

TRANSPORTATION

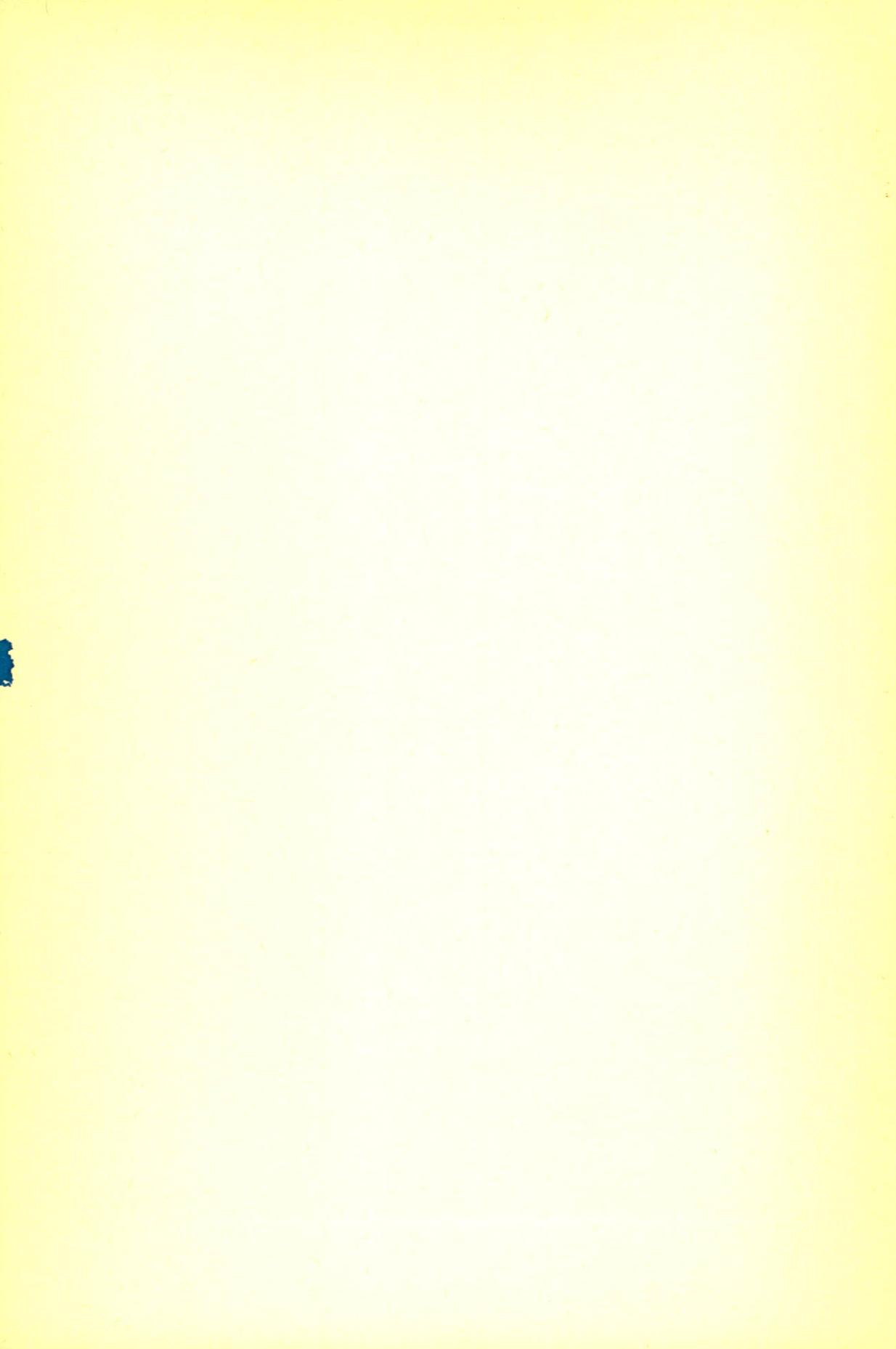
REVIEW

AND

ANNUAL REPORT

1972 - 1973

ATLANTIC PROVINCES TRANSPORTATION COMMISSION



ATLANTIC PROVINCES TRANSPORTATION COMMISSION

TRANSPORTATION REVIEW AND ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 1973

(Issued May 16, 1973)

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, Prince Edward Island and Newfoundland.



