

C

TRANSPORTATION

REVIEW

AND

ANNUAL REPORT

1970 - 1971

ATLANTIC PROVINCES TRANSPORTATION COMMISSION

ATLANTIC PROVINCES TRANSPORTATION COMMISSION

TRANSPORTATION REVIEW AND ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 1971

(Issued May 11, 1971)

The Atlantic Provinces Transportation Commission has offices at 128 Highfield St., Moncton, N. B. The services of the Commission are freely available to individuals, corporations and trade groups doing business in the Provinces of Nova Scotia, New Brunswick, and Prince Edward Island.



CONTENTS

1970-71 EXECUTIVE COMMITTEE	4
DIRECTORS OF THE ATLANTIC PROVINCES	
TRANSPORTATION COMMISSION	6
A MESSAGE FROM THE NEW CHAIRMAN	7
SERVICES OF THE ATLANTIC PROVINCES	
TRANSPORTATION COMMISSION	8
GENERAL TRANSPORTATION REVIEW	9
— Rail	9
— Highway	11
— Air	13
— Extra-provincial Ferries	16
— Ports	18
GENERAL LEVEL OF RATES	21
— Rail — Domestic	21
— Rail — International	25
— Truck	28
— Air	30
ATLANTIC REGION FREIGHT ASSISTANCE ACT	33
FEDERAL-PROVINCIAL COMMITTEE ON TRANSPORTATION	35
SUBMISSION TO C P RAIL REGARDING DIGBY	
SAINT JOHN FERRY SERVICE	38
UNIFORM HIGHWAY REGULATIONS	40
RAIL RATES AND CHARGES ON POTATOES	42
CURRENCY EXCHANGE ON INTERNATIONAL	
TRUCK CHARGES	44
APPLICATIONS UNDER SECTION 16 OF	
NATIONAL TRANSPORTATION ACT	44
EXPORT — IMPORT RAIL RATE ADJUSTMENT	46
COASTING TRADE INQUIRY	47
MARITIME UNION REPORT	48
SHIPPING CONFERENCE EXEMPTION ACT	49
COMBINED TRANSPORTATION CONVENTION	
AND DOCUMENTATION	49
OTHER ACTIVITIES OF THE COMMISSION	50
GENERAL	54

1970 - 71 EXECUTIVE COMMITTEE



J. M. CROSBY

Chairman

President

Crosby Molasses Co. Ltd.

Saint John, N. B.



F. R. RAND

Vice Chairman (N. B.)

Director

Enamel & Heating Products Limited

Sackville, N. B.



GERALD HANDRAHAN

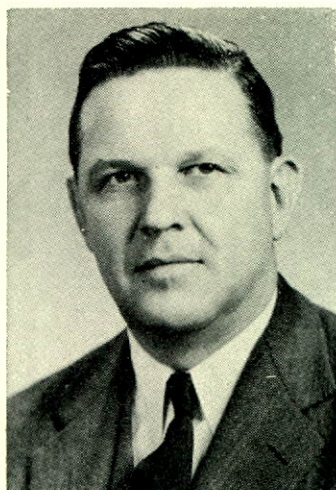
Vice Chairman (P. E. I.)

Manager

Tignish Cooperative Association Ltd.

Tignish, P. E. I.

1970 - 71 EXECUTIVE COMMITTEE



R. G. SMITH

Vice Chairman (N. S.)

Halifax, N. S.



GRAIG S. DICKSON

Executive Manager

Moncton, N. B.

**DIRECTORS OF THE ATLANTIC PROVINCES
TRANSPORTATION COMMISSION
AS AT MARCH 31st, 1971**

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

Nova Scotia

Government:

Charles B. Christie	Amherst, N.S.
A. W. Cox, Q.C.	Halifax, N.S.

Maritime Provinces Chamber of Commerce:

R. G. Smith	Halifax, N.S.
R. J. McGrath	Hantsport, N.S.
David G. Burchell	Bras D'Or, N.S.

New Brunswick

Government:

F. H. Hatfield	Hartland, N.B.
Glendon Eddy	Bathurst, N.B.

Maritime Provinces Chamber of Commerce:

F. R. Rand	Sackville, N.B.
J. M. Crosby	Saint John, N.B.
R. W. Ganong	St. Stephen, N.B.

Prince Edward Island

Government:

K. A. MacKenzie	Charlottetown, P.E.I.
-----------------	-----------------------

Maritime Provinces Chamber of Commerce:

Gerald Handrahan	Tignish, P.E.I.
------------------	-----------------

Newfoundland and Labrador

Newfoundland and Labrador Chamber of Commerce*

Norman Smith	St. John's, Nfld.
Allan Noseworthy	Corner Brook, Nfld.

Also

President, Maritime Provinces Chamber of Commerce

Ex-Officio (non-voting)

General Manager, Halifax Board of Trade
 Manager, Saint John Board of Trade
 General Manager, Charlottetown Chamber of Commerce
 General Manager, Newfoundland and Labrador Chamber of Com.
 Manager, Maritime Provinces Chamber of Commerce
 President, Atlantic Provinces Economic Council

STAFF

Craig S. Dickson, Executive Manager and Treasurer
 Ramsay M. S. Armitage, Assistant Manager
 Lorne M. Mitton, Transportation and Distribution Officer
 David Ford, Research Economist
 Wayne R. Hamlin, Traffic Analyst
 Roger Breau, Assistant Traffic Analyst
 Ross A. Palmer, Tariff Clerk
 Mrs. Frances Dewberry, Staff Secretary#
 Miss Margaret (Peggy) Rogers, Assistant Staff Secretary

* The Commission continues to maintain an affiliation with the Newfoundland and Labrador Chamber of Commerce even though the Government of that Province did not financially support the Commission during the year ending March 31, 1971.
 # Effective April 20, 1971.



**A MESSAGE
FROM THE
NEW
CHAIRMAN**

David G. Burchell

Chairman (elected May 11, 1971)
Bras D'Or, N. S.

As the newly elected Chairman of the Atlantic Provinces Transportation Commission, I welcome this opportunity to bring the following message to the readers of this Transportation Review and Annual Report.

First, on behalf of the Directors of the Commission, I want to express sincere thanks and appreciation to Mr. J. M. Crosby of Saint John, N.B. retiring as Chairman of the Commission and Mr. R. G. Smith of Halifax, N.S. retiring as the Commission's Vice Chairman for Nova Scotia. The loyal and dedicated service given to the Commission by these men during the past eight years in these positions and in earlier years as Directors in their respective Provinces will long be remembered. Indeed, I am confident that the public at large in Atlantic Canada concurs in this word of appreciation and thanks to these two men who have given countless hours and shared unselfishly their talents to guide and direct the affairs of the Atlantic Provinces Transportation Commission. Their service was given voluntarily and without remuneration. Their reward was to see that through the work of the Commission tangible benefits were secured for business and commerce in Atlantic Canada.

Secondly, in a time when greater co-operation among the Provinces is being stressed and the possibility of political union being considered, I look forward to an increased awareness of and support for the work of the Commission from all levels of the public. The Atlantic Provinces Transportation Commission is one of the first expressions of regional co-operation, and as the newly elected Chairman, I personally pledge myself to do all I can to ensure that the Commission builds on the foundations laid so well by my predecessors in order that Atlantic Canada's transportation needs of today and tomorrow can be met.

ATLANTIC PROVINCES TRANSPORTATION COMMISSION

ITS ORIGIN

Dissatisfied in 1925 with the economic progress of the then three Maritime Provinces, the Maritime Provinces Board of Trade tackled the transportation problems that were considered to be the major factor inhibiting the economic growth of the region. A Transportation Manager was secured with the approval and financial support of the Maritime Governments. In 1950 the Commission was expanded to include Newfoundland. The Commission's name was changed on April 1, 1969 from the Maritimes Transportation Commission to the Atlantic Provinces Transportation Commission.

ITS OBJECTS AND PURPOSES

. . . to obtain the best transportation services possible at the lowest possible cost for persons and industries within the four Atlantic Provinces.

ITS DIRECTORS

. . . . consist of prominent professional and business men and government officials appointed by the three Maritime Provinces Governments, the Maritime Provinces Chamber of Commerce and the Newfoundland and Labrador Chamber of Commerce. Meetings of the Directors on policy issues consist of an annual meeting plus generally two or three additional meetings.

ITS OFFICE AND STAFF

The Commission maintains an office at 128 Highfield Street, Moncton, N.B. where the Executive Manager and his staff of eight carry out the many and varied activities coming before the Commission.

ITS SERVICES INCLUDE

- representations to regulatory boards on transportation matters affecting the Atlantic Provinces;
- preparation and presentation of submissions to fact-finding bodies concerning transportation as it affects the Atlantic Provinces;
- negotiations directly with carriers by rail, road, water and air for changes in rates or services or both to benefit the region or a specific industry group or groups;
- technical advice and assistance to specific companies negotiating with carriers for changes in rates or services, including the preparation of material for presentation to the carriers;
- representations to Governments and governmental agencies for both improvements in and additions to transportation facilities and services;
- specific studies respecting transportation for industrial development agencies, groups or specific industries;
- advice and assistance on transportation matters to individuals, corporations and trade groups doing business in the Atlantic Provinces;
- dissemination of advice on transportation changes in rates or services which affect directly or indirectly the competitive position of Atlantic Provinces industry;
- publication of an educational and advisory newsletter "Tips and Topics" at regular intervals.

ITS SERVICES ARE FREELY AVAILABLE TO YOU.

GENERAL TRANSPORTATION REVIEW

The outstanding transportation events of particular significance to the Atlantic Provinces which occurred during the year covered by this report were—(1) the reduction by 2½ percentage points in the Maritime Freight Rates Act subsidy paid on rail shipments **within** the Maritime Freight Rates Act territory; (2) the extension of a subsidy of 17½% to shipments carried by for hire highway transport operators within the same territory; and (3) a reduction in ferry fares for highway transports using the government ferries operating between New Brunswick and Prince Edward Island and between Nova Scotia and Newfoundland.

Rail

Despite greater operating revenues both major railways reported that difficult economic conditions during 1970 led to worse financial performance than had been expected. Tight money, rising prices and wages and the "unpegging" of the Canadian dollar all contributed to expenses which rose as fast if not faster than revenues. Some comparative figures on the companies operating and financial performance for 1969 and 1970 are presented below:

	Canadian National			Canadian Pacific		
	1970	1969	% Change	1970	1969	% Change
Revenue Freight (Tons X 000)	107,427	102,561	+4.7	77,400	67,240	+10.0
Freight Revenue (\$ X 000,000)	774.2*	745.6*	+3.8	544.8#	504.4#	+8.0
Passenger Revenue (\$ X 000,000)	69.7	75.3	-7.4	19.8	21.9	-9.6
Total Rail Operating Revenue (\$ X 000,000)	1,042.4	1,014.3	+2.8	616.0	580.0	+6.2
Total Rail Operating Expenses (\$ X 000,000)	1,027.6	995.9	+3.2	577.6	545.4	+5.9

* Includes payments under the National Transportation Act of:
1970 \$39.0 million 1969 \$47.0 million

Includes payments under the National Transportation Act of:
1970 \$27.4 million 1969 \$33.1 million

Car loading statistics normally presented in this section were not available for inclusion in this report. Data collection problems at the Dominion Bureau of Statistics have resulted in such information being available only for the first quarter of 1970.

In 1970 Canadian National Railways applied to the Canadian Transport Commission for a subsidy to cover losses on its passenger train services in Canada. Representing only those services for which figures have been made public the railway's application revealed

losses in 1969 of \$50,069,926. This figure is made up of individual losses of:

Halifax — Montreal runs	—	\$ 11,227,512
Moncton — Montreal run	—	5,916,894
Sydney — Halifax run	—	521,816
Total losses on the above Maritime trains	—	17,666,222
Montreal — Vancouver runs	—	32,403,704
Total Losses on the above listed trains	—	\$ 50,069,926*

* — This figure does not include losses being incurred on the Moncton — Saint John passenger service, nor losses for numerous other passenger trains elsewhere in Canada.

Canadian National's application for subsidy followed the Canadian Transport Commission's decision handed down in June 1970 prohibiting CP Rail from discontinuing its Transcontinental train "The Canadian". The Canadian Transport Commission's decision automatically qualifies Canadian Pacific for a subsidy up to 80% of the loss being incurred by this train.

A unique aspect of Canadian National's application is that it has not applied to discontinue the service but rather for a subsidy. So far the National Transportation Act has been interpreted as providing subsidy only when the railway company applies to discontinue a passenger service and is ordered by the Canadian Transport Commission to maintain that service. It is known that Canadian National does not approve of the onus being placed on the railway to apply for discontinuance of a service before the Canadian Transport Commission can rule that the service is eligible for subsidy. The railway feels that if it is necessary to apply for discontinuance in order to receive a subsidy the public receives the wrong impression of the railway's intentions. Canadian National has stated that it is firmly committed to providing the passenger train service required in the public interest but feels that if its passenger train services are operated at a loss then it should be compensated for such losses to the extent permitted by law without having to apply for the complete discontinuance of the service. However, it is understood that Canadian National was required to resubmit the applications for discontinuance of service to conform with the National Transportation Act.

During the year covered by this report the Canadian Transport Commission held hearings in Western Canada concerning CP Rail Transcontinental train service and it authorized both Canadian National Railways and CP Rail to discontinue a number of passenger train services in Western Ontario.

