for the spring thaw period. At the same time, the carriers gave notice of the imposition of a like surcharge between Ontario and Atlantic Canada "... if the Province of Quebec establishes similar spring weight restrictions as were imposed in the spring of 1975"

This Commission submitted a brief to the carriers directly involved, with copies to other carriers and various motor carrier boards, opposing the surcharge on the grounds that it would place a severe burden upon industry and consumers in the Atlantic Provinces and, further, that it is not justified by the potential economic loss to the carriers. In addition, this Commission presented its views at two separate meetings with interested carriers. The Commission's position was supported by the Canadian Industrial Traffic League which was represented by a strong delegation at one of the meetings.

Following these representations, the carriers agreed to cancel the surcharge in full between Ontario and the Atlantic Provinces, with the exception of traffic to or from points on restricted routes in New Brunswick (primarily the N.B. north shore region). Furthermore, the member carriers of the Atlantic Provinces Motor Carrier Tariff Bureau adjusted the surcharge between New Brunswick points on restricted routes, on the one hand, and other Maritime Provinces points and Ontario points, on the other hand, as follows:

Highway Rate Surcharge

LTL up to 20,000 lbs. 10% *

TL over 20,000 lbs. 25%

Maximum — 40,000 lbs.** at rate applicable

* Previously 25% ** Previously 45,000 lbs.

The remaining carrier outside the Atlantic Provinces Motor Carrier Tariff Bureau group cancelled the surcharge in its entirety between Ontario and the Maritime Provinces and substituted a straight 10% surcharge for the previous 25% within the Maritime Provinces on shipments moving to or from points on restricted routes in New Brunswick.

For further clarification, it should also be recorded that no surcharge was imposed between Quebec and the Atlantic Provinces despite the existence of the same weight restrictions in relation to traffic between these areas as the restrictions affecting traffic to and from Ontario. As explanation, it is the understanding of this Commission that the time factor associated with the regulatory procedures required to implement truck rate tariff changes of this nature in Quebec would not permit the establish-

ment of a surcharge before the anticipated removal of the spring weight restrictions.

During the meetings with the highway carriers it became clear that the surcharges will not only be repeated next year, but will be published sufficiently in advance to permit wider application, unless some relief from the severity of spring weight restrictions is forthcoming.

EXPORT RATES ON GRAIN AND FLOUR

As part of the anti-inflation program introduced in the fall of 1975, the Federal Government announced the elimination of the subsidy payments of approximately \$11 million per year to maintain a statutory rate level on export grain and flour via rail from certain inland points to specified St. Lawrence River and Atlantic Provinces ports.

Under Section 272 of the Railway Act, certain rail rates on export grain, commonly known as the "At and East" rates, are to be maintained at the level in effect on the 30th day of November, 1960. In the case of export flour, the rates involved are to be maintained at the level in effect on the 30th day of September, 1966. Shipping points for flour include "any point in Canada east of the 90th degree of west longitude" (Thunder Bay and east), and for grain any point along Lake Huron, including Georgian Bay, and connecting waterways as far east as Prescott, Ont.

In March of 1976, the Federal Government introduced Bill C-87 which, among other things, would repeal Section 272 of the Railway Act. At the close of the year, this Bill had only received first reading in the House of Commons.

The existence of the statutory rates is of prime importance to the ports of Halifax and Saint John. By virtue of the rates during 1975, these Atlantic ports have successfully competed for the movement of approximately 813,000 tons of grain and 264,000 tons of flour. The following table contains details of the tonnage and the subsidy for the 1975 movement:

Table Showing Export Grain And Flour
Movements under Section 272 Of The
Railway Act For The Calendar year 1975*

Via Port of	GRAIN		FLOUR	
	Tons	Subsidy (\$)	Tons	Subsidy (\$)
Halifax	370,678	3,821,970	124,642	1,779,698
Saint John	442,474	4,579,608	139,814	2,035,180
Quebec City	15,172	120,905	50	424
Montreal	11,337	80,672	7,747	63,960
Totals	839,661	8,603,155	272,253	3,879,262