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Honourable Ralph F. Fiske
Minister of Development
Province of Nova Scotia
Halifax, N.S.

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

Honourable Paul S. Creaghan
Minister of Economic Growth
Province of New Brunswick
Fredericton, N.B.

Honourable Dr. T. C. Farrell
Minister of Transportation &
Communications
Province of Newfoundland
St. John's, Newfoundland

Sirs:

On behalf of the Directors of the Atlantic Provinces Transportation Commission I am pleased to submit the Transportation Review and Annual Report of this Commission for the period April 1, 1972 to March 31, 1973. On the pages that follow the transportation developments in Canada as they particularly relate to the Atlantic Provinces are reviewed, as well as a report on some of the matters which have occupied the Commission's attention.

I wish to express the thanks and appreciation of the Directors to the Governments of the Provinces for their financial support during the past year. This expression of appreciation is made, not only on behalf of the Directors, but also on behalf of all industries and organizations which have benefited from the Commission's activities. It is only through this support that industry and commerce in this region have the unique opportunity to secure the assistance provided by the Commission for their transportation and distribution needs.

The Atlantic Provinces Transportation Commission has over the years been a form of regional co-operation and, in updating its constitution and defining its functions, it is now in an even stronger position to meet the transportation needs of Atlantic Canada for both now and the future.

All of which is respectfully submitted on behalf of the Directors,

D. G. Burchell
Chairman

May 16, 1973.

**DIRECTORS OF THE ATLANTIC PROVINCES
TRANSPORTATION COMMISSION
AS AT MARCH 31ST, 1973**

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

Nova Scotia

Government:

Charles B. Christie	Amherst, N. S.
G. G. Etienne	Halifax, N. S.
L. J. Hayes	Halifax, N. S.

Maritime Provinces Chamber of Commerce:

David G. Burchell	Bras D'Or, N. S.
E. L. Dillman	Hantsport, N. S.
C. L. Weckman	Halifax, N. S.

New Brunswick

Government:

Glendon Eddy	Bathurst, N. B.
F. H. Hatfield	Hartland, N. B.
D. G. Wales	Fredericton, N. B.

Maritime Provinces Chamber of Commerce:

D. M. Hope	Saint John, N. B.
H. Miller	Moncton, N. B.
G. E. Tozer	Bathurst, N. B.

Prince Edward Island

Government:

K. A. MacKenzie	Charlottetown, P.E.I.
G. E. Wright	Central Bedeque, P.E.I.

Maritime Provinces Chamber of Commerce:

Gerald Handrahan	Tignish, P.E.I.
C. W. Moffatt	Charlottetown, P.E.I.

Newfoundland and Labrador

Government:

E. J. O'Brien	St. John's Nfld.
A. J. Roche	St. John's, Nfld.

Newfoundland & Labrador Chamber of Commerce:

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

Also

President, Maritime Provinces Chamber of Commerce

President, Newfoundland & Labrador Chamber of Commerce

STAFF

Craig S. Dickson, General Manager and Treasurer

Ramsay M.S. Armitage, Assistant Manager

Lorne M. Mitton, Transportation & Distribution Officer

David Ford, Research Economist

Wayne R. Hamlin, Traffic Analyst

Roger Breau, Assistant Traffic Analyst

Ross A. Palmer, Assistant Traffic Analyst

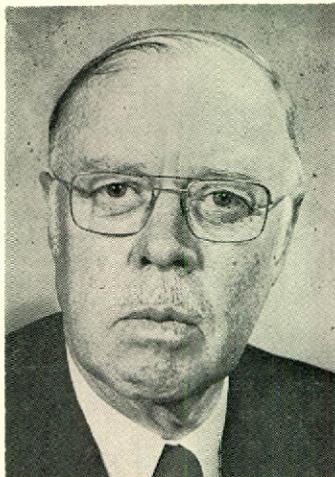
Brian L. Johnson, Assistant Traffic Analyst *