In the fall of 1970 the Supreme Court of Canada rejected an appeal by CP Rail from the Canadian Transport Commission decision and order in the co-called "costing case". It will be recalled that the Canadian Transport Commission had held extensive hearings under the National Transportation Act before prescribing the items and factors which were to be taken into consideration in any proceedings

before the federal commission where railway costs are involved. CP Rail had disputed certain of the C.T.C. costing regulations, mainly those pertaining to depreciation expense and capital cost allowance which the railway would be allowed for subsidy purposes when a railway was ordered by the Canadian Transport Commission to maintain services such as passenger trains and branch lines.

Highway

While Part III of the National Transportation Act was proclaimed in effect on May 15, 1970, the actual regulation of motor carrier transportation which falls under federal jurisdiction has not yet been undertaken by the Motor Vehicle Transport Committee of the Canadian Transport Commission.

A draft of the proposed regulations under Part III being considered by the Federal Government has been circulated to a number of organizations throughout Canada, including this Commission. At year end careful consideration was being given to this draft.

Another Federal-Provincial Conference on the implementation of Part III of the National Transportation Act has been scheduled for mid-April 1971. All provinces are opposed to the Federal Government exercising its jurisdiction over intra-provincial operations of extra-provincial carriers. It also appears that most provinces wish to have some part in the Federal jurisdictional decision making on extra-provincial licences and that the provinces have been pressing for a joint Federal-Provincial Board to handle such applications.

It will be recalled that the Atlantic Provinces Transportation Commission proposed (1) that intra-provincial, or local services within a Province, which are carried out by an extra-provincial carrier **should** remain under provincial regulation if Part III of the National Transportation Act is fully implemented; and (2) that the three Maritime Provinces consider the creation of a single Motor Carrier Board for the regulation of highway carriage within this region and the exclusion of such highway carriage from federal regulations under Part III. This former proposal is accepted fully by the Maritime Provinces Governments while the latter, at first, received scant attention. More recently, however, it has received some favourable consideration including the endorsement of the Transportation and Communications Sector of the Nova Scotia Voluntary Economic Planning Board.

Motor carrier licences granted during 1970 in the four provinces of the region are listed below:

Number of Licences granted in 1970					NFLD & Labrador
	N.S.	)	N.B.	PEI#	
Extra-provincial	63	)		20	12
Intra-provincial	35	)	204	2	338
Total Number of Licences In Effect December 31/70					
Extra-provincial	515*	)		255	57
Intra-provincial	504*	)	560	55	1469

NOTE: * — 561 motor carrier licenses were cancelled during the year due to changes in the Nova Scotia Motor Carrier Act which exempted certain classes of for hire carriers.
= Information covers period April 1, 1969 — March 31, 1970.

During the year, three of the four provinces amended their motor vehicle regulations regarding allowable vehicle weights. The details of these changes are given below for each of the Provinces.

Newfoundland

New axle weight tolerances were introduced January 19, 1971 which effectively raised the gross weight limit of a five axle tractor-trailer combination from 74,000 to 80,000 pounds. In addition to the new tolerances an upper limit of 112,000 pounds has been set for vehicles which can achieve this weight without exceeding the legal axle limits of 18,000 pounds for a single axle or 32,000 pounds for a tandem axle. When axle tolerances are added to the legal gross weight, it is possible to achieve somewhat over 121,000 pounds for a properly configured vehicle.

New Brunswick

In August, New Brunswick raised its gross weight limit from 74,000 pounds to 80,000 pounds on all highways and from 74,000 to 125,000 pounds on certain designated highways. Axle limits were raised from 18,000 to 20,000 pounds for single axles and from 32,000 to 35,000 pounds for tandem axles.

Prince Edward Island

Late in 1970 Prince Edward Island raised its gross weight limit from 74,000 to 80,000 pounds while axle weight limits were increased to the same level as in New Brunswick.

At the present time, four Canadian provinces, Ontario, Quebec, New Brunswick and Newfoundland have gross weight limits and legislation which permits the economic operation of double trailer combinations and a fifth province, Alberta, introduced the permissive use of triple trailer combinations during 1970. The increases in gross and axle weight limits have occurred over a period of less than a year and are perhaps indicative of the realization on the part of highway authorities and governments that increased efficiency on the part of truckers is closely tied to the equipment that they are permitted to operate.

As a further follow-up to the conference of motor carrier and motor vehicle administrators held in Saint John in the fall of 1969, your Commission prepared a memorandum on motor carrier and motor vehicle regulations within the three Atlantic Provinces and submitted it to the Premier's during the first few days of 1971 for their consideration. Further particulars of this memorandum are found in a later portion of this report.

In November the voters of the State of Maine turned down a \$30 million bond issue which was to be applied to the "Corridor Road". Even as the voters were rejecting the bond issue, another American group was promoting an east-west Interstate Highway which would run from Amsterdam, New York to Calais, Maine. Under existing United

States federal sponsored highway projects, the federal authorities would pay up to 90% of the \$900 million cost of the proposed new highway. To date the United States government has provided \$1.5 million to undertake an investigation of the feasibility of the road.

Air

Air Canada experienced its first net loss since 1962 in its operations during 1970. In presenting the financial statement of the Company to the Minister of Transport, Yves Pratte, Chairman of Air Canada, said that slow growth in the economy and price increases during the year were major factors leading to the loss. It has not been possible to report the financial position of Eastern Provincial Airways for 1970 as a complete record has not been available from the Dominion Bureau of Statistics. It is noted, however, that in the first eleven months of 1970, E.P.A. had experienced a loss of \$285,000 before subsidy payments had been taken into account. The large increase in passengers carried and in passenger miles achieved by the regional carrier as shown in the table that follows can be attributed to the addition of three Boeing 737 Aircraft to its fleet and to the general expansion of its operations during the year.

	Air Canada			Eastern Provincial Airways		
	1970	1969	% Change	1970	1969	% Change
Revenue Passengers Carried (1)	7,437,445	6,407,949	+ 16.6	256,697	140,845	+ 82.3
Revenue Passenger Miles	6,681,710	5,740,299	+ 16.4	111,986	58,414	+ 93.1
Freight Ton Miles (x 000)	184,787	148,201	+ 12.5	2,101	2,074	+ 1.3
Passenger Load Factor (2)	57.3%	57.0%		31.1%	27.4%	
Net Income (Loss) After Taxes	(1,072,000)	1,548,000		N/A	—(3)	

(1) All Services

(2) Scheduled services only.

(3) E.P.A. reported a net income of \$97,797 for 1969 after subsidy payments had been taken into account.

Source — D.B.S. Catalogue No. 51-001, Transcontinental and Regional Air Carrier Operations.

On June 2nd, the Air Transport Board of the Canadian Transport Commission granted an application by Pacific Western Airlines and Air Canada which asked that Air Canada's service from Vancouver to Victoria be reduced and from Victoria to Seattle, Wash. be suspended in favour of a like service by Pacific Western Airlines. In granting the applications, the Board directed Air Canada to assist Pacific Western through interline arrangements and through the provision of certain ground services at Victoria.

An application by Air Canada to discontinue its regular service between Calgary and Lethbridge, Alberta in favour of a similar service

by Pacific Western Airlines brought strong reaction by several groups in the western province. Because of the protests, the Air Transport Board brought representatives of the three airlines involved in service to Lethbridge (including Time Airways who operate a strictly provincial venture) in order that a satisfactory settlement be arranged. As a result of this meeting, Pacific Western withdrew its application in favour of Time Airways while Air Canada was to be permitted to suspend its operations into Lethbridge.

Air Canada applied to drop its service to Bagotville, Quebec December 3, 1970. At the time of writing, the Board had not rendered a decision on this application. Other regulatory decisions of more specific interest to Atlantic Canada include:

- Newfoundland Air Transport Limited applied June 9th to extend its service from Deer Lake to Blanc Sablon in Labrador;
- Licences of Air New Brunswick were cancelled April 6, 1970;
- Air Acadia applied for a licence to operate a service for passengers and freight between the points of Bangor, Maine, Saint John, Yarmouth, Halifax and St. Pierre et Miquelon. The application was rejected.

During the year reviewed by this report, Eastern Provincial Airways announced its intention to introduce on April 25, 1971 a jet service from Moncton, N.B. to St. John's, Newfoundland via Halifax, Sydney, Deer Lake and Gander. This service fills a void which has existed in the Air Canada scheduling between Moncton and Newfoundland. Eastern Provincial Airways also announced that beginning April 25, 1971 daily service will be resumed through the northern New Brunswick airport of Charlo. During the winter of 1970-71 the service had been on a five-day week schedule.

Another interesting development in the air world occurred during the year when Manchester Liners Limited, a British ocean shipping firm, announced a plan to study the potential use of dirigibles as air cargo carriers.

On March 2, 1971, the Study of Air Transportation in the Atlantic Provinces prepared by Professors Wilson and Stevens of the University of New Brunswick was tabled in Parliament.

The Study, begun during 1969 for the Department of Transport, had several purposes, these were:

1. To develop planning techniques and to serve as a pilot study of regional air transportation preparatory to the formulation of a national airport plan;
2. To prepare forecasts of passenger demand for 1980 and 1990 within the region;

3. To propose an airline network that would be most suitable for the Atlantic Region and for its projected demand;
4. To review the potential demand for air freight service and its effect upon the air transport system of the region;
5. To propose the optimum arrangement of facilities to serve Southwestern New Brunswick's projected demand.

As a result of two years of investigation, the study concluded that:

1. The air transport requirements of Corner Brook, the New Glasgow/Antigonish/Canso Strait area and Northwestern New Brunswick area require further particular investigation;
2. The air service requirements of Southwestern New Brunswick can best be and most economically served by maintaining separate facilities at Moncton, Saint John and Fredericton;
3. That reasonable frequency for the user and profitable operation for the carrier probably cannot be achieved at Suummer-side, Yarmouth, Chatham or Charlo, and further, that this would also be true of Edmundston, Bathurst, New Glasgow, Canso Strait and Digby should service be established at those centres;
4. Certain areas require air service such as Labrador and the Magdalen Islands because of the lack of other transportation facilities and, to a certain extent, the same applies to Prince Edward Island and Newfoundland;
5. The aircraft that would serve the region most conveniently and efficiently (50 passenger capacity), although not most economically, does not presently exist;
6. Optimization of air transport service cannot be achieved in the region because of:
 - subsidization
 - federal or provincial policies
 - investment patterns
 - parochialism
 - resistance to change.

The Air Transportation Study has been released at a time when the future course of air service in the Atlantic Region is none too clear. Although Air Canada has stated it has no intention of abandoning its service in the four provinces, it is clear that its former role as a regional carrier will soon end. A review of Air Canada's fleet over the past three years shows the marked decrease in aircraft suitable for the short flight legs existing between centres of the Atlantic Provinces:

AIR CANADA FLEET BY TYPE

As of December 31, 1968 - 1970

	<u>1968</u>	<u>1969</u>	<u>1970</u>
Vanguard	23	12	12
Viscount	39	35	28
DC-8	27	32	38
DC-9	31	33	36

It has been stated by Air Canada that the Vanguard and Viscount aircrafts will be phased out of service by the end of 1972. Air Canada presently has on order three Boeing 747's, ten Lockheed L-1011 Tri-Stars and holds delivery positions on four Supersonic Concorde's and six Boeing 2707's. (The probability that the L-1011 or 2707 will be delivered on schedule does not appear great at this time.) None of the jet aircraft presently in service with Air Canada is ideally suited for short haul regional use, nor are any of the aircraft which the airline indicates it may acquire over the next ten years.

Although Air Canada has said that it would withdraw from no community unless "firm assurances have been given that an adequate replacement service could be provided by another carrier," this promise may prove difficult to keep. If the regional carrier is to take over the present regional portions of Air Canada's present service the question looms large of whether the regional carrier can finance and secure the necessary additional and suitable equipment.

Ferry Services

Despite some apprehension about the effect of economic conditions in the United States, ferry traffic in the Atlantic Provinces showed substantial increases during 1970. Of particular note was the volume of traffic captured by the M.V. "Bluenose" during her first summer in competition with Lion Ferry's "Prince of Fundy". Although the "Bluenose" carried less truck traffic than in previous years, the number of passengers and cars carried was the highest since the service was

initiated in 1955. Traffic for the major services are listed below (1969 figures in brackets):

Service	PASSENGERS		AUTOMOBILES		TRUCKS	
	1970	%	1970	%	1970	%
		Change		Change		Change
	(1969)	over 1969	(1969)	over 1969	1969	over 1969
Cape Tormentine — Borden	1,054,647 (948,184)	+ 11.2	343,998 (297,689)	+ 15.6	54,839 (51,520)	+ 6.4
Wood Island — Caribou	348,773 (321,819)	+ 8.4	102,077 (94,762)	+ 7.7	31,356* (27,792)	+ 12.8
North Sydney — Port aux Basques	203,797 (222,415)	— 8.4	43,992 (42,009)	+ 4.7	6,005 (5,327)	+ 12.7
North Sydney — Argentia	18,535 (5,690)	+ 225.7	5,200 (1,533)	+ 239.2	235 @ (290) @	—
Yarmouth — Bar Harbour	106,257 (104,315)	+ 1.9	30,373 (29,592)	+ 2.6	2,140 (2,624)	— 19.7
Yarmouth — Portland **	69,881	—	15,444	—	1,693	—
Saint John — Digby	97,695 (94,000)	+ 3.9	19,990 # (18,194) #	+ 9.9	—	—

* — Includes buses.

— Includes small trucks; half ton and panel size. Larger trucks cannot be carried on this ferry.

@ — Figures not directly comparable; 1969 figure includes camper and travel trailers while 1970 figures refer to commercial vehicles only.

** — June 24 — December 31 1970.

Sources:

Canadian National Railways records
Canadian Pacific Railways records
Northumberland Ferries Limited records
Lion Ferry AB.