* Covering movements during calendar year 1975
based on claims submitted up to May 10, 1976

Source: Canadian Transport Commission

With the removal of the statutory requirements these rates will be increased by a far greater amount to the Atlantic ports as compared to St. Lawrence River ports. The following table will illustrate:

TABLE SHOWING RAIL RATE DIFFERENTIALS
BETWEEN THE PORTS OF HALIFAX/SAINT JOHN
AND THE PORT OF MONTREAL ON EXPORT GRAIN AND FLOUR

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

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

Numerous representations were made during the year to the Minister of Transport in opposition to the removal of the statutory rate level. The Ministers responsible for transportation in the Provinces of New Brunswick and Nova Scotia, the Honourable George Mitchell and the Honourable Wilfred Bishop, requested the Federal Minister of Transport to reconsider the decision to cancel the statutory rate requirements. The Federal Minister agreed to monitor the possible impact of the elimination of the subsidies on the movement of flour and grain through eastern ports and to reassess the matter if this revealed the development of significant disadvantages.

The effect of the repeal of Section 272 of the Railway Act is likely to be twofold. First, it will result in higher prices for these Canadian products, particularly for flour, in foreign markets with possible loss in sales. Secondly, the increased transportation costs via the Ports of Halifax and Saint John will be much greater than via St. Lawrence River ports making the Atlantic ports largely uncompetitive. This will adversely affect the volume of this traffic via the Atlantic ports, resulting in loss in employment of port and railway workers.

At the conclusion of the year through the office of the Federal Minister of Transport, proposals for the use of unit trains directly from the Prairies to move export grain to the Ports of Halifax and Saint John were being developed through discussions and meetings among various interested parties. These proposals were based on replacing the movement of export grain from the Great Lakes ports under subsidized rail rates consisting of approximately 15,000,000 bushels per year to each of the two Maritime ports with unit train movements from the Prairies of roughly the same volume. It is also expected that the economics of unit train movements will be sufficiently favourable to result in even larger movements in future.

FEED GRAIN RATE MATTERS

For the past number of years the matter of feed grain rates has assumed increased prominence in the activities of the Atlantic Provinces Transportation Commission. Movements of prime interest to the Atlantic Region consist of feed grains (wheat, oats, barley, grain screenings and millfeds) from Western Canada and corn from southwestern Ontario. The combined movement of this traffic to the Atlantic Provinces exceeds 300,000 tons annually.

In an attempt to offset rapidly rising costs, pressure has been brought

to bear for large annual increases in rail rates covering these movements. Working in close co-operation with the Canadian Feed Manufacturers Association — Atlantic Division, this Commission organized meetings on two separate occasions with senior railway officers to discuss proposed increases advanced by the railways.

A comparison of the proposed increases and those that were finally established is as follows:

TABLE OF INCREASES TO THE ATLANTIC PROVINCES

TO	(Cents Per 100 Lbs.)			
	MINIMUM WEIGHTS	PROPOSED INCREASE	ESTABLISHED INCREASE	SAVING
Corn Ex Southwestern Ontario (Effective Dec. 31/75)				
CN/CP Rly. Points	110,000 lbs.	19	15	4
DA Rly. Points	110,000 lbs.	22	18	4
Feed Grains Ex Thunder Bay, Ont. (To Become Effective May 16/76)				
All Points*	80/90,000 lbs.	21	16	5
	100,000 lbs.	18	13	5
	120,000 lbs.	17	12	5
St. John's, Nfld.	90,000 lbs.	—	13	—

* Except Bridgewater, N.S. add an additional 2 cents.

By virtue of the Atlantic Division of the Canadian Feed Manufacturers Association, representing all major feed grain companies in the Atlantic Provinces, it is possible to present an industry-wide united approach on all major transportation issues. Because of the importance to the carriers of the combined tonnage of the individual companies, the most favourable results are achieved by this approach.