Peter A. Vuillemot, Tariff Clerk

Mrs. Frances Dewberry, Staff Secretary

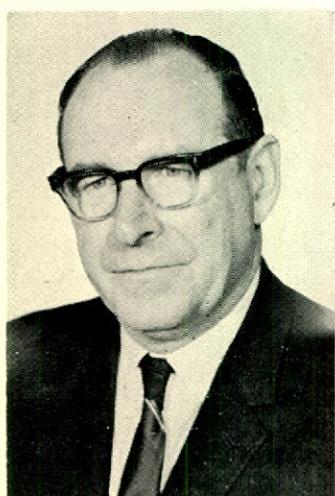
Mrs. Margaret (Peggy) Ayer, Assistant Staff Secretary

* Effective April 9, 1973

**DAVID G. BURCHELL**

Chairman

Bras d'Or, N. S.

**NORMAN H. SMITH**

Vice-Chairman

Vice-President - Merchandise

Steers Limited

St. John's, Nfld.

**GERALD HANDRAHAN**

Manager

Tignish Co-Operative Association

Limited

Tignish, P.E.I.

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EXECUTIVE COMMITTEE



K. A. MACKENZIE

Director of Transportation

Province of Prince Edward Island

Charlottetown, P.E.I.



GLENDON EDDY

Director

George Eddy Company Ltd.

Bathurst, N. B.



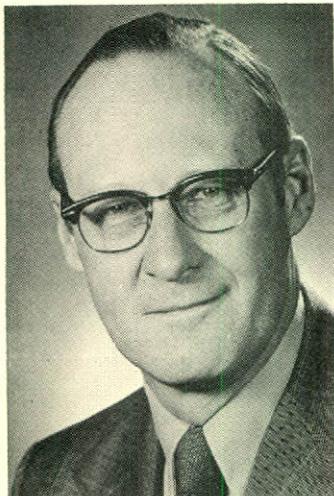
D. G. WALES

Director of Transportation

Province of New Brunswick

Fredericton, N. B.

1972 - 73 EXECUTIVE COMMITTEE



G. G. ETIENNE

Supervisor

Transportation Division

Province of Nova Scotia

Halifax, N. S.

Picture
Not
Available

A. J. ROCHE

Assistant Deputy Minister

Department of Industrial Development

Province of Newfoundland

St. John's, Nfld.



CRAIG S. DICKSON

General Manager

Moncton, N. B.

OBJECT AND FUNCTIONS OF THE ATLANTIC PROVINCES TRANSPORTATION COMMISSION

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

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

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

The services of the Commission are available free of charge by contacting the Commission's office at 128 Highfield Street, Moncton, N. B. Inquiries should be directed to the General Manager, Atlantic Provinces Transportation Commission, P.O. Box 577, Moncton, N. B. (Phone (506) 855-0031).

GENERAL TRANSPORTATION REVIEW

Rail

Total rail traffic handled in the Atlantic Region by Canadian National during 1972 showed little increase from the previous year largely through the effects of the cessation of the coal movement from Cape Breton to users in Quebec and Ontario, while movements of intermodal containers and import automobiles increased substantially.

At the end of the year covered by this review Canadian National's annual report had yet to be tabled in the House of Commons and, a consequence, the Company's financial position and general performance during 1972 are, as yet, unknown.

CP Rail, reporting on a system-wide basis, revealed net earnings of \$57.6 million, up 26% over 1971 with expenses increasing by 6%. Rail freight revenue increased by 8% with bulk movements of coal, grain and lumber leading all commodities in volume increase. Shipments of potash and newsprint were reported by CP Rail to have declined during 1972.

Statistics for rail carloadings in Canada appear below:

Railway Carloadings — 1971 and 1972

	1972 (tons x '000)	1971 (tons x '000)	Percent Change
Carload Traffic Loaded	212,390	210,670	+ 0.8
Non-Carload Traffic Loaded	1,463	1,368	+ 6.9

Source: Statistics Canada.