The North Sydney - Argentia service, which had been plagued by poor utilization in its first two years of operation, showed substantial increases in passenger and automobile traffic during the 1970 season when Canadian National reduced its fare levels by 30% and carried out an extensive advertising campaign. The cut in fares did not extend to trucks. Because the records kept for the North Sydney - Argentia ferry did not distinguish between commercial freight trailers and travel or camper trailers in 1968 and 1969 it is not possible to make a direct comparison between the number of trucks, trailers and buses carried in 1970 and in the two previous years. A comparison of usage of the service in 1969 and 1970 is given in the table immediately following:

	Total One Way Trips	Passengers Per Trip	Automobiles Per Trip	Trucks, Busses & Trailers Per Trip
1969	78	72.9	19.4	3.6*
1970	84	220.9	61.9	3.1

* — Includes camper, travel and other small trailers.

On the morning of April 20th, 1970, the "Patrick Morris" sank during an attempt to pick up survivors from the herring seiner "Enterprise". Four crew members, including the captain, of the vessel lost their lives. The service formerly provided by the "Patrick Morris" was taken over temporarily by a charter vessel, the "Cedric Ferry" during a three month period in the summer of 1970. Another ferry, the "Stena Carrier" has been chartered as a long term replacement for the sunken "Patrick Morris." The "Stena Carrier" has no facilities for rail cars, thus the ability of Canadian National to carry rail cars across the Gulf has been restricted to the "Frederick Carter."

The two new ferries for the Borden - Tormentine service, now under construction at Port Weller, Ontario, have been christened the "Vacationland" and the "Holiday Island", and these ferries will be in service in late May of 1971. New ramp structures at Borden and Cape Tormentine required to service these new two-level ferries are presently under construction. To alleviate the shortage of rail car capacity on the North Sydney - Newfoundland route the Minister of Transport announced March 2, 1971 that the "John Hamilton Grey" would be used in the Newfoundland service during the summer of 1971 as traffic required. The Minister said that the two new vessels for the Northumberland Strait crossing should ensure adequate capacity during the peak summer months.

The Lion Ferry, "Prince of Fundy", went into service in June 1970. The management are reported to be pleased with the results of the first half year's operation. The better truck handling facilities of the Lion Ferry vessel has so far resulted in its capture of a larger portion of the New England - Nova Scotia commercial vehicle ferry traffic than is the case of other vehicles or passengers.

Port Traffic

Events of 1970 at the Atlantic Ports clearly indicate that remarkable progress has been made toward assuring both Saint John and Halifax major port status in the shipping world. As evidence of the potential of Saint John and Halifax are the remarks of Montreal port officials and the U.S. Federal Maritime Commission Chairman who have recognized the loss of cargoes and shipping lines to the Atlantic Ports. In addition, the co-operation between port authorities, terminal operators and the major Canadian rail carriers in the handling and transportation of container traffic forms a combination which challenges the Port of New York in reaching the markets of the United States Middle West.

On April 16, 1970, Caribbean Container Lines commenced a fortnightly container service between Halifax and Bermuda, the first such coastal container service of its kind in Canada and the second in North America.

The first of Atlantic Container Lines second generation of container vessels, the "Atlantic Conveyor", made her first call at Halifax

in regular service during May 1970. Initially, three of ACL's six new vessels were to make weekly calls at the ports of Halifax, New York, Le Havre, and Gothenburg. Later in the year, the Line introduced a second service for the movement of container and roll-on roll-off traffic between Le Havre, Southampton, Halifax and New York, while the initial service was extended to include Greenock.

Dart Container Line's "Dart Europe", the world's largest container vessel, made her first call at Halifax in regular service on December 1st. The "Dart Europe" was to be followed in the first half of 1971 by two sister ships of similar design; the "Dart America" and the "Dart Atlantic". Dart also announced during the year that a feeder service for container traffic in the Mediterranean and Scandinavian ports had been set up to operate in conjunction with its North Atlantic service.

Late in the year, during Halifax Port Day, a third ocean carrier, Columbus Line, announced that it would be offering full container service between Halifax, New York, and the key ports of Australia and New Zealand some time during 1971. Three new 1200 container capacity ships will be employed in the service and will offer a three week sailing time to Australia.

On April 24, 1970, the National Harbour Board announced that Pier 1 of its Saint John facilities would be converted to handle container traffic and that the work would be completed within twelve months. The conversion of the pier facilities includes the installation of a \$1.3 million crane and new rail sidings. In conjunction with the April 1971 opening of the container facility at the port, Associated Container Transportation expected to begin a full container service between Saint John, N.B. and major ports in New Zealand and Australia. A.C.T. has on order, or building, five 1200 container capacity vessels for the service.

In October 1970 it was announced that a \$6.5 million 55 acre site would be developed at the port of Saint John, N.B. especially for the handling of forest products and automobiles. The announcement said that one automobile manufacturer had guaranteed shipping 30,000 cars a year through the port for Canadian markets and had indicated that this might rise to 110,000 units if the eastern United States market were also served through the port. The pier and storage facilities to be constructed for forest products would have an annual capacity of 600,000 tons. By the year's end, several automobile manufacturers had expressed interest in using Saint John or Halifax for import of vehicles and of these some were in the process of making test shipments through the ports. One of those testing the ports was the Nissen Automobile Company who were not only considering a port which could handle an estimated 30,000 automobiles yearly but were also searching for a site for a proposed \$100 million assembly plant. (Shortly after the year end another foreign automobile manufacturer, namely Fiat, announced that it has chosen Halifax as its Canadian port of entry and distribution.)

A study of the potential of Port Hawkesbury as the redistribution centre for petroleum and other bulk products for North America commissioned by the Nova Scotia Government was completed during the year by the firm of Jones, Bardelmeier, Clements & Co. Ltd., of Nassau, Bahamas. The study claimed that Port Hawkesbury's 100 foot deep harbour and natural sheltered location made it ideal as a terminal for tankers and bulk carriers even in the 500,000 D.W.T. class. Since no port in the United States could presently accommodate any vessel with a draft greater than 50 feet the study contended that significant savings in transportation costs could be achieved by storing bulk products at Port Hawkesbury and transshipping them to other ports in eastern North America in vessels suitable to the conditions existing at such other United States and Canadian ports.

In New Brunswick, the New Brunswick Development Corporation has for the past four years been carrying out extensive studies on the development of a deep-water port at Lorneville, N.B. The studies have progressed to the point where negotiations are being carried out with U.S. coal interests and Japanese steel interests for the transshipment at Lorneville, N.B. of high quality U.S. metallurgical coal from Hampton Roads, Va. to Lorneville, N.B. in coastal vessels of 75,000 D.W.T. to ocean going vessels of 250,000 D.W.T. for onward carriage to Japan. These developments followed the establishment of "Canaport", the Western Hemisphere's first deep water crude oil receiving terminal, at Mispec Point on the outskirts of Saint John Harbour.

During the year reviewed by this report the so-called lighter aboard ship or "Lash" vessels came into operation in many parts of the world. The first service began from the U.S. Gulf to ports in the Mediterranean with the Lash ship carrying the name of "Acadia Forest". The name "Acadia Forest" was chosen because the ship will be carrying pulp and paper products and the first pulp and paper operation in North America took place in what was then Acadia and now Nova Scotia.

Recently, the Governor of Illinois requested the United States Federal Maritime Administration to study the feasibility of the operation of the Lash concept for use on the Great Lakes-St. Lawrence Seaway system. If such a system is feasible the system would have implications for the Atlantic Provinces, particularly in the area of the development of Port Hawkesbury, N.S. as a transfer point for the barges to the mother ship.

Other developments in the barge field during the year was the announcement by MacMillan Rothsay Limited that they have under construction an ocean-going barge and will build a barge loading ramp in Saint John, N.B. The barge will be used to transport newsprint from Saint John to U.S. North Atlantic ports. In making the announcement the newsprint company said that it was developing barge transportation in order to overcome the high cost of transporting newsprint by rail and ship.

GENERAL LEVEL OF RATES

Rail Rates - Domestic

During the year under review there was no less than four separate general rail rate increases applying to non-competitive carload rates from, to and within the Atlantic Provinces. Cumulatively these increases amounted to from 16 to 26%, depending on the level of the rate being increased. Of the four increases only two were applied to competitive rates, while most agreed charge rates were increased by a separate increase of 6% effective August 3, 1970. Complete details of these increases and the extent to which they applied throughout Canada are shown in the tabulation that follows on page 22 of this report.

It will be noted from this tabulation that the increase on April 6, 1970 under C.F.A. Tariff 88 was not applied at that time to rates between points outside the Atlantic Provinces, nor to competitive rates from, to and within the Atlantic Provinces. This stems from the fact that this increase had already been applied elsewhere in Canada, and to competitive rates only from, to and within the Atlantic Provinces, on April 1, 1969. Because of the statutory rate freeze governing non-competitive rates, from, to and within the Atlantic Provinces, at that time, the increase was held in abeyance insofar as those particular rates are concerned until the April 6, 1970 date as shown in the tabulation.

The general increases listed below which became effective on September 1, 1970 and March 1, 1971 were applied throughout Canada on Canadian domestic traffic moving under both competitive and non-competitive class and commodity rates, as well as most assessorial charges such as switching, stop-off charges, refrigerator car charges, etc.

As listed in the tabulation, an increase of 3.125% was published effective February 6, 1971 on non-competitive rates applying **within** the Maritime Freight Rates Act Territory (i.e., the three Maritime Provinces, the Island of Newfoundland, and that portion of Quebec which lies east of Levis and Diamond, P.Q. and south of the St. Lawrence River). This increase was implemented by the railways to recover the reduction in the rail subsidy under the Maritime Freight Rates

TABULATION OF RAILWAY GENERAL FREIGHT RATE INCREASES DURING THE PERIOD APRIL 1, 1970 TO MARCH 31, 1971

Territory A - From, to and within the Atlantic Provinces (not including Territory B).

Territory B - Between the Atlantic Provinces and Western Canada.

Territory C - Within Central or Western Canada.

Territory D - Between Central and Western Canada.

Date	Tariff	Territory A		Territory B		Territory C		Territory D	
		Non-		Non-		Non-		Non	
		Competitive	Competitive	Competitive	Competitive	Competitive	Competitive	Competitive	Competitive
Apr. 6/70	CFA 88	—	* 5 to 8%	—	* 4 to 8%	—	—	—	—
Aug. 3/70		Most agreed charges throughout all of Canada which had been in effect for one year or more were increased by 6%							
Sept. 1/70	CFA 99	3 to 5%	3 to 5%	3 to 5%	3 to 5%	3 to 5%	3 to 5%	3 to 5%	3 to 5%
Feb. 6/71	CFA 1001	—	# 3.125%	—	—	—	—	—	—
Mar. 1/71	CFA 1000	4 to 8%	4 to 8%	4 to 8%	4 to 8%	4 to 8%	4 to 8%	4 to 8%	4 to 8%

* Not applicable on LCL "Station to Station" rates.

Within the Atlantic Provinces (M.F.R.A. Territory) only.

NOTE: For increases during the period Oct. 10/66 to Mar. 31/70, see "Transportation Review and Annual Report 1969-70, Atlantic Provinces Transportation Commission, page 24.

Act of from 20 to 17.5%. To illustrate, where the railways had previously received a subsidy of 20 cents per 100 lbs. on a rate of 80 cents ($100 - 20\% = 80\text{¢}$), are now receiving only 17.5 cents ($100 - 17.5\% = 82.5\text{¢}$). To recover the decrease in subsidy of 2.5¢ from the shippers' rate of 80 cents an equivalent increase of 3.125% was necessary. This increase was not applied to competitive rates and agreed charges.

To assist readers in weighing the relative importance of the different rail rate categories which are referred to in this report and to illustrate the changes that have taken place over the years the following tabulation is presented (see page 24). The year 1969 is the latest year for which data is available.

Non-carload rail express rates applying **from** and **within** the Atlantic Provinces were maintained during the past year without significant adjustments. The same was true of non-carload rates applying **to** the Atlantic Provinces, except that rates for shipments weighing less than 1,000 lbs, were increased on January 29, 1971 by from about 3 to 10%. With the exception of this limited increase on eastbound shipments to this region, these rates have been maintained without change since the inception of the service in September 1967.

Less than carload (LCL) station to station freight rates were continued in effect during the past year, for traffic from, to and within the region, except that certain LCL commodity rates were cancelled in December, 1970 which resulted in severe increases for a number of shippers. Among others, commodities affected by these rate cancellations were:

Stoves	Certain Textile Products
Furnaces and Space Heaters	Molasses
Beverages (soft drinks)	Seeds, flower or garden
Bottles, returned empty	Baking Preparations
Pallets, used, returned	Granite

TABULATION OF CARLOAD RAIL MOVEMENTS FROM; TO AND WITHIN THE ATLANTIC REGION*
SHOWING BY REVENUE AND TONNAGE THE PERCENTAGE RELATIONSHIP OF EACH TYPE OF
RATE TO THE TOTAL MOVEMENT

Percentage Relationship to Total Movement

TYPE OF RATE	REVENUE						TONNAGE					
	1949	1956	1960	1964	1968	1969	1949	1956	1960	1964	1968	1969
Class Rates	20.5	11.2	10.0	11.3	19.1	11.0	6.6	3.2	2.5	2.8	3.8	3.2
Commodity rates:												
Non-competitive	65.4	64.2	49.5	44.4	33.1	36.9	81.8	74.5	64.4	52.4	48.1	47.0
Competitive	13.8	21.7	24.6	20.4	19.6	22.6	11.3	19.9	17.3	23.3	23.8	26.6
Agreed Charge	.3	2.8	15.9	23.9	28.8	29.5	.4	1.8	15.4	21.5	24.2	23.2
Statutory	—	.1	.1	.1	—	—	—	.6	.5	—	—	—

* That is the Maritime Freight Rates Act territory which includes the three Maritime Provinces, the Island of Newfoundland and that portion of the Province of Quebec which lies East of Levis and Diamond, P. Q. and South of the St. Lawrence River.