LUMBER RATES

Following the railways announced rate increases early in 1975, the Maritime lumber industry sought the assistance of the Atlantic Provinces Transportation Commission. Rail rates for British Columbia and Quebec producers particularly to the Newfoundland market were already creating a relative disadvantage for Maritime producers. This freight rate increase would further worsen this situation.

As reported in this Commission's 1974-75 report, lower freight rates were secured from two Maritime origins to a few Newfoundland destinations as a result of negotiations between the Atlantic Provinces Transportation Commission and Canadian National Railways. In addition a 30% increase planned for May 1975 had been waived. During the year covered by this report, continued negotiations have resulted in additional rates being established, to the extent that there are some twenty New Brunswick and Nova Scotia origins and approximately thirty Newfoundland destinations now benefitting from the new rate structure. It is expected that additional origins and destinations will be added in the future.

Of most importance, in addition to the tremendous savings in freight charges to the region's lumber industry, because of this new rate structure from New Brunswick and Nova Scotia origins to destinations in Newfound-

land, the lumber industry has once again become competitive with British Columbia and Quebec lumber. Also, increased sales have already resulted and will continue to rise in the future. The increased business to the railways is also a factor that should not be overlooked.

Where required, the lower rate structure is being extended to include shipments of lumber moving between the three Maritime Provinces, as well as within the Province of Newfoundland.

The Commission would be remiss if it did not acknowledge the role that officials of Canadian National Railways played in recognizing that lumber suppliers in the region were losing contracts to their British Columbia and Quebec counterparts.

Successful negotiations were also carried out by the Atlantic Provinces Transportation Commission on behalf of the Maritime Lumber Bureau for reduced rates on lumber from Nova Scotia origins to destination in Central Canada. Such rates have resulted in significant savings to the lumber industry as well as opening up new markets.

FISH MEAL RATES

During the past year, the Atlantic Provinces Transportation Commission made extensive efforts to secure a downward adjustment in the railway rate structure covering fish meal from the Atlantic Region to Central and Western Canada, with favourable results.

For several years preceding this adjustment a number of rate inconsistencies and inequities developed which detrimentally affected the ability of Atlantic Provinces producers to compete to the fullest possible extent in the Canadian domestic market. This had the effect of a greater volume of fish meal moving to export markets with concomitantly smaller rail movements of fish meal to points in Canada.

The specific areas of concern in connection with the former rates on fish meal were —

- (1) Class rates defeating commodity rates, which occurred by varying degrees and from some shipping points at the exclusion of others.
- (2) The extreme widening of the differences in rates between Newfoundland shipping points as compared to those on the mainland making it difficult for Newfoundland producers to compete.
- (3) The decreasing proportion of domestic sales to total sales (i.e. greater dependency on foreign markets) caused, in part, by more favourable rates on competing domestic products.
- (4) The lack of a consistent commodity rate structure resulting in confusion and uncertainty among shippers and consignees.

To resolve these problems, the Atlantic Provinces Transportation Commission organized meetings with the Fisheries Association of Newfoundland and Labrador and the Atlantic Fisheries By-Products Association which, in consultation with the Canadian Feed Manufacturers Association, resulted in a united approach representing the interests of the industry throughout this region. This was followed by a meeting with senior officials of Canadian National Railways and CP Rail at which time a specific rate proposal was presented on behalf of the industry. While that proposal was subsequently declined by the railways, a counter-proposal was offered

and accepted which largely met the objectives of the industry.

The new rate structure was brought into effect in the fall of 1975 and reflected the following average reduction in relation to rates (either class or commodity) formerly available:

Tabulation Showing Average Reductions
In Rail Rates On Fish Meal Effective
September/October, 1975

FROM	TO								
	QUEBEC			ONTARIO			WESTERN CANADA		
	A	B	C	A	B	C	A	B	C
	(Cents Per 100 Lbs.)								
Newfoundland	10	14	17	12	17	19	*	*	*
Nova Scotia	6	10	12	3	5	6	144	134	61
Prince Edward Island	1	5	8	1	3	5	145	132	62
New Brunswick	3	6	6	1	3	4	143	137	64
Quebec	1	4	5	1	2	3	147	133	63
All Points	6	9	10	5	7	9	144	135	62
A — 60,000 lbs.	B — 80,000 lbs.			C — 90,000/100,000 lbs					

*No meaningful rates presently published for comparison purposes.