Payments under the National Transportation Act to the two major railways during 1972 in respect of uneconomic or unprofitable services required to be maintained in the public interest are broken down as follows:

Subsidies Paid to Canadian National and Canadian Pacific Limited During the Fiscal Year 1972-73 to December 31, 1972, Under the Terms of the National Transportation Act

Sections 256 & 258 of the Railway Act	Canadian National Railways Claimed	Canadian Pacific Limited Paid	Canadian Pacific Limited Claimed	Canadian Pacific Limited Paid
In respect of uneconomic Branch Lines	\$13,282,799	\$ 9,134,000	\$17,051,000	\$13,325.200
Section 260 & 261 of the Railway Act				
In respect of unprofitable Passenger Service	61,608,392	38,884,187	25,209,000	17,752,600
Section 272 of the Railway Act				
Export Grain and Flour rates from Thunder Bay to ports Montreal and East thereof	762,513	762,513	780,856	780,856
Total:	\$75,652,905	\$48,780,700	\$43,040,856	\$31,858,456

Source: Annual Report of Canadian Transport Commission for year ended December 31, 1972.

When Parliament passed the National Transportation Act in 1967 it adopted a program to phase out the general railway (wage award) subsidies, which in that year exceeded \$110 million, and to gradually replace these with specific subsidies to cover actual losses in the operation of uneconomic passenger services and branch lines whose continuance is deemed necessary in the public interest and to provide assistance in the movement of grain and flour to eastern ports. A historic summary of the general railway subsidies follows in the Table below:

Payments Under the National Transportation Act to
Canadian National Railways, Canadian Pacific Limited
and the Total Payment to All Other Eligible Railways
For the Fiscal Years 1968-69 to 1972-73

(Dollars in Millions)

	1972-73	1971-72	1970-71	1969-70	1968-69
Canadian National Railways	32.7	33.8	37.7	45.7	53.8
Canadian Pacific Limited	18.0	30.6	26.5	32.2	37.8
All Others	0.7	1.1	1.5	1.8	2.1
TOTAL	51.4	65.5	65.7	79.7	93.7

Source: Canadian Transport Commission, Railway Transport Committee

The "phase out" of the general subsidies was arranged so that all eligible railway companies shared in the receipt of an annual "normal" payment of assistance based upon the sums provided before March 23, 1967 (i.e. about \$110,000,000 for the 1966-67 period) and each year until 1975 this amount would be reduced by \$14 million beginning in 1968 with the reduction to \$96 million of the total of "normal" payments to be shared by eligible railways. As the "normal" subsidy payments are phased out over time, the railways claims for specific subsidies for specific uneconomic branch lines, unprofitable passenger services and export flour and grain rates from the Lakehead to St. Lawrence and Maritime ports would at some point exceed the so-called "normal" subsidy payments. During the year 1972 the specific subsidies claimed by the railways and paid to them exceeded the "normal" subsidy payments to which they were entitled. Thus the subsidy payments to the railways have fallen to the minimum level under the legislation unless certain uneconomic and unprofitable services presently maintained in the public interest are subsequently allowed to be discontinued or the operation of these uneconomic or unprofitable services show a marked change in their financial position.

It was reported last year in this review that the Canadian Transport Commission had identified an actual loss in the operations of rail passenger services east of Montreal of \$14,834,298 for the year 1970. The Canadian Transport Commission reports that for the year 1971, \$9,214,063 was paid in respect of those services. The difference is due to the fact that only 80% of the actual loss is paid and the claim period did not cover the entire year.