Source: Waybill Analysis (1% sample of carloads of all-rail traffic) issued by the Railway Transport Committee of the Canadian Transport Commission.

While many of those rates had become redundant and of no interest to regional shippers, others represented rate increases from the level of the cancelled commodity rates to the alternative class rates. For example, the alternative LCL class rates covering the movement of Stoves, Furnaces and Space Heaters from Maritime shipping points to regional destinations normally supplied by rail LCL freight service are higher than the cancelled commodity rates by amounts ranging from 33 to 42%. This is over and above the general increases which were applied to LCL freight rates during the normal course of events as follows:

Date	Increase
September 1, 1970	3 to 5%
February 6, 1971	3.125%
March 1, 1971	4 to 8%

Railway Plan II piggyback rates (door to door service using railway operated semi-trailers and transported on railway supplied flat cars) between the Maritimes and Central Canada were exempted from general increases during the past year. This was due to more extensive competition from motor carriers. An interesting innovation during the past year was the establishment of a number of reduced rates west-bound from the Maritimes to Quebec and Ontario which apply "when empty trailers are available . . ." at the named shipping point. These rates are referred to unofficially as "directional rates" and are designed to attract a larger volume of traffic via rail piggyback in the 'light' direction as an effort to lessen the present traffic imbalance and consequent movement of empty or near empty trailers.

Rail Rates - International

The 6% increase filed by the United States Railroads to be effective June 2, 1970 and reported in this Commission's 1969-70 Annual Report was suspended by the Interstate Commerce Commission before its effective date. The Interstate Commerce Commission did, however, permit the U.S. railroads to implement a 5% interim increase effective June 9th, 1970.

Later in the year the U.S. railroads sought a further increase of 15% within the Eastern and Western territories and 6% within the Southern territory. By Interstate Commerce Commission decision the railroads were granted permission to substitute a 6% increase for the 5% interim increase which had become effective on June 9th, and to further increase rates by 8% within and between the Eastern and Western territories and by 6% within, from and to the Southern territories. The 6 and 8% increases were interim increase adjustments which became effective on November 20, 1970 and were made subject to investigation by the Interstate Commerce Commission.

Of particular significance to Canada was that the Interstate Commerce Commission had authorized a 6% increase on export and import rates between interior United States points and North Atlantic ports in order to maintain a relationship between the U.S. North Atlantic ports and U.S. South Atlantic ports. Because Canadian export and import rates are related to the rates to and from U.S. North Atlantic ports, it has been customary that the same increase be applied to export and import rates to and from Canadian North Atlantic ports as is applied to corresponding rates via U.S. North Atlantic ports. Upon receipt of the increase tariff, which became known as Tariff X267-A, this Commission noted that such Canadian export and import rates via North Atlantic ports were subject to an 8% increase rather than the 6% increase which applied to U.S. export and import rates.

The Atlantic Provinces Transportation Commission immediately communicated with the Canadian Railways urging them to reduce the increase on export and import rates via U.S. North Atlantic ports. Copies of your Commission's communication to the Canadian Railways was sent to other national transportation organizations seeking their support.

As a result of this communication the Canadian Railways immediately met with their U.S. counterparts seeking the adjustment requested by this Commission but because of the lengthy procedural arrangement which the U.S. Railroads have for dealing with requests of this nature, it was not until March 31st, 1971 that Canadian export and import rates via North Atlantic ports were reduced to the 6% increase.

The interim increase granted by the Interstate Commerce Commission which became effective on November 20th and was originally scheduled to expire February 28, 1971, was extended to expire April 30th, 1971. On March 28th, 1971 the Interstate Commerce Commission authorized the U.S. Railroads to substitute the following increases for those effected on November 20th, 1970:

<u>Territorial Application</u>	<u>Temporary</u>	<u>Permanent</u>
	<u>Increase</u>	<u>Increase</u>
	<u>Nov. 20/70</u>	<u>Apr. 12/71</u>
Within Eastern	8%	14%
Within Southern	6%	6%
Within Western	8%	12%
From and To Southern	6%	12%
Inter-territorially (except South)	8%	12%
Export and Import	6%	12%

NOTE: The above is subject to certain hold-downs on certain commodities.

Upon receipt of the new tariff (X267-B) to be effective April 12th this Commission again noted that export and import rates via U.S. North Atlantic ports were subject to a 12% increase while export and import rates between Canadian points and Canadian ports were subject to a 14% increase. Having experienced this situation with the previous tariff the Canadian Railways were more alert and before this Commission could communicate with them it was advised by telex that the Railways were seeking short notice authority from the U.S. Railroads and the Interstate Commerce Commission to reduce the increase on export and import rates between Canadian points and Canadian ports to 12% from the 14% as published. This authority was granted and the increase tariff scheduled to become effective on April 12, 1971 is being changed on the same date to reduce the increase from 14 to 12% for this traffic.

With regard to traffic moving between United States and Canada, as will be noted from the table above traffic moving within the so-called Eastern Territory will be subject to the highest percentage increase, namely, 14%. Eastern Canada and that part of the United States roughly north of Virginia and east of the Mississippi River is considered Eastern territory. Thus Canadian exporters shipping to that portion of the United States will be subject to a 14% increase while traffic from the Southern States or from Western Canada or the Western United States to the Northeastern United States will be subject to a 12% increase only. Because a number of Maritime industries are in direct competition in the Northeastern United States market with producers in the Southern and Western United States as well as Western Canada this Commission felt that it should communicate with the Canadian Railways urging them to take whatever steps may be necessary to ensure that shippers located in Eastern Canada are not subjected to higher increases than their competitors located elsewhere in the United States. In short, your Commission asked that Eastern Canada be treated as a separate territory under Tariff X267-B, thereby being subject to the interterritorial increase of 12% rather than the 14% increase as published. Copies of the Commission communications were sent to other national transportation and trade organizations and a number of them have communicated with the Canadian Railways supporting the position taken by your Commission. No decision had been rendered by the railways at the conclusion of the year.

The United States Railroad proposal to increase by 4¢ per 100 lbs. the so-called "terminal charge" applying to export and import traffic at U.S. North Atlantic and Pacific ports was reported in the Commission's Annual Report for 1969-70. At that time this proposal was under suspension by the Interstate Commerce Commission. The subject was of interest to the Atlantic Provinces because this increase would also apply to export and import traffic moving via Canada's Eastern ports to the extent that rates via such ports are on a parity with or differentially related to rates via one or more of the U.S. North Atlantic ports. In September, 1970 the Interstate Commerce Commission ordered the U.S. Railroads to cancel the proposed increase. In January of 1970, however, several United States railroads established

the terminal charge at the increased level despite the previous ruling by the Interstate Commerce Commission. The I.C.C. immediately ordered the railroads to cancel the increase charge and to refund it in full. The United States railroads defied the Interstate Commerce Commission order and obtained a court restraining order which prevented the I.C.C. from enforcing its order to cancel the increased charge. The U.S. railroads also requested the Interstate Commerce Commission to make the subject matter an issue of "general transportation importance" as it was, in their opinion, a matter of "national importance" affecting most of the export and import shipments transported within the United States. Their request was denied.

At year end the matter was most unclear insofar as it applied to export and import rates via both Canadian and United States ports. The temporary restraining order was still in effect and it is understood that the higher charge of 16¢ per 100 lbs. is being assessed on some traffic while other traffic, where the tariffs have not been amended, is subject to the former 12¢ per 100 lbs. charge.

Another matter of considerable significance was that the Canadian Freight Association, on behalf of the Canadian railways, advised major shipper organizations on November 12, 1970 that class rates between Eastern Canada and the Northeastern United States are being revised. This revision was initiated by an order of the Interstate Commerce Commission requiring the railways to incorporate within their rate tariffs the general increases made in rates in the post war period (until now these general rate increases have had to be applied separately to the basic class rates). The Canadian railways have indicated that they plan to use this up-dating of their tariffs as an opportunity to completely revise the class rates to reflect changes in rail mileages which have occurred since the tariffs were published many years ago and **also** to implement a new basis for these rates related to the current uniform class rate scale within the United States.

The railways' letter did not provide sufficient information to assess what this revision will mean for Maritime industry and producers. This Commission has sought further information and has been advised that while the Canadian railways have approved in principle a new class rate scale, "there still remains some minor details to be resolved" and that the data requested should be available shortly. The matter will receive the close attention of this Commission and affected shippers will be informed insofar as possible.

Truck Rates

A sample survey of highway carriers operating within the Atlantic Provinces indicates that, with only minor exceptions, such carriers held the line on their rates during the past year. It can be said that this restraint in the face of sharply rising costs was, in many cases at least, in anticipation of the extension of the Maritime Freight Rates Act subsidy which, as outlined in more detail later in this report, was brought into effect under the Atlantic Region Special Transporta-

tion Assistance Regulations (A.R.S.T.A.R.) during the latter part of 1970.

At the time of writing, virtually no regional carriers eligible to receive assistance under the A.R.S.T.A.R. have indicated that it is their intention to reduce their rates as a means of passing on all or a portion of the subsidy to their customers. A number have stated flatly that no reductions will be made as the subsidy is required to offset rising costs and it is a fact that many of these carriers have not raised their rates during the past few years. Others are still undecided. Part of the reason for this indecision is due to delays encountered by the carriers in securing payments from the Federal Government and the uncertainty as to whether some claims will ever be paid due to relatively minor technicalities and claims procedures.

Between the Province of Quebec and the Maritime Provinces truck rates remained relatively stable until the latter part of the year when general increases were implemented. Effective February 1, 1971 from Quebec to New Brunswick, i.e., Andover, Chatham, Newcastle, Perth and points north and west thereof, a new less than truckload class rate structure was established which reflected significant increases for shipments weighing less than 2,000 lbs. and generally reductions for shipments weighing in excess of this amount. In addition, many of the truckload class rates from Quebec to this same area were reduced by up to 5% on the same date. On the same date also, rates from Quebec to Maritime points south and east of the above named New Brunswick points were increased by from 3 to 33% for shipments weighing less than 2,000 lbs. No changes were made for shipments in excess of this weight.

Effective March 15, 1971 westbound class rates from the Maritimes (east and south of Andover, Chatham, Newcastle and Perth, N.B.) to points in Quebec were increased by approximately 10% for less than truckload and 5% for truckload. This increase is in effect the removal of the former reductions of 10 and 5% in LTL and TL rates, respectively, which were published in the fall of 1969 following the establishment of the subsidy paid to the truckers under the Atlantic Region Freight Assistance Act.

Truck rate changes outlined above were those published by the Quebec Tariff Bureau on behalf of its member carriers. Virtually all highway carriers operating between the Maritimes and Quebec are members of that Bureau.

Between Ontario and the Maritimes, with one exception each of the carriers providing a through service publish their own tariffs. The remaining carrier participates in the tariffs published by the Canadian Transport Tariff Bureau. A review of the various tariffs applying between Ontario and the Maritimes reveals that Maritime-Ontario Freight Lines Ltd. increased its class rates by varying amounts both eastbound and westbound effective November 1, 1970. Jumbo Motor Express Ltd. increased most of its eastbound class rates on March 1,

1971 by generally 10% but in some cases by 20%. For both of these carriers this is the first general increases in class rates in the last three to four years. Other carriers providing a service between Ontario and the Maritimes generally held the line on their rates during the past year.

International truck rates between the Maritimes and points in the New England and Middle Atlantic States via the New England gateways were subject to increases during the past year. To and from these States LTL class rates were increased by 15% for shipments weighing less than 2,000 lbs. and by 10% for 2,000 lbs. and over. These increases became effective on September 14, 1970 to and from the Middle Atlantic States and on October 20, 1970 to and from the New England States. In both cases truckload class rates were exempted from these increases but truckload commodity rates were increased on March 8, 1971 to and from the New England Territory and on February 6, 1971 to and from the Middle Atlantic Territory by generally 10%, although in a few cases greater increases were published.

There are no through truck rates between the Maritimes and other areas of the United States (points beyond the Middle Atlantic States) and traffic moving between such points is generally subject to a combination of rates. The factors making up these combination rates were subject to a variety of increases during the past year.

Rates and Charges — Air

During the past year, air travellers were faced with two passenger fare increases on most routes. On August 5, 1970, Air Canada and CP Air adopted a new fare structure based on a uniform charge of \$10.00 for each flight plus 5.7¢ per mile, subject to a maximum increase over the previous fare of \$1.00 on journeys up to 150 miles and \$2.00 on journeys of 150 miles to 300 miles. Another feature of this fare revision was the introduction of a \$5.00 "stop-over" charge. The previous domestic air fare revision was on April 26, 1968 when an increase of 10% was effected. This August 1970 revision was estimated to provide Air Canada with additional revenue of about \$7 million in 1970 and \$1 million for CP Air. Eastern Provincial Airways implemented similar rate revisions as effected by Air Canada including the \$5 stop-over fee.

On March 6, 1971, Air Canada introduced a further air fare increase based on uniform charges of \$12.00 for each flight plus 5.8¢ per air mile. For most fares between points in Eastern Canada this revision meant increases of from \$2.00 to \$3.00 per one way journey. The "stop-over" fee of \$5.00 was eliminated and passengers wishing to stop-off enroute are now subject to the combination of fares applying to and from each point at which the journey is broken. Eastern Provincial Airways has also made similar increases in its passenger fares.