While this new rate structure met the objectives of the fish meal industry at the time of its implementation, certain subsequent developments have had a further detrimental effect upon the competitive position of fish meal in the Canadian market. First, as had been agreed at the time of the negotiations, fish meal rates were increased by 15% during December of 1975. While the same increase had been reflected in the rail traffic covering soyabean meal, a product that directly competes with fish meal, it was removed before it became effective on movements of soyabean meal to all points in Eastern Canada. The second development was a reduction in rail rates on soyabean meal ranging from 40 cents to \$2.80 per ton from Ontario shipping points to most destinations in Quebec to meet truck competition. These developments have deteriorated the competitive position of fish meal and the matter is under review in consultation with the industry at the conclusion of the year.

50TH ANNIVERSARY OF A.P.T.C.

The year 1975 is a memorable one for the Atlantic Provinces Transportation Commission in that it represented the 50th Anniversary of the formation of the Commission under the aegis of the Maritime Board of Trade in 1925.

To commemorate this milestone, a special dinner was held on September 29th in Moncton, N.B., the location of the formation of the Commission some fifty years earlier. The Honourable Gerald Regan, Premier of Nova Scotia, addressed the Dinner. During his address he paid glowing tribute to the work of the Commission over this half of a century.

Special guests at the Dinner included the former Manager of the Commission, Mr. Rand H. Matheson, who served in that post from 1934 until 1955. Also present were all living former Chairmen of the Commission and many of the former Directors of the Commission. The esteem with which the Commission is held by industry throughout the region was evident by the many communications of commendation and best wishes received from companies throughout the four provinces.

During its fifty years of service to the Atlantic Region, the Commission has produced untold benefits for business and industry in these provinces. As the Commission embarks on the sixth decade of service to the region, it does so with a sense of gratitude to the provinces for their continual and increasing financial support. It also expresses its grateful appreciation to the carriers for the co-operation that it has received and anticipates that it will continue to receive such co-operation from them.

In his address to the 50th Anniversary Dinner, Premier Regan indicated that the Commission was the most beneficial organization created by the provinces on a co-operative basis.

MEETINGS AND CONFERENCES

As in previous years the Chairman, Vice-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 synopsis of these activities follows:

<u>Date</u>	<u>Conference/Meeting/Organization</u>	<u>Nature of Participation</u>
1975		
April 21	Atlantic Business Outlook '75	Address
April 23	Coast Guard College Seminar	Address
May 9	Canadian Feed Manufacturers Association	Address
May 12	C.M.A. Export Forum	Panelist
June 2	Atlantic Provinces Chamber of Commerce	Report
June 5	Maritime Lumber Bureau	Panel Moderator & Report
June 10	Canadian Industrial Traffic League Seminar — Transportation Outlook	Address
June 12	Greater Charlottetown Area Chamber of Conference Seminar	Panelist
June 19	Rotary Club of Grand Falls, Nfld.	Address
June 23	Maritime Wholesale Hardware Association	Address
July 18	Maritime Farmers Council	Discussion Leader
Aug. 29	N.B. Potato Shippers Association	Resource Person
Sept. 22	South Shore Associated Boards of Trade	Address
Sept. 28	Atlantic Provinces Chamber of Commerce	Report
Sept. 30	N.B. Industrial Developers Association	Address
Nov. 4-5	Physical Distribution Advisory Service Seminar	Resource Person
Nov. 6	Canadian Feed Manufacturers Association	Address
Dec. 11	Voluntary Planning Economic Seminar	Panelist
1976		
Jan. 25-27	University of Maine/APEC Air Seminar	Program Participant
Jan. 29	Nova Scotia Forest Products Association	Panelist
Feb. 19	U.N.B. Civil Engineering Transportation Seminar Series	Lecture
Feb. 25	Physical Distribution Advisory Service Seminar	Resource Person
Feb. 27	Corner Brook Chamber of Commerce Transportation Conference	Resource Person

OTHER ACTIVITIES

In this Transportation Review and Annual Report, a number of the matters that have occupied the attention of the Atlantic Provinces Transportation Commission have been detailed. The bulk of the Commission's work during the year, however, does not lend itself to detailed coverage in a report of this nature. It is in this area that the major tangible benefits for business and industry result. In the paragraphs that follow an attempt

is made to report on some of the items which the Commission has dealt with during the year under review where identifiable benefits have resulted from the work done.