The following tabulation sets out in more perspective the subsidization of the uneconomic branch lines and unprofitable passenger services across the nation:

Payments to Canadian National and Canadian Pacific Limited
Under Terms of the National Transportation Act
To December 31, 1972

	Atlantic Provinces	Central Provinces	Western Provinces	Through Services between Central and Western Provinces
<u>Canadian National</u>				
Section 256 (unprotected branch lines)	Nil	Nil	Nil	Nil
Section 258 (guaranteed branch lines)	Nil	Nil	\$9,538,030	Nil
Section 261 (passenger train service)	\$ 9,214,063*	\$ 7,664,524	\$ 6,286,110	Nil
<u>Canadian Pacific</u>				
Section 256 (unprotected branch lines)	Nil	\$ 11,700	Nil	Nil
Section 258 (guaranteed branch lines)	Nil	Nil	\$13,313,500	Nil
Section 261 (passenger train service)	\$ 1,899,000	\$ 2,281,200	\$ 497,700	\$13,074,700
Totals	\$11,113,063	\$9,957,424	\$29,635,340	\$28,784,190

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

Source: Annual Report of the Canadian Transport Commission for year ended December 31, 1972.

Highway

It is now some three years since the first federal provincial meetings at the ministerial level took place in regards to the implementation of Part III* of the National Transportation Act. As was reported in the 1970-71 Annual Report, Part III was proclaimed in effect on May 15, 1970 although the regulations required for its implementation had yet to be drafted. Later in that year proposed regulations were circulated to provincial governments by the Canadian Transport Commission and in November federal and provincial authorities met to discuss this draft proposal. It was evident from this meeting there remained many points of disagreement over the extent of federal authority in highway carrier regulation, the most contentious being federal regulations of the intra-provincial operations of extra-provincial carriers. In April, 1971, the federal government circulated a plan of implementation to the provinces and in May a second meeting at the ministerial level attacked the problems barring final implementation. At this meeting the ministers appointed an advisory council whose task it would be to draft regulations for Part III which would be acceptable to all parties. The advisory council completed its draft of regulations by April 1972 and this was circulated to provincial and federal authorities. Since it had been previously agreed upon by the ministers at their May 1971 meeting to consider the advisory council's report within six months of its submission, it was expected that they would meet in the fall. The federal election intervened before such a meeting could be arranged and, as yet, it appears that not even informal talks have been arranged preparatory to discussion of the

* Under Part III of the N.T.A. the Federal Government would assume control over extra-provincial trucking.

advisory council's April 1972 proposals by provincial and federal ministers. With such a history of progress and given the very fundamental areas of disagreement, actual implementation of Part III with meaningful regulations does not appear likely for some time yet.

The year under review brought little change to the motor vehicle or motor carrier regulations and acts of the four Atlantic Provinces; indeed there were few changes in any jurisdiction of the country. The effects of implementation of additional portions of the Canada Labour Code on January 1, 1973, however, has had and will have very deep fundamental effects upon the motor carrier industry of the Atlantic Region. The Canada Labour Code applies to all industries and to all modes of transportation under Federal control. Since the Code has and will have wide impact on transportation costs, it is dealt with in a separate section of this review.

Activity within the Council of Maritime Premiers since its first meeting in May, 1971, resulted in agreement being reached on the institution of uniform highway regulations on matters such as:

- formal reciprocity of registration privileges of commercial vehicles in Maritime interprovincial operations
- formal reciprocity in drivers' licensing and vehicle registration.

Council officials representing the three provinces have not yet reached agreement on items of major importance, including:

- uniform vehicle weight regulation
- uniform truck registration
- a standard bill of lading
- a scheme of fuel tax credits to avoid double fuel taxation in interprovincial truck operations.

In June 1972 the Premiers of the three Maritime Provinces directed Dr. E. P. Weeks to conduct a task force investigation in order to be able to recommend a course of action for them to pursue in order to achieve agreement on the above matters, as well as others relating to transportation. As a result of Dr. Weeks' task force investigation the Maritime Provinces Transportation Committee, composed of the directors of transportation of the provinces, was formed to co-ordinate the making of transportation policy and the Atlantic Provinces Transportation Commission was given the role to assist the Committee with technical advice as required. Late in the year under review, the Maritime Provinces Transportation Committee requested the assistance of this Commission in its deliberations concerning the adoption of a uniform highway freight carriers bill of lading. Through its long interest and involvement in the matter, this Commission recommended the use of a bill of lading similar to that which it had submitted to representatives of the Maritime Provinces Motor Carrier authorities in 1957, with the exception that, unless a lower value be declared in writing by the consignor or agreed upon, the carrier's liability shall not exceed \$1.50 per pound unless a higher value has been declared on the face of the bill of lading by the consignor. It was further recommended by this Commission that provincial motor carrier regulations should prevent motor carriers from implying in any documentation that they are prepared to assume a lesser liability than provided by the proposed statutory limit.