In addition to these fare increases, a five per cent surcharge authorized by Parliament in December of 1969 and originally sche-

duled to become effective in the early part of 1970 remains under suspension at year end. It will be recalled that on advice of the Prices and Income Commission the coming into effect of this surcharge, which would have been applied to all air fares purchased in Canada for travel between points in Canada, was deferred until the spring of 1971. Although no specific date has been announced, at the time of writing, it is anticipated that the effective date of the surcharge will be announced soon.

The following table shows the cumulative effects of those three air fare changes on a trip from Moncton, N.B. to St. John's, Newfoundland with stopovers at Halifax and Sydney, N. S.:

Comparison of Air Fares Between Moncton, N. B. and St. John's Nfld. Direct Flights and With Stop-Overs at Halifax, N. S. and Sydney, N. S. Aug. 4, 1970 versus March 6, 1971 (also showing effect of Federal Surcharge if Implemented)

FARES IN CANADIAN DOLLARS						
		DIRECT	WITH STOP-OVER AT HALIFAX & SYDNEY			
		Without Stop-Over	Moncton - Halifax	Halifax - Sydney	Sydney - St. John's	TOTAL With Stop-Over
Class						
Aug 4, 1970	F	65	17	26	39	65
	Y	48	12	19	29	48
Aug. 5, 1970	F	63	18	28	46	83(1)
	Y	47	13	21	34	67(1)
Increase or (Decrease) over Aug 4, 1970	F	\$ (2)	1	2	7	18
	Y	\$ (1)	1	2	5	19
	F	% (3.1)	5.0	7.7	17.9	27.7
	Y	% (2.1)	8.0	10.5	17.2	39.6
March 6, 1971	F	68	20	31	50	101
	Y	50	15	23	37	75
Increase over Aug. 4, 1970	F	\$ 3	3	5	11	36
	Y	\$ 2	3	4	8	27
	F	% 4.6	17.6	19.0	28.2	55.4
	Y	% 4.2	25.0	21.1	27.6	56.3
With Federal Surcharge	F	72	21	33	53	106
	Y	53	16	24	39	79
Increase Over Aug. 4, 1970	F	\$ 7	4	7	14	41
	Y	\$ 5	4	5	10	31
	F	% 10.8	23.5	26.9	35.9	63.1
	Y	% 10.4	33.3	26.3	34.5	64.6

F = First Class

Y = Economy Class

(1) Includes \$5 stop-over charge at both Halifax and Sydney.

On September 1, 1970, Air Canada and Eastern Provincial Airways extended their through air express rates to include a number of additional points served by Eastern Provincial Airways. These were Charlo, N. B., Chatham, N. B., Deer Lake, Nfld. and Magdalen Islands,

Quebec. Prior to September 1, air express shipments to these points were subject to air express charges of each individual airline between the points that the shipment moved. As a result, shipments moving by air express from, say Toronto, Ont. to Chatham, N. B. were subject to the Air Canada air express rate from Toronto to either Montreal or Moncton plus the Eastern Provincial Airways air express charge from either Montreal or Moncton to Chatham. The through air express rates result in lower air express charges, particularly for minimum charge shipments. The following example shows the present charges with those in effect prior to September 1, 1970:

BETWEEN TORONTO, ONT.

And	1 Lb.		50 Lbs.		100 Lbs.	
	A	B	A	B	A	B
	\$	\$	\$	\$	\$	\$
Charlo	10.50	5.50	19.30	15.85	32.10	28.25
Chatham	10.50	5.50	19.30	15.85	32.10	28.25
Deer Lake	10.50	5.50	26.35	23.00	46.20	42.50
Magdalen Islands	10.50	5.50	24.05	18.25	41.65	33.00

Col. A Charges prior to Sept. 1/70

Col. B: Charges effective Sept. 1/70.

This through rate arrangement had been sought by this Commission for some time and it is pleased that the airlines have implemented this arrangement.

This Commission is still seeking a similar through rate arrangement on air cargo traffic handled by the two carriers. At year end both carriers have indicated a willingness to work towards such an arrangement but there are some tariff publishing problems associated with its implementation.

On March 15, 1971, Air Canada increased its air freight rates with minor exceptions by one cent per pound across the board irrespective of distance or weight. The following table shows the effect of the increase:

AIR CARGO RATES IN CENTS PER POUND

BETWEEN TORONTO, ONT.

And	Minimum Charge		Under		Minimum Weight in Pounds					
	A	B	100 Lbs.		100		200		400	
	\$	\$	A	B	A	B	A	B	A	B
Moncton, N. B.	10.00	10.00	12	13	11	12	10	11	9	10
Halifax, N. S.	10.00	10.00	12	13	11	12	10	11	9	10
St. John's, Nfld.	10.00	10.50	20	21	19	20	18	19	17	18

NOTE: Column A: charges effective prior to March 15, 1971
Column B: charges effective March 15, 1971.

Effective April 1, 1971, Air Canada will also increase its air express rates for packages weighing 100 lbs. and less which are carried

over short and medium length hauls. With the rate increases is an increase in the minimum charge for express service from \$5.50 to \$7.00 per shipment. The table below illustrates the nature of the increases:

Between Toronto, Ont. And	1 Lbs.		50 Lbs.		100 Lbs.	
	A	B	A	B	A	B
	\$	\$	\$	\$	\$	\$
Moncton, N. B.	5.50	7.00	14.65	15.50	28.25	29.25
Halifax, N. S.	5.50	7.00	16.75	17.75	33.00	34.00
St. John's Nfld.	5.50	7.00	25.30	26.30	52.00	53.00

NOTE: Column A: charges effective prior to April 1, 1971
Column B: charges effective April 1, 1971.

ATLANTIC REGION FREIGHT ASSISTANCE ACT

As reported in this Commission's 1969-70 Annual Report, by the enactment of the Atlantic Region Freight Assistance Act, subsidies became available on truck movements on July 15, 1969 from points in the "select territory" roughly as defined in the Maritime Freight Rates Act to points in Canada west of this territory. It will be recalled that by the Atlantic Region Freight Assistance Act, the Governor in Council was given authority to vary or remove the reduction in rail rates or tariffs provided for by the Maritime Freight Rates Act on rail traffic moving between points both of which are located in select territory.

By Order-In-Council P.C. 1970-2014, dated November 17, 1970 and tabled in the House of Commons on November 25, 1970, without comment by the Minister of Transport, the Governor in Council authorized a reduction from 20% to 17½% in the level of assistance paid under the Maritime Freight Rates Act on rail traffic moving between points in the so-called "select territory". This Order in Council was made under Section 5 of the Atlantic Region Freight Assistance Act and by subsection 3 of Section 5 became effective thirty sitting days after being tabled in the House of Commons. That Order actually became effective, therefore, on January 27, 1971. To offset the reduction in subsidy payments the railways immediately applied to the Canadian Transport Commission for permission to implement an increase of 3.125% in non-competitive class and commodity rates on less than the required thirty days statutory notice. The Canadian Transport Commission granted that permission and the 3.125% increase was effected on February 6, 1971. In announcing the increase a spokesman for the railways stated that by excluding agreed charge and competitive rates from this increase, the railways would be foregoing approximately \$700,000 of revenue a year.

By Section 6 of the Atlantic Region Freight Assistance Act it was further provided that by regulations prescribed by the Governor-in-Council "special assistance" may be paid "... to carriers, shippers and consignees within select territory to enable them to compete on

more favourable terms with shippers or consignees located outside the select territory, or with other carriers."

On November 17, 1970 by Order-In-Council P.C. 1970-2015 the Governor in Council prescribed regulations for special assistance to highway carriers under Section 6 of the Atlantic Region Freight Assistance Act. These regulations, known as the Atlantic Region Special Transportation Assistance Regulations, specified that assistance would be paid in respect of all eligible truck movements made within the area described by the Atlantic Region Freight Assistance Act at the rate of 17½% of the rate, toll, charge or allowance made by the carrier. This order appeared in the Canada Gazette on December 9, and provided that assistance would be paid on eligible movements from October 1, 1970 if the carrier indicated its intention to apply for certification to the Canadian Transport Commission by December 30, 1970. Carriers submitting notice of intention after December 30, 1970 but not later than February 1, 1971 would be eligible from the date of their application. Otherwise, the carrier would become eligible for subsidy upon the granting of the certificate by the Canadian Transport Commission.

Under the regulations governing "Special Assistance", certain movements were deemed not eligible; these were:

- “(a) the movement of goods that are being imported into Canada and are in transit to the point of final delivery;
- (b) the movement of goods when the transportation of such goods originates at points outside of the select territory;
- (c) the movement of empty freight equipment;
- (d) the movement of used household goods;
- (e) the movement of mail;
- (f) the movement of garbage, refuse and sewage;
- (g) the movement of goods between points, one of which is not located on a public road or a railway siding;
- (h) the movement of goods that are the property of the sole owner or controller of the trucker's undertaking;
- (i) the pick up and delivery of goods and their transportation within the limits of a municipality, city or metropolitan area and five miles beyond such limits;
- (j) the movement of construction materials or fill within a radius of 25 miles to or from construction projects;
- (k) the movement of soil, turf, sods, trees, plants, shrubs, and other landscaping items within a radius of 25 miles to or from the site where used; or
- (l) the transportation of ready-mixed concrete.”

As noted earlier herein considerable uncertainty has arisen as to what traffic is eligible for subsidy. The uncertainty arises mainly over the interpretation of clauses (g) and (h) of the special regulations quoted above. At the time of writing it is far from clear when a highway carrier by virtue of clause (h) is considered to be ineligible for subsidy. Some uncertainty still exists as to interpretation being placed upon clause (g) by the administrators of these regulations.

A further and serious problem which has arisen respecting these regulations is the requirement that the subsidy will be paid only on traffic which is carried at rates legally in effect and on file with the appropriate Provincial Motor Carrier Boards. Broadly speaking, while the Motor Carrier Acts of all four Atlantic Provinces require either the filing of tariffs or the approval of tariffs on both and the carriage of goods only at the rates filed or approved, or both, none of the Provinces has enforced these regulations. As a result, many carriers are having their claims for assistance rejected because their tariffs of rates and charges were not on file with the Motor Carrier Boards during those months when the assistance applied retroactively.

Another aspect of the implementation of this subsidy program was that it has brought to light a clearer indication of the number of highway carriers operating in the region. At year end some 625 highway carriers operating between points East of Highway No. 23 in the Province of Quebec and South of the St. Lawrence River and in the Maritime Provinces and the Island of Newfoundland had filed notices of intention to apply for a certificate for subsidy purposes under the Atlantic Region Special Transportation Assistance Regulations. Of these, some 212 certificates had been issued and nine rejected. Of the remainder, some may not qualify under clause (h) quoted above.

Statistics relating to amount of subsidy certified for payment under the Atlantic Region Freight Assistance Act and under the Atlantic Region Special Transportation Assistance Regulations at March 31, 1971 are as follows:

1. On traffic moving by highway from the select territory to points in Canada west of the select territory from July 15, 1969 to March 31, 1971 \$2,070.832
2. On traffic moving by highway within the select territory from October 1, 1970 to March 31, 1971 \$210.387.

This Commission has received a great many requests from both highway carriers and shippers for advice on and explanation of these "special assistance" regulations. It has attempted to meet all these requests as fully as possible.

FEDERAL - PROVINCIAL COMMITTEE ON TRANSPORTATION

The first report of the Federal - Provincial Committee on Atlantic Region transportation was released to the public on July 10, 1970.

While that report dealt primarily with the intra-regional Maritime Freight Rates Act subsidy, it also covered several other important matters.

First, respecting the intra-regional rail subsidy paid under the Maritime Freight Rates Act, the report recommended that it be phased-out between then and April 1, 1977 in steps of 2½% each year. It further recommended that the same percentage of subsidy be extended to common carrier trucking, excluding used household effects, as soon as administratively possible.

Second, the report recommended that regulations be drawn under Section 6 of the Atlantic Region Freight Assistance Act to provide special assistance to shippers and consignees.

Third, it recommended that provision be made for an annual review of the effects of the gradual withdrawal of the intra-regional subsidies paid on rail and truck shipments and the regulations and administration of the special transportation assistance. The Committee said that this review along with any recommendations should be made prior to any subsidy change scheduled for the beginning of each fiscal year.

Fourth, the Committee recognized that the extension of the subsidy to highway carriers would require more funds than would be released by the reduction in the rail subsidy. In order to provide for special assistance to shippers and consignee, the Committee recommended that provision be made for additional financing.

Fifth, the Committee recommended in its report that the payment of subsidies on the westward movement by highway of used household effects under the Atlantic Region Freight Assistance Act be eliminated. (The Atlantic Provinces Transportation Commission had urged the Minister of Transport to take this step earlier in 1970.)

Sixth, the Committee report recommended that the subsidy paid to highway carriers both on movements within the region and on movements westbound from the region be calculated on the same basis as the subsidies paid to the railways under the Maritime Freight Rates Act. (Here again, as recorded in last years Annual Report, this Commission had also urged the Minister of Transport to do exactly that earlier in 1970.)

Seventh, the report recommended a reduction in ferry fares for trucks using the Newfoundland and Prince Edward Island ferries to bring a greater equalization of rate structures as between rail cars and trucks using these ferries.

It is appropriate to review, some nine months after the Minister of Transport released this report of officials from his Department, the Department of Regional Economic Expansion and the four Atlantic

Provinces Governments, the extent to which these seven major recommendations have been implemented by the Federal Government.