Through negotiations with the Canadian railways, a reduced level of potato rates were secured for New Brunswick and Prince Edward Island potato shippers on traffic destined to the Province of Newfoundland. These negotiations resulted in reductions of 25-35 cents per 100 lbs. and also avoided a 20% increase which would have otherwise been applied to these rates.

In co-operation with the N.B. Department of Economic Growth, the Commission was able to bring the movement of small electrical appliances manufactured by a company in New Brunswick under the Maritime Freight Rates Act and Atlantic Region Freight Assistance Act programs for the movement of its products under Plan III piggyback rates.

The Commission negotiated on behalf of a Newfoundland producer of meat meal and tallow reduced rail carload rates on its products to points on the Maritime mainland with substantial savings resulting.

A manufacturer of paper cores in the Provinces of Nova Scotia utilized the Commission's services in negotiating rates on its products with significant benefits.

A chemical manufacturer in New Brunswick was assisted by the Commission in securing lower rates on its raw materials coming from Maitland, Ont. and lower rail rates on its finished products to St. John's, Nfld. In addition, the Commission assisted the company in securing a deferral for two months in a freight rate increase proposed by a highway carrier on the company's products.

Because of its increased diversification into the realm of transportation, a Public Utilities group in New Brunswick asked the Atlantic Provinces Transportation Commission to carry out a study of its traffic patterns and costs. An extensive study of the costs and methods of shipping throughout the Province was completed and presented to the Utilities group. Management is using the Commission's study as a working tool in their operation, and are in the process of implementing certain recommendations set forth in that study.

The Commission negotiated lower express rates on dry goods moving from a manufacturing plant in Nova Scotia to markets in Ontario.

The Prince Edward Island Tobacco Commodity Board utilized the Commission's services in establishing rates by truck and railway piggyback service on tobacco from Prince Edward Island shipping points to points in the Provinces of Quebec and Ontario. The Commission's negotiations in this respect produced very substantial savings for this Board.

Truckload rates were negotiated on machinery from a manufacturing plant in Nova Scotia and on plastic pipe from a plastic manufacturer in that province to points in the Province of Quebec. In both cases, significant reductions in transportation costs were achieved for the companies.

A New Brunswick woodpulp producer benefitted substantially as a result of lower truck and rail rates negotiated on woodpulp.

Approximately a dozen companies throughout all four of the Atlantic Provinces achieved refunds on freight charges overpaid as a result of referring specific freight bills to the Commission for verification of the

charges assessed. The Commission does not, as yet, provide a full time freight audit service to companies but in cases where specific inquiries by industry are made regarding one or two bills, the Commission does attempt to verify whether the charges are correct or not. The value of this work to those dozen companies totals in excess of \$12,000.

A New Brunswick company utilized the services of the Atlantic Provinces Transportation Commission in negotiations with ocean carriers to secure a lower ocean rate on its products to a Caribbean market.

A dairy in Prince Edward Island estimates that the work of the Atlantic Provinces Transportation Commission in providing it with rate information of the charges paid by its competitors enabled it to expand its market and similar information on rates available by various transportation companies serving P.E.I. enabled it to realize substantial savings in transportation costs by utilizing the carrier or carriers providing the lowest charges consistent with the service required.

During the year the Commission was called upon again to provide advice and help to companies experiencing problems in securing settlement of loss and damage claims. The Commission's role in these instances is primarily restricted to that of advising the company of any precedence that are found in its files and other claims literature as well as in some instances providing a catalyst to bring the two parties, the shipper and the carriers, together to further discuss the outstanding claim or claims.