At year's end, the Ministers of Highways for both Prince Edward Island and Nova Scotia revealed that active consideration was being given to permitting the use of twin trailer combinations on provincial highways on a regular basis. The announcement by Nova Scotia Highways Minister Leonard Pace stated that studies by his department and the Roads and Transportation Association of Canada were currently under way but did not indicate a particular date for the completion of these studies or a deadline for a decision on the matter. Prince Edward Island's Highways Minister, on the other hand, said in answer to a question raised in the Legislative Assembly that the provincial regulations in respect to twin trailers are under review and that "a decision will have to be reached soon".

Air

Although Air Canada's Annual Report has not yet been presented to the Minister of Transport at the end of this Commission's year, it is obvious from information provided by Statistics Canada that the national airline's profit would exceed \$10 million during 1972. The regional carrier, Eastern Provincial Airways, reported a profitable year. A brief table of statistical highlights of the operation of the two airlines follows:

	AIR CANADA			EASTERN PROVINCIAL		
	1972	1971	Percent Change	1972	1971	Percent Change
Revenue Passengers Carried	8,343,198	7,436,000	+ 12.2	395,231	298,352	+ 32.5
Revenue Passenger Miles (x '000)	7,901,378	6,426,830	+ 22.9	165,785	139,147	+ 19.1
Freight Ton Miles (x '000)	223,530	201,493	+ 10.9	1,247	2,901	— 43.0
Passenger Load Factor	52.1%	55%	—	40%	34.4%	—
Net Income (Loss) After Taxes	#	\$1,662,000	—	\$792,000	\$155,000	511.0

Net Income (Loss) after provision for taxes: January 1 — November 31) —

	1972	1971
Air Canada	\$8,872,461	(\$2,682,831)
Eastern Provincial Airways	\$826,284*	(\$ 21,290)*

* Subsidy payments not included.

Both Air Canada and E.P.A. will be acquiring new equipment during the year for use in their operations in the Atlantic Region. Air Canada has scheduled a daily flight Montreal-Halifax-St. John's and return with one of its three L1011 wide-body aircraft while Eastern Provincial Airways will acquire two more Boeing 737's (bringing its fleet total to five) and plans to phase out its' turbo-prop Dart Heralds some time in the fall of 1973. During the year under review, Air Canada cancelled its delivery positions for four of the supersonic Concordes as anticipated final delivery prices soared to beyond \$50 million per aircraft.

As Air Canada gradually continued to reorientate its schedules and services in compliance with its aim of leaving strictly regional service to regional carriers, many changes in its schedules and those of Eastern Provincial Airways occurred during 1972 or were announced for 1973. As was reported in this Review last year, Eastern Provincial Airways inaugurated a new service connecting Charlottetown-Halifax-Fredericton-Chatham-Charlo and Montreal on April 30, 1972. Saint John was added to the airlines already-established service between St. John's and Moncton. With Air Canada withdrawing a portion of its service to Stephenville and Gander in the summer of 1973, Eastern Provincial Airways has scheduled a service which will link St. John's-Stephenville-Halifax-Charlottetown-Montreal daily with a 737. Eastern Provincial, with its intentions of converting to all-jet service by the end of 1973, will be extending this service to St. Anthony when scheduled runway improvements and an instrument landing system are completed. Residents of the Atlantic Provinces will probably begin to realize the significant impact of lessening regional service by Air Canada with the introduction of its 1973 summer schedules at the end of April as fewer links between regional points are provided by the national airline. This Commission has been aware of the potential impact of national air policy over the past few years and has made a continuing effort toward amelioration of its effects. A full review of its efforts during the past year is outlined under the "Regional Air Matters" section of this report.