First, the rail subsidy was reduced on February 26, 1971 by 2½% and a 3.125% increase in non-competitive rail rates to offset the lost subsidy was effected by the railways. The subsidy has been extended to trucks but at year end little benefit from it has been secured by Atlantic shippers.

Second, the regulations to implement special assistance to shippers and consignees have **NOT** been prepared as recommended.

Third, **NO** provision appears to have been made yet for the annual review recommended.

Fourth, while a \$1 "vote" was included in Appropriation Act No. 4 passed by the House of Commons on December 15, 1970 to provide additional financing for special assistance under Section 6 of the Atlantic Region Freight Assistance Act, this "additional financing" was restricted to payments "to truckers". Therefore, **NO** provision for additional financing for special assistance to shippers and consignees has been made.

Fifth, **NO** action has been taken to eliminate the payment of subsidies on the movement of used household effects westbound from the region. In short, the Federal Government is still paying highway carriers to move household effects from this region which in no way contributes to the areas economic development.

Sixth, the subsidy paid to highway carriers both on Westbound shipments and within the region is still **NOT** calculated on the same basis as the subsidy to rail carriers. As a result highway carriers receive several percentage points less subsidy than do the railways on like movements between the same points.

Seventh, the ferry fares for trucks were reduced by approximately 25% **except** on the P.E.I. ferry where the reduction was much less and in some cases non-existent for the highway carriers who were regular users and were previously purchasing the ten-trip tickets.

From the foregoing, it will be seen that five of the seven major recommendations of the Federal - Provincial Committee have **not** been acted upon by the Federal Government. A considerable amount of disenchantment and frustration has been expressed to this Commission by the manufacturing sector of the Maritimes over the lack of federal policies to provide relief from disproportionately higher transportation costs as compared to their counterparts in Central Canada.

A further blow to the successful operation of manufacturing in the Maritimes came when the federal regional development incentives were broadened to cover the more populated areas of Canada. This

action resulted in the cost of transportation assuming increased importance in establishing and maintaining successful secondary industry in Atlantic Canada. This is so since the development incentives no longer serve to offset the transportation cost handicap in any significant measure. This underscores the urgency and importance of the Atlantic region exerting renewed and vigorous pressure upon the Federal Government for special transportation assistance for industry as is provided for the Atlantic Region Freight Assistance Act and as was recommended by the Atlantic Premiers in 1969 and by the Federal-Provincial Committee last summer.

The Federal-Provincial Committee is actively engaged in its assessment of regional transportation matters pursuant to its terms of reference which have not been fully dealt with to date. The Minister of Transport has stated that he wishes it to continue its work and, hopefully, positive recommendations already made by, or which may be made by it in the future, will be implemented by the Federal Government.

SUBMISSION TO C P RAIL REGARDING DIGBY-SAINT JOHN FERRY SERVICE AND FARES

Many organizations, including this Commission, who are interested in seeing the Digby-Saint John ferry service improved through the provision of a new efficient vessel and docking facilities, have made extensive representations to CP Rail and the Government for the development of such facilities over the years.

In 1969 tenders for a new vessel were let and negotiations between the railway, the federal government and the provincial governments for docking facilities, terminals, parking space and access roads began. While the new ferry was expected to begin operations in late 1970, it was apparent a year ago that delays in construction of both vessel and docking facilities might not allow the new service to be operated until 1971.

Late in 1969, the Annapolis Valley Affiliated Boards of Trade requested the Commission to prepare an analysis of the rate level and scheduling which would be required to provide an incentive to use the new service and reduce the cost of highway transport for the Annapolis Valley. The analysis undertaken by the Commission eventually formed the basis of a submission by this Commission to the Vice President, Atlantic Region, CP Rail in November, 1970.

In its analysis the Commission held to the principles that suitable scheduling and fare levels would be primary in the determination of the utilization and development potential of the new ferry service.

Based upon the level of fares and charges made for other ferry services in eastern Canada, the Commission suggested that charges for commercial vehicles of \$0.60 per foot of length should attract the

maximum number of users by offering realistic competition to other alternative routes between points in Western Nova Scotia and South-western New Brunswick, Central Canada and the United States. In addition to providing an indication of a potentially beneficial toll for commercial vehicles, the Commission proposed —

- that two round trips per day be provided;
- that the charge for a commercial vehicle should include the carriage of one driver;
- that empty and loaded commercial vehicles be subject to the same level of charges;
- that tractor-less trailers should not be assessed a charge in excess of that for a tractor trailer combination;
- that a discount be allowed for users of the service making a specified minimum number of trips within a set period.

Using a method similar to that in developing a representative charge for commercial vehicles, the Commission's brief also proposed a one-way charge of \$8.00 for a passenger vehicle and \$2.50 for adult persons. These represented considerable reductions over the fares for the traffic presently assessed on the existing ferry. The brief pointed out that even these charges would probably not attract substantially more seasonal traffic than had the present ferry the "Princess of Acadia" if only one trip per day were offered nor would local traffic be encouraged under these circumstances. In the former case, unless trip times were to take into account the travel times from the New England States, travellers would be forced to make additional expenditures towards accommodation and meals making the Bay of Fundy crossing non-competitive with other alternative routings to western Nova Scotia. The brief suggested that two trips per day - one in the morning and one in the evening - at times convenient to travellers between western Nova Scotia and the eastern United States, be established and concluded that such scheduling would give the Saint John-Digby service an advantage not only in total cost but also in travelling time. Local traffic, the submission proposed, would be stimulated should a commuter rate for automobiles and passengers be offered with the quantity purchase of fares.

The A.P.T.C. brief was presented to the railway's Vice President in Kentville, N.S. on November 4, 1970 and was supported by some sixteen organizations, governments, boards of trade and individual companies. At that time negotiations between CP Rail and the federal government on user charges to be paid by the railway for the Saint John facilities had not been concluded and thus the railway's Vice President was unable to indicate the level of charges and fares that would be assessed users of the new service. In the matter of frequency of service assurances were given that the new ferry was specifically designed to make multiple daily crossings of the Bay of

Fundy and that, if necessary, the vessel could easily make three round trip crossings daily to accommodate traffic demand. It was anticipated that two trips per day would be established when the ferry commences the service.

Weather conditions in January of this year and labour problems arising during 1970 appeared for a time to deny hope that the service would be in operation in June of 1971, as had been promised. Representations to the Federal Government by interested bodies, including the A.P.T.C., however, brought assurances from the Federal Minister of Public Works, Hon. Arthur Laing, that every effort would be made to have the Saint John terminal operational by the scheduled starting time of early June 1971.

UNIFORM HIGHWAY REGULATIONS

It will be recalled that the Atlantic Premiers' report of March, 1969, "The Basic Elements of an Atlantic Provinces' Transportation Policy", recommended that "there should be uniformity insofar as possible in motor carrier and motor vehicle regulations between the Atlantic Provinces and other provinces and state authorities". The Premiers took this stand believing that highway regulations should be designed to encourage improved services to shippers and receivers and to foster an economically healthy trucking industry.

A meeting, held by your Commission in October, 1969, brought together representatives of motor carrier and highway officials from the four Atlantic Provinces as a first step in meeting the policies outlined in the Premiers' report. At that meeting, a number of items where a lack of uniformity existed were brought to light and as a result the Provinces have amended their motor vehicle regulations pertaining to height, width and length and have achieved essentially uniformity in these areas. In addition, all four Provinces now require cargo insurance for public motor carriers. Other matters concerning uniformity in motor carrier and motor vehicle regulations were also discussed in a preliminary way. Government officials agreed to give further consideration to all matters discussed while the Commission undertook to report to the Governments on the whole question of uniformity.

In the fall of 1970, the Commission began work on a memorandum dealing with the changes each Province would be required to make in its highways regulations in order to achieve the policies sought by the Atlantic Provinces' Premiers in their 1969 report. The memorandum covered areas under four main categories where individual Maritime Provinces highway regulations either impeded the flow of freight by motor transport or impinged upon truck operators' efficiency. These were:

1. Registration regulations pertaining to combination motor vehicles in Nova Scotia;
2. Motor carrier regulations pertaining to the assessment of licence fees on trailers in Nova Scotia and Prince Edward Island;

3. Weight regulations in Nova Scotia and Prince Edward Island;
4. The requirement of statutory liability of highway carrier for goods originating in New Brunswick, Nova Scotia and Prince Edward Island.

The Commission's memorandum, in dealing with the above, followed the philosophy that movement of motor freight within and between the Provinces of the Maritime region should be encouraged by highway regulations that permit truck operators to achieve the greatest practical efficiency in their operations. For example:

- The implementation by Nova Scotia of registration regulations which would permit the operator of a combination vehicle to register his tractor for the full gross weight of the combination and his trailer equipment for a token fee. Under the present regulations an operator is required to register the units of a combination separately on an equal cost/weight basis. Such a requirement effectively prevents an operator from achieving the most economical ratio of trailers to tractors; acts as a barrier to the interchange of trailers from certain jurisdictions; and, in even those cases where the Motor Vehicle Act has granted reciprocity in registration to trailers from other jurisdictions, prevents the utilization by Nova Scotia tractor operators of such a freight vehicle for the carriage of intra-provincial freight for the otherwise empty haul.
- The requirements of Prince Edward Island and Nova Scotia that a motor carrier's freight vehicles be licenced under the motor carrier acts presents carriers with the need to obtain formal interchange agreements with every carrier of another jurisdiction with which they wish to interchange freight vehicles on a regular basis. If the motor carrier acts licenced carriers rather than their freight vehicles, free interchange would be possible.
- The raising of motor vehicle gross weight in Nova Scotia and Prince Edward Island so as to permit the practical use of double trailers. It has been shown that, where double trailers are permitted to operate under weight regulations which allow their efficient loading, savings of up to 40% can be realized on each unit of freight.
- That the statutory liability of a carrier for loss or damage of goods within his possession be set at a level consistent with the average value of the loads commonly carried. Such a requirement would protect not only the shipper but the carrier as well. None of the Maritime Provinces' Motor Carrier Acts presently have a realistic legal liability for motor carriers.

The Commission's memorandum was forwarded to the three Maritime Premiers in the first few days of 1971. As of the time of writing, New Brunswick had agreed to the principle of developing a uniform carriers' liability for loss or damage under a prescribed bill of lading, and to co-operate with the other two Provinces in developing this uniformity. Nova Scotia and Prince Edward Island have yet to indicate their position in regards to the points presented in the memorandum.

RAIL RATES AND CHARGES ON POTATOES

During a meeting in Grand Falls, N.B. in June, 1970, which was one of a series of transportation meetings organized by this Commission throughout the Maritimes with representatives of Industry and Commerce during the year covered by this report, potato shippers in the Saint John Valley area sought the assistance of this Commission in respect of rates and charges on potatoes. The Commission previously played a part in delaying the implementation of what is technically known as "heater detention service charges" for rail cars of export potatoes held at export ports awaiting unloading for the 1969-70 shipping season. At the time of this meeting this charge was due to be implemented on July 1st, 1971. Of concern to these potato shippers also was an increase in the agreed charge rates applying to Ontario and Quebec to become effective on August 3, 1970, and line haul export rail rates to Maritime ports and accessorial charges which had been increased on March 1st, 1970 and again on April 6th, 1970.

Before this Commission had an opportunity to prepare representations on behalf of the Potato Industry, it was asked by the Member of Parliament for Madawaska-Victoria to attend a meeting with the railways which he had arranged at the request of the National Farmers Union. Through the efforts of the A.P.T.C., the National Farmers Union and the New Brunswick Potato Shippers Association were brought together for single representations to the railways which had been prepared by this Commission. These representations included extensive rate and other statistical tables all of which had to be prepared in a period of only a few days.

Two meetings were held with the Canadian railways and as a result the railways agreed to withhold until January 1, 1971 an increase of approximately 6% which they had planned to bring into effect in the export rates on September 1, 1970 and, furthermore, to reduce the charge for heater service in transit on potatoes moving under the agreed charges from both New Brunswick and Prince Edward Island to points in Ontario and Quebec from 5¼ cents per mile to 4 cents per mile.

Calculations made by this Commission based on an average of previous years statistics of potato traffic indicated that the savings to the New Brunswick and Prince Edward Island Potato Industry in the year 1970-71 would be approximately 90% of the Commission's total budget for that year.

In late November 1970 this Commission received numerous inquiries from potato shippers concerning what appeared to be a change in the railways policy of allowing 10 days free time at the export ports of Halifax and Saint John before the assessment of what are technically called "refrigerator car detention charges" for export potato shipments held at these ports awaiting unloading. Refrigerator car detention charges might best be described as a second demurrage penalty for detaining railway refrigerated car equipment. It had been the railways practice for many, many years that ten days free time be allowed before the assessment of either demurrage charges or refrigerator car detention charges and there had been no amendments in the railways' tariffs which would indicate a change in this policy.

Investigation by this Commission revealed that a management decision had been made that the tariff provision which, for years had been interpreted as providing ten days free time, would no longer be interpreted in that way and that only two days free time would be allowed before the assessment of refrigerator care detention charges.

The implementation of this shorter free time period would have meant an increase in cost to potato exporters of approximately \$70.00 per car — a cost which the potato exporter could not anticipate at the time a number of export contracts were signed and which he had no way of recovering from the buyer.

Because of the serious effect this change of policy would have upon the Maritime export potato business, assisted by this Commission many parties made strong representations to the railways to reinstate the ten days free time period before the assessment of the refrigerator car detention charges on export potato shipments via Halifax and Saint John. As a result the railways did revert to the former practice of allowing ten days free time on this traffic for the 1970-71 shipping season.