A Newfoundland company sought the Commission's assistance in determining whether a change in the routing and carriers it was using to import rice from the United States would result in lower transportation charges. The Commission's investigation revealed that a change from the present method of shipping to a different combination of carriers would result in lower transportation costs to the Newfoundland company.

The Commission was called upon by a Nova Scotia flour mill to negotiate rail rates on a quantity of wheat which it wished to move from the Lakehead to Halifax. The knowledge and experience of the Commission in rail rates on grain and other traffic enabled it to secure a substantially lower transportation cost for the company.

The Commission did an extensive analysis of the shipping methods and charges of a New Brunswick furniture manufacturer. The company approached the Commission because it was experiencing loss of sales in Central and Western Canada due to the level of its freight charges in comparison with other manufacturers located in Central Canada. Meetings were held with the various carriers and different modes of transportation. As a result, a different distribution system was developed. The company reports that the decline in sales has been reversed and since it is now more competitive from a transportation cost position, it anticipates regaining its former sales volume. The experience gained with this manufacturer is being utilized, at year end, in assisting another New Brunswick company experiencing a similar problem.

These few items are indicative of the day to day activities of the A.P.T.C. and along with the work that the Commission has done in respect of lumber rates, corn rates, feed grain rates, fish meal rates, and truck rates between Quebec and the Maritimes, returns have been achieved for Atlantic Provinces' business and industry in excess of \$3.00 for every dollar that the provinces advanced to the Commission for its ordinary operating expenses during the past year. Such a figure, of course, does

not include the benefits which industry receives from the advisory services of the Commission nor from expanded sales or retained markets as a result of the Commission's work.

In the summer of 1975, a direct coastal service was instituted on a trial basis from Corner Brook to Goose Bay by East Coast Ferry and Marine Services. Following the first trip, the A.P.T.C. was called upon by the Corner Brook Chamber of Commerce for assistance in respect of the correct rates to be assessed on traffic moved on this direct route. After extensive consultations with the operators, the Commission advised the Corner Brook interests that, in its opinion, the applicable rates were considerably lower than those assessed originally.

In addition, industrial development and marketing inquiries continued to be received from Provincial Governments and their agencies or municipal development groups. Because of the slowdown in economy, the number of such inquiries fell below that of the previous year but did total ninety-eight. The Commission issued 2,954 Rate Advices, an increase of 41% over the previous year. These Rate Advices are often the only indication that Atlantic Region companies receive of rate changes which may affect them either directly or indirectly.

The Commission continued the publication of its newsletter "Tips & Topics" — six issues being published during the year in review. An innovation developed during the year whereby the Physical Distribution Advisory Service now includes in the newsletter an article on some aspect of physical distribution.

The Commission reissued its "Directory of Containership Services Between Saint John and Halifax and World Ports" in November, 1975. This publication is extremely popular among exporters and importers not only in the Atlantic Provinces but throughout Canada and the northeastern United States. It provides in one concise volume detailed information on containership services between the Maritime ports and more than fifty world ports.

The Commission re-issued its "Highway Overhead Clearance" booklet during the year.

Work continued during the year on a Transportation Directory for the Atlantic Provinces which would incorporate as a major part a "ship by truck" section. The need for such a Directory has been keenly felt for some time in Atlantic Canada. At year end it is anticipated that this Directory will be published by mid-June.

As in previous years, the Commission has continued a close association with 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 Atlantic Division of the Canadian Manufacturers Association, the Maritime Lumber Bureau, the Nova Scotia Voluntary Planning Group, and the Nova Scotia Forest Products Association.

In addition, this year the Commission has been represented on two of the Metric Commission's committees, namely, the Water Transport Sector Committee and the Working Group on Tariff Conversion.