The Commission has made no estimate of the savings secured by the Maritime Potato Industry as a result of this particular development. Nevertheless, it is safe to assume that savings several times in excess of the Commission's budget did accrue to New Brunswick and Prince Edward Island potato exporters.

The Railways announcement that they were reverting to the former ten day free time period indicated that this reversal of policy was of a temporary nature only and that the free time period would, following consultation with the industry, be reduced to two days effective on July 1, 1971. This Commission immediately recommended to the New Brunswick Department of Agriculture that steps be taken to enter into discussions with the railways at an early date with a view of maintaining the ten day free time period and securing such additional relief from increased rail rates and accessorial charges as possible. As a result of this recommendation a potato co-ordinating committee was organized in New Brunswick and an interlocking co-

operative arrangement made with a similar committee which had existed in Prince Edward Island. This Commission was asked to prepare a submission to be made to vice president level of the two major Canadian railways by the New Brunswick Minister of Agriculture and Rural Development and the Prince Edward Island Minister of Agriculture and Forestry. At year end preparation of this material was well in hand.

CURRENCY EXCHANGE ON INTERNATIONAL TRUCK CHARGES

In May of 1970 this Commission submitted representations on the subject of currency exchange on international truck charges to the major motor carriers providing a regularly scheduled service between the Maritimes and points in the United States via the New England gateways.

It had been the practice of these carriers to assess 7½% (roughly the full rate of exchange) on freight charges paid in Canadian currency with the option of the payment of charges in U. S. currency. This Commission's submission sought the establishment of a system similar to that used nationwide by the railways and by the trucking companies operating between Central Canada and the United States of the assessment of a surcharge or an additional collection equal to 60% of the full rate of exchange on freight charges paid in Canadian currency when U. S. currency is at a premium in relation thereto. The Commission's submission was supported by the Atlantic Divisions of the Canadian Manufacturers' Association and the Canadian Industrial Traffic League.

Despite the drop in the full rate of exchange between Canada and U. S. funds to between 4 and 5% early in June, to between 3 and 4% by the end of June, and to less than 3% by the end of July, these carriers continued to assess a 7½% exchange rate on freight charges paid in Canadian currency. On November 22, 1970, in response to repeated representations from this Commission these carriers reduced their currency exchange assessment to 2%. While less than the full rate of exchange which was running between 2¼ and 2½% at the time of this adjustment, the carriers declined to adopt the suggested basis of 60% of the full rate of exchange. In addition, contrary to this Commission's representations, the carriers failed to adopt any procedure for periodic adjustment in the exchange rate governing the payment of transportation charges.

Further representations were made by the A.P.T.C. in February, 1971, but no further response had been received from the carriers at the year end.

APPLICATIONS UNDER SECTION 16 OF THE NATIONAL TRANSPORTATION ACT

With the passage of the National Transportation Act in 1967, all prohibitions upon the railways to avoid unjust discrimination, undue

preference or prejudice in its rates, charges and services were eliminated. The only legal protection for shippers against the pricing practices of the railways is the so-called maximum rate section (Section 336) whereby the railways are prohibited from charging more than 150% above their variable costs for a 30,000 lb. carload, and the so-called "public interest" section of the National Transportation Act, namely Section 16.

Section 16 reads in part as follows:

"Where a person has reason to believe that any act or omission of (the carrier) . . . may prejudicially affect the public interest in respect of tolls for or conditions of the carriage of traffic within, into or from Canada, such person may apply to the Commission for leave to appeal the act, omission or rate, and the Commission shall, if it is satisfied that a prima facie case has been made, make such investigation of the act, omission or, rate and the effect thereof, as in its opinion is warranted." . . . (and if it is found that the act or omission complained of is prejudicial to the public interest, the Canadian Transport Commission may)" . . . make an order requiring the carrier to remove the prejudicial feature in the relevant tolls or conditions specified for the carriage of traffic or such other order as in the circumstances it may consider proper, or it may report thereon to the Governor in Council for any action that is considered appropriate."

During the past year three applications were filed with the Canadian Transport Commission under Section 16. First, a group of Eastern Canadian pulp & paper producers, including Consolidated — Bathurst Ltd., applied for leave to appeal to the C.T.C. for relief under this Section on rail rates to the U. S. Northeastern States. Prince Albert Pulp Company Ltd. of Saskatchewan also applied under the Section for leave to appeal to the C.T.C. for relief from rail rates on its products to markets in the midwest United States.

Based on the international character of the rates at issue the railways questioned the jurisdiction of the Canadian Transport Commission to hear these applications and the jurisdictional matter was the subject of a formal hearing by the Canadian Transport Commission in the fall of 1970. This Commission attended the hearing on the Eastern Canadian application in a watching brief capacity. At the time of writing, the Canadian Transport Commission has not ruled on the question of whether it has power to proceed with these cases.

The two applications under Section 16 of the National Transportation Act are the first of their kind since the Act came into force during 1967. Since there are no precedents existing in Canadian experience, the judgement of the C.T.C. in this matter will be of interest to all shippers who export to the United States and other territories defined as subject to international rates. In cases similar to those described above, the Interstate Commerce Commission of the United States has judged itself competent to arbitrate on rates for that portion of an international movement that lies within United States territory.

Because of the implications of a judgement favourable to the applicants this Commission will continue to watch this matter closely.

Just at the time of writing, a third application for leave to appeal under Section 16 had been filed with the C.T.C. jointly by the Saskatchewan Wheat Pool, Agra Industries Limited, Co-op Vegetable Oils Limited and Western Canadian Seed Processors Limited pertaining to rates on Rapeseed products from Western Canada to markets in Eastern Canada and for export in relation to the rates on unprocessed Rapeseed from Western Canada to processors in Eastern Canada. The hearing of this application for leave to appeal is to be held in Winnipeg April 29, 1971. Since this is the first application under Section 16 respecting domestic rates, this Commission will watch the matter closely.

EXPORT — IMPORT RAIL RATE ADJUSTMENT

The United States railroads, with the consent of the Interstate Commerce Commission, cancelled tariffs of import and export class rates between U. S. North Atlantic Ports and points in Central and Western United States and replaced such tariffs with an entirely new rate structure. This became effective on February 15, 1971.

This cancellation is significant to the Maritimes because these former tariffs, insofar as export rates are concerned, contained authorization to apply the export rates published to New York on traffic from Central and Western United States via the ports of Halifax and Saint John, as well as certain specified St. Lawrence River ports. In addition, the import rates published from Baltimore, Md. to points in Central and Western United States formed the basis for the import rates from Halifax and Saint John to the same points. Similarly, export and import class rates between Central Canada and these Maritime Provinces' ports are related to the cancelled rates between Central United States and U. S. North Atlantic ports. Therefore, apart from the direct effect of making the ports of Halifax and Saint John completely uncompetitive with U. S. North Atlantic ports on class rated export traffic from Central and Western United States, this cancellation could undermine the existence of the other import and export class rates referred to above. While the volume of traffic moving to and from the Maritime ports under the class rates involved is not known by the A.P.T.C., these class rates are important over and above the traffic they represent directly because they are the foundation or the basis for many of the existing commodity rates.

In the case of U.S. ports the cancelled rates were replaced with new class rates to govern the movement of export and import traffic between the interior of the United States and U.S. North Atlantic ports. These rates are based on the so-called uniform class rate structure and are governed by the Uniform Freight Classification.

Having become aware of this matter through its routine checking of tariff revisions, this Commission communicated on February 4, 1971 with Canadian National Railways and CP Rail suggesting that steps be taken immediately to establish the same uniform class rate structure between Halifax and Saint John, on the one hand, and

points in the Central and Western U.S., on the other, to reinstate rate parity between these ports and U.S. North Atlantic ports on import and export class rated traffic.

After receiving the representations of this Commission the Canadian railways acted swiftly to secure appropriate tariff adjustments by sending officials to New York to discuss the matter with officials of the U.S. Eastern Railroads which was promptly followed up by a written request from the Chairman of the Canadian Freight Association to the U. S. Eastern Railroads. The proposal of the Canadian Freight Association not only included the adjustment sought by this Commission but included also a proposal to establish a new rate structure, which it is presumed will be related to the new uniform rates within the United States, to apply on import and export traffic moving between Central Canada and Canadian Atlantic and U.S. North Atlantic ports.

At year end this matter was still under consideration by the various railways.

COASTING TRADE INQUIRY

The inquiry initiated by the Canadian Transport Commission in August 1969, into the laws respecting the coasting trade in Canada had yet to be concluded at the time of writing, although there are indications that the findings of the special consultant, Mr. Howard Darling, are to be released in the near future.

While no public hearings were held, the C.T.C. Special Consultant met with most of those who had submitted briefs to the Canadian Transport Commission on the subject. The Commission's Executive Manager met with the Consultant in September 1970 and endeavoured to impress upon him that to restrict the coastal trade of Canada to Canadian vessels would be in conflict with the philosophy of the National Transportation Act which places reliance upon competition to be the rate regulator. Restrictions on the use of British ships would be a restriction on competition and would not be the most efficient, economical use of transportation. Furthermore, the positions taken by those in favour of restricting Canada's coastal trade to Canadian ships argued this position because of the benefits it might provide for the shipbuilding industries and for the "manning" employment it might also provide. Their argument was then that for national policy purposes British ships should be barred. If the consultant should then recommend the barring of British ships from Canada's Atlantic coastal trade, the Atlantic Provinces could rightly argue that if this recommendation were adopted by the Government then compensating policies be implemented for Atlantic industry which would be faced with increased costs stemming from the use of Canadian ships.

Although the coasting trade inquiry had not been concluded, two events that occurred during the year could have an influence upon the coasting trade. The first of these was the sinking of the tanker "Arrow"

off Arichat, N. S. and the resulting pollution of the Canso Strait with the tanker's cargo of bunker "C" oil. As a result of the inquiry into the "Arrow's" sinking, extremely rigid control of all shipping in Canadian waters has been proposed in Bill C-2. This Bill, if passed, could dictate the type of construction and maintenance of vessels used in Canadian waters as well as requiring that specified equipment be carried on these vessels. Sir Frederic Harmer, Chairman of the International Chamber of Shipping told a Parliamentary Committee set up to review the bill that Bill C-2 could lead either to a boycott of Canadian waters or to greatly increased shipping costs for Canadians if the provisions of the proposed legislation were met by foreign carriers. At the time of writing this report the bill has yet to gain the final approval of Parliament. The second event affecting shipping in Canada during 1970 was the establishment of the Shipbuilding Temporary Assistance Regulations which provided that up to 17% of the cost of building ships in Canada might be borne by the Federal Government in the form of a grant **when ships are sold to foreign buyers.** These regulations were designed to encourage employment in the Canadian ship yards by allowing Canadian shipbuilders to participate in the unusually heavy demand for tonnage now existing in world markets. Canada's shipbuilding costs have been reputedly some 35% above those of other nations but it is presumably the Government's hope that the subsidy, plus a willingness on the part of ocean carriers to pay premium prices for early delivery of vessels, will lead to increased activity for Canadian shipbuilders.

MARITIME UNION

On November 28, 1970, the report of the Maritime Union Study was released to the Premiers of the Maritime Provinces. The report favoured full political union of the three Provinces within ten years and recommended that three elements are essential in achieving this union, these are:

- a council of the Maritime Premiers which would formulate suitable policies for the region in negotiations and dealings with the Federal Government;
- a commission which would make proposals to the Premiers in the matter of a constitution for the united provinces;
- a joint legislative assembly which would consider the reports and proposals of the Premiers and the commission and which would decide how union would be ratified.

Although none of the Maritime governments has fully committed themselves to the recommendation for full political union, the first meeting of the Premiers in January 1971 resulted in the decision that a Premiers' Council would be formed with the objective of achieving greater cooperation between the provinces. A further meeting of the Premiers in May 1971 will cover the institution of the Commission recommended by the Union Study and preliminary steps towards establishing a joint legislature.

The Maritime Union Study did not make particular recommendations in regards to transportation matters within the three provinces although it clearly recognized that transportation and industrial development are inseparable entities. The study assembled quite extensive and detailed information on instances of international and inter-regional cooperation which had been achieved throughout the world over the past twenty-five years.

SHIPPING CONFERENCE EXEMPTION ACT

On February 23, 1970, proposed legislation contained in Bill C-184, an act exempting ocean steamship conferences from the Combines Investigation Act, was referred to the Standing Committee on Transport and Communications. On May 8th your Commission made known its views to the Chairman of that Committee by means of a written submission — a personal appearance by the Executive Manager not being possible. In its presentation the Commission stated that, while it supports the legislation with regard to the treatment of ocean conferences, no relief is offered from the conferences' practice of assessing East Coast and St. Lawrence ports the same level of rates in disregard of the geographical advantage represented by the shorter steaming distances favouring the East Coast ports in trade with most overseas countries. Although the Commission's views evoked considerable discussion within the Committee on the point that it raised, Bill C-184 was passed, basically unchanged for final reading. Assent was given October 7th, 1970 and the Act was proclaimed to become effective on April 1, 1971.

Essentially, the legislation of the Shipping Conference Exemption Act gives legality to practices which would normally be regarded as contrary to the Combines Investigation Act and also provides some measure of protection to shippers who may sign patronage contracts with members of shipping conferences.

COMBINED TRANSPORTATION CONVENTION AND DOCUMENTATION

Over the past fifteen years various public and private international organizations have been attempting to establish a uniform and acceptable convention governing international inter-modal movement of goods. While up until only two years ago this international co-operative effort was confined to marine interests and land carriers of western Europe, it has since that time broadened to include international representation from all modes and from twenty-two major trading nations including Canada.