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 Transporta-

tion Research Forum, the Greater Moncton Chamber of Commerce, and the Transportation Association of America. The General Manager serves as a member of the Transportation & Communications Committee of the Canadian Chamber of Commerce and the Greater Moncton Chamber of Commerce. Other members of the Commission's staff serve on the Transportation Committees of the Maritime Lumber Bureau, the Atlantic Division of the Canadian Feed Manufacturers Association, the Nova Scotia Voluntary Planning Group, and the Nova Scotia Forest Products Association.

For several years the General Manager has acted as Atlantic Region co-ordinator of National Transportation Week activities. National Transportation Week is observed in late May or early June as a time to recognize the importance that transportation plays in the economic society of the nation and to pay tribute to the more than 800,000 persons involved in that industry. During National Transportation Week a National Dinner is traditionally held at various places throughout Canada. Through the initiative of the General Manager, this Dinner will be held in Halifax, N.S. in 1976. As Atlantic Region Chairman for National Transportation Week activities, it will be the General Manager's responsibility to plan and see that the necessary organization for this Dinner is carried out.

COMMISSION DIRECTORS

A number of changes in the Commission's Directors occurred during the year. At the Annual Meeting of the Atlantic Provinces Chamber of Commerce held in June, 1975, Mr. C. L. Weckman completed his term of office having served as Commission Director for four years. The Chamber of Commerce appointed Mr. J. J. Kinley, President of Lunenburg Foundry & Engineering Ltd., Lunenburg, N.S., to fill this vacancy. In late summer, Mr. R. B. Forbes of Edmunston, N.B., Mr. D. M. Hope of Saint John, N.B., Mr. Elric Campbell of Summerside, P.E.I. submitted their resignations as Directors of the Commission primarily due to their inability to attend Commission meetings regularly. The Chamber of Commerce appointed Mr. G. A. Heaton, Senior Vice-President of the firm Nadeau & Nadeau Limited of St. Francois de Madawaska to replace Mr. Forbes; Mr. F. J. Crease, President of the MacMillan Rothesay Co. Ltd. of Saint John to replace Mr. D. M. Hope; and Mr. Russell Phaneuf, Secretary-Treasurer of Jenkins Brothers Ltd. of Summerside to replace Mr. Campbell.

In early March, the Commission received the resignation of Mr. Denis Monroe, President of Fisheries Products Limited of St. John's as a government appointee to the Commission. At year end this vacancy had not been filled.

To those individuals who have terminated their association with the Commission as Directors during the year, the Chairman and the General Manager express their deep appreciation for the contribution that they have made to its work during their years of service.

ACKNOWLEDGEMENTS

In concluding this Annual Report, the Chairman and the General Manager wish to express their deep appreciation and sincere thanks to the excellent co-operation that it has received during the year from the various transportation carriers. It is hoped that this co-operation and assistance has been mutually beneficial to both groups and that through it, new traffic has been developed for the carriers or existing traffic has been retained.

The thanks of the Chairman and General Manager goes also to the Directors of the Commission who by their faithful attendance at and participation in Commission meetings, their continual attention to the activities of the Commission and transportation developments affecting the region as well as their ready availability for consultation by telephone, have greatly assisted in the fulfillment of the Commission's role during the past year. The dedication of the Directors is emphasized by the fact that no remuneration whatsoever is received by them for their services. Their only reward for this voluntary contribution to the activities of the Commission is to see the economic developments of the region improve as a result of the Commission's activities.

No report of the Chairman and General Manager would be complete without a word of thanks and appreciation to the staff. On behalf of the Directors, a sincere expression of thanks and appreciation goes to the loyalty, the dedication, and the hard work of the staff for carrying out their duties and responsibilities during the past year in an efficient and competent manner. A word of thanks is also extended to Mr. T. C. Bird, Executive Director of the Physical Distribution Advisory Service and his staff for the co-operation that has been extended to the Atlantic Provinces Transportation Commission during the year covered in this Report.

All of which is respectfully submitted,

The block contains two handwritten signatures in cursive. The signature on the left is 'Norman H. Smith' and the signature on the right is 'Craig S. Dickson'.

Norman H. Smith
Chairman

Craig S. Dickson
General Manager