Under the auspices of the Inter-governmental Maritime Consultative Organization (IMCO) of the United Nations and the Economic Commission for Europe (ECE) a meeting of all interested organizations and governments was held at Geneva, Switzerland, in January 1971 to consider individual articles of a proposed draft which might be contained in a final International Combined Transport Conven-

tion. In late December 1970 this Commission, along with other interested organizations, was asked by the Canadian Transport Commission for its comments on the draft convention. Because of the complex nature of the convention and the short time allowed for reply, it was not possible to comment on the draft convention in any depth.

At the January meeting in Geneva a substantial number of representatives were in favor of concluding a Convention on the matter without alteration of the draft document. Some, in attendance at the meeting including Canada, however, felt that there should be more time to investigate the ultimate consequences of a Convention upon the trade of individual countries.

Two further meetings were planned, one for early summer and a fourth and final one at the end of the year. It was hoped at that point a draft convention might be passed to the diplomatic representatives of the twenty-two countries participating in the design of the Convention.

Basically, this Commission expressed to the Canadian Transport Commission the view (a) that the Combined Transport Convention should ensure that an I.S.O. container is not considered as a "package" and subject to the package liability of \$500.00 per package in the case of loss or damage; and (b) that since it was assumed that the purpose of the convention was to provide single carrier liability for the through movement by several modes of transport, the shipper or "claimant" should be assured that loss or damage to his goods would be covered to the extent stated in the convention regardless of where the loss or damage occurred. As the convention is drafted the originating "carrier" has the option of "clausuring" the combined transport document as being subject to the limitations of liability of the carriers in whose hands the damage occurred, if it can be proven. This Commission expressed concern that this "option" provision, if adopted, would defeat the very purpose for which the convention was being prepared. It was interesting to note that a speaker at a Canadian Port Committee breakfast meeting in February 1971 expressed the same views. The Canadian Transport Commission has asked this Commission along with others for further comments by September 24, 1971. Because of the complexity of the convention, it is doubtful that this Commission could make any further comments on the convention without an exhaustive in-depth study of it by legal authorities.

OTHER ACTIVITIES OF THE COMMISSION

The ever growing complexity of transportation continued to manifest itself in increasing demands upon the services of this Commission by Provincial Government Departments and agencies, trade organizations and business and industry throughout the region. Some of this increased demand upon the Commission's staff for advice and assistance can be attributed to a greater awareness of the services available from the Commission due in part to a series of infor-

mal meetings held by the Commission throughout the region during the past fourteen months. Meetings were held in Halifax, New Glasgow, Sydney, Kentville and Yarmouth, N. S., in Bathurst, Grand Falls and Fredericton, N. B. and in Charlottetown, P. E. I. Increased use of the Commission's services also resulted from the Commission's Transportation and Distribution Officer making a number of trips throughout the region calling on specific industries. Most of these calls resulted in the Commission being able to provide some measure of assistance or advice or both to the industries visited. Only a shortage of staff has prevented the Commission from expanding its services to industry in this field, despite an obvious need in this area.

Besides the activities of the Commission outlined in some detail in earlier sections of this report, the following examples illustrate areas in which this Commission was able to provide specific and tangible assistance to industry and commerce in the region.

The Commission negotiated reduced rail rates for a number of Prince Edward Island food canners shipping into Quebec and Ontario markets. Savings to one P.E.I. company alone exceeded the financial support received by this Commission from Prince Edward Island in the past year.

When the railways lowered rates on Confectionery from points in Central Canada to points in Western Canada, the Commission was able to secure on a temporary basis pending further negotiations equivalent reductions for the confectionery manufacturers in New Brunswick and Nova Scotia.

The new Resin plant at Chatham, N. B. used the services of this Commission extensively in negotiating acceptable rates and services by highway carriers for its production to points in New Brunswick and by rail to points in Newfoundland.

A P.E.I. company used the services of the Commission to find a more economical and suitable method of moving one of its products requiring protection against heat to markets in Newfoundland.

Rates were negotiated for a Nova Scotia company to several points in Western Canada as it attempted to develop new markets there for its product. The Commission also assisted this company in an effort to secure satisfactory highway carrier rates for its inbound products from the United States. In this case, the common carriers were not able to meet the costs of private carriage and as a result it is doubtful that the common carriers will be able to secure this traffic.

Rates for a recently established New Brunswick company were negotiated to two major United States markets enabling this company to quote on business in these areas which had not been possible previously.

Rates were secured for Nova Scotia fresh apple producers to enable them to reach Newfoundland markets at lower costs.

Through the Commission's efforts in securing lower piggyback rates, a New Brunswick manufacturer was enabled to secure a larger market for his products in Ontario and at the same time make considerable savings in transportation costs.

A manufacturer of plastic products in Nova Scotia was able to secure with the assistance of this Commission rail rates to help it develop markets in Western Canada.

Considerable assistance was provided to a recently established manufacturer in Nova Scotia to secure highway and piggyback rates for its products throughout Canada.

The Commission assisted a Newfoundland fish processor in securing lower rail rates on Frozen seafoods to Western Canada.

The Commission assisted the Nova Scotia fish oil producers in securing a reconsideration by the railways of their decision to change the basis for the determination of weights of carloads of Fish Oil for billing purposes. The weighing charge which would otherwise have become effective on January 1, 1971 is being held in abeyance by the C.N.R. pending this further consideration.

Negotiations have continued with the Canadian railways for a more satisfactory rate level on food products from Nova Scotia to the United States. While a satisfactory solution has not yet been reached, progress has been made and benefits secured for the company concerned.

Considerable assistance has been rendered by this Commission to a New Brunswick company in determining whether a different method of shipping its product to markets in the United Kingdom would be less costly. This particular matter was one of considerable interest because it involved negotiations with rail, truck and water carriers via several alternative routes.

During the year, the Commission was asked by the Maritime Lumber Bureau to assist it in the preparation of representations to the railways. The lumber industry had found that the rail handling of lumber traffic had fallen to an even greater extent than the decrease due to market conditions alone and that truck shipments had increased or traditional markets were being supplied from other sources. Some fourteen rate statements along with the submission itself were prepared by this Commission. Unfortunately, however, at year end, the prospects were not bright that the railways would respond favourably to the representations made to them.

The Commission prepared an extensive Memorandum for Halicon and one of the container steamship lines pertaining to motor carrier

and motor vehicle regulations in Eastern Canada as they pertain to the inland movement of traffic carried by that steamship line.

Again this year, the manufacturer of Charcoal Briquettes in New Brunswick saved thousands of dollars as a result of the services rendered to that company by this Commission.

N. B. Peat Moss products benefited also again this year from assistance provided by the Commission. Of particular significance to this industry was the establishment of a new scale of rail rates to points in the Atlantic Provinces for heavier carloadings.

Considerable assistance has been given to the Atlantic Province Feed Manufacturers Association again this year.

The Commission contributed to the securing of some reduction in a substantial increase implemented by the railways in rates on wood shavings moving within the region.

Again this year, the Commission can report that its services have been utilized in a substantial measure by the industrial development agencies of the Provincial Governments and municipal governments. In expressing appreciation to the Commission, one provincial government agency official recently stated that he did not know how that agency could effectively operate without the assistance rendered by the Commission.

During 1970, the railways increased rates on steel sheets and plates from Ontario and Quebec producing points to Maritime consuming points. This Commission worked closely with the steel sheet and plate users in an effort to arrange water and truck transportation for this traffic at costs less than the increased rail rates. While it was not possible to finalize this work before the close of navigation, it is hoped that the ground work done in 1970 will come to fruition in 1971, thus benefitting the steel sheet and plate users.

Again during the past year considerable assistance was given to several Maritime Woodpulp companies in securing better rates to their markets mainly in the United States.

Lundrigan's Ltd. of Newfoundland sought assistance from the Commission for a review of the company's transportation and distribution procedures. The Commission Transportation and Distribution Officer met with the company but because of the withdrawal of financial support by the Province of Newfoundland and Labrador, the Commission found that it could not justifiably provide the assistance required by that company.

During the year the Commission received several inquiries from companies who felt that on a particular shipment the highway, railway

or water carriers had overcharged them. As stated in previous years reports, the Commission does not undertake audits of freight accounts but it does deal with specific inquiries of this nature which are directed to it. In the cases referred to it, the Commission was able to determine the accuracy of the charges thus enabling the companies to secure refunds where overcharges had occurred.

Considerable assistance was rendered to the Nova Scotia Flour mill again this year in developing rates by rail and truck to its markets.

An indication of the growing complexity of transportation can be gotten from the number of Rate Advices disseminated by the Commission in the past few years. (Rate Advices, are notifications to Maritime companies of specific changes in rates or charges being made by carriers which may affect directly or indirectly the competitive position of a Maritime company):

Year	No. of Rate Advices
1970-71	1,999
1969-70	1,624
1968-69	1,296
1967-68	1,419
1966-67	1,342

In addition, eight circulars dealing with transportation developments of a more general nature were issued during the year. Four issues of "Tips & Topics" were mailed to over 2,000 companies and individuals.

Again this year the Commission attempted to contact in writing all companies establishing new manufacturing facilities in the Maritimes. Many of these contacts resulted in a personal visit by the staff and in most cases the Commission was able to render assistance in some form to these companies.

During the year, the Commission reported to the Annual Meeting of the Maritime Provinces Chamber of Commerce and to the quarterly Directors meetings of that organization.

The Commission's Executive Manager was called upon to address specific groups on two occasions during the year.

GENERAL

During the year relationships between the Commission and the carriers have been cordial. The Commission is grateful for the carriers' co-operation. The efforts of the Commission often resulted in traffic

being retained by the carriers or new traffic being developed for them.

Close association continued to exist between the Commission and regional organizations such as Maritime Provinces Chamber of Commerce, Canadian Manufacturers' Association, Atlantic Provinces Economic Council, the Maritime Lumber Bureau, the Fish Associations of the Provinces, the Atlantic Provinces Feed Manufacturers' Association, the Saint John and Halifax Port Commissions, the Nova Scotia Voluntary Economic Planning group and the Nova Scotia Forest Products Association.

The Commission maintained its membership in such national and international groups as the Canadian Transportation Research Forum, the Transportation Association of America and the Canadian Association of Physical Distribution Management. The latter Association elected the Commission's Executive Manager to its Board of Directors at its 1971 Annual Meeting. The Executive Manager of the Commission continues to serve on the Transportation and Communications Sector of the Nova Scotia Voluntary Planning Group and on the Transportation and Communications Committee of the Canadian Chamber of Commerce. The Commission's Research Economist is a member of the Transportation Committee of the Nova Scotia Forest Products Association.

The Chairman and Executive Manager wish to thank the Commission members for their advice and guidance during the past year and for their faithful attendance at and participation in Commission meetings. When it is realized that no remuneration whatsoever is received by the Commission members for their services, the members are, indeed, deserving of the highest commendation for their voluntary contribution to the betterment of the region through the activities of the Commission.

The Commission deeply regrets that for personal reasons Mr. R. G. Smith, Vice Chairman of the Commission for Nova Scotia and a member of the Commission since 1955, has found it necessary to tender his resignation at the end of the Commission's 1970-71 year. Mr. Smith has been a stalwart member of the Commission and his advice and counsel will be sorely missed. On behalf of his colleagues, the Chairman and Executive Manager express to him their sincere thanks for the service he has rendered.

On behalf of the entire Commission, the Chairman and Executive Manager express their sincere thanks to the staff for their loyalty and dedication in the discharge of their duties. While the work load has been heavy, through the dedicated work of the staff the achievements of the year outlined herein have been accomplished.

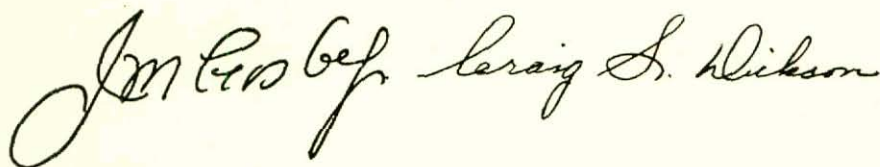
During the year Mr. Ross Palmer joined the staff as a Tariff Clerk, coming to the Commission from one of the major truck operators in the Maritimes. Miss Joyce Stephens, staff stenographer, has submitted

her resignation at year end to accept employment in Newcastle, N.B. During her two years with the Commission Miss Stephens exhibited a loyalty and dedication to her work which, coupled with her pleasant personality, made her a valued employee.

In the Commission Annual Report for 1969-70, it was indicated that the Province of Newfoundland and Labrador had decided for economic reasons to discontinue its financial support of the Commission, effective April 1, 1970. The Commission's Newfoundland Vice Chairman has met during the year with the Deputy Minister of Economic Development and the Commission is somewhat encouraged that the Province of Newfoundland and Labrador may again join the other three Atlantic Provinces in supporting the work of the Atlantic Provinces Transportation Commission. At year end no firm decision has been taken by the Province of Newfoundland and Labrador on this matter.

To the Governments of the Maritime Provinces, the Atlantic Provinces Transportation Commission expresses its thanks and appreciation for their continued and increased financial support. Through this increased support, the Commission was able to carry on its activities to the benefit of a greater number of Maritime companies. The dollar benefit to the regional economy of the Commission's efforts during this past year was certainly far in excess of the financial support received from the Provinces.

Respectfully submitted,

The block contains two handwritten signatures in cursive. The signature on the left is 'J. M. Crosby' and the signature on the right is 'Craig S. Dickson'.

J. M. Crosby
Chairman

Craig S. Dickson
Executive Manager