During 1972 activities of third level air carriers saw Commuter Air Services commence a service between Charlo-Bathurst-Fredericton-Chatham-Moncton-St. Stephen and Bangor, Maine, while Newfoundland and Labrador Air Transport instituted a new service in March 1973 between Newfoundland points and Sydney, Port Hawkesbury and Halifax in Nova Scotia. An application by Coastal Aviation of Dartmouth, N. S. to serve between Halifax and Port Hawkesbury was being considered by the Air Transport Committee of the Canadian Transport Commission at year end. Efforts to provide a local service between Summerside and Moncton, in order to fill the gap left by Eastern Provincial Airways when it suspended service to Summerside in late 1971, failed. Roberts Air Service, granted a licence to provide service between Summerside and Moncton, did not begin operations and a subsequent application by Mr. A. V. Groome to provide the service has yet to receive consideration by the Canadian Transport Commission.

The demands made during 1971 and 1972 for Air Canada to institute a new scheme of lower domestic air fares through more realistic excursion rates and rules brought response from both Air Canada and CP Air in August. On August 1st, Air Canada announced a revised schedule of regular and excursion fares intended to answer the demand for lower priced long-distance domestic flights. Under Air Canada's scheme economy and excursion air fares for longer distance flights and for stays of at least eight days within Canada during off-peak off-season periods were reduced by up to 30% below their existing levels but, on the other hand, fares on shorter hauls were increased to a maximum of \$6.00 for round trip fares. In response to Air Canada's move, CP Air announced it would meet Air Canada's longer distance off-peak economy and excursion fares but would also under-cut the national airline on shorter hauls by imposing

no increase in shorter distance economy fares. Before Air Canada's 1972-73 winter schedule went into effect the national airline had met CP Air's fare schedule.

Of interest to air freight users in the region was the introduction by Air Canada of a DC-9 freighter aircraft to replace the Vanguard in air freight service. With the introduction of the DC-9 freighter on May 30th the five-day-a-week frequency previously maintained by the Vanguard to Atlantic Provinces points was expanded with the addition of four more flights a week between Montreal, Moncton and Halifax. Major problems of the airline in operating its cargo service between the Atlantic Provinces and the rest of Canada has been and still is the adverse directional flow involving heavy eastward movements, plus the smaller cargo capacity of the present aircraft. At times this imbalance has been the source of delay to goods moving eastward as their volume exceeds aircraft capacity. Just prior to the writing of this review, an article which appeared in the Toronto Globe and Mail alleged that Air Canada was giving consideration to a plan to handle some air cargo movements to the Atlantic Provinces by truck in order to overcome delays caused both by the directional flow problem and adverse weather. Air Canada officials have not denied they are studying such a plan but state that no commitments have been made to do so in the near future.

Ports

Container traffic through Halifax and Saint John again increased substantially during 1972 as in the past few years, while the volume of all cargoes handled at the four National Harbours Board ports of the Atlantic Region also increased, though less spectacularly. Statistical tables appearing below show comparative 1972 and 1971 port cargo volumes:

Waterborne Cargo Tonnage, Loaded and Unloaded at N.H.B. Ports of Saint John, N. B., Halifax, N. S., St. John's, Nfld., and Belledune, N. B., during 1971-1972

<u>All Cargo</u>					
Calendar Year	Saint John	Halifax	St. John's	Belledune	Total
1972	5,985,330	12,186,272	1,170,964	331,474	19,674,040
1971	5,803,304	11,307,747	868,541	247,653	18,227,243
Increase or (Decrease) % Change	182,026 + 3.1	878,525 + 7.8	302,423 + 34.8	83,821 + 33.8	1,446,797 + 7.9
<u>General Cargo</u>					
1972	1,435,685	1,719,419	185,236	n/a	3,340,340
1971	1,121,625	1,240,183	299,042	n/a	2,660,850
Increase or (Decrease) % Change	314,060 + 28.0	479,236 + 38.6	(113,806) - 38.0	n/a -	679,490 + 25.5

Source: National Harbours Board.

**Container Cargo Tonnage at N.H.B. Ports of Saint John,
N. B., and Halifax, N. S., for the Years Ending December
31, 1971 and 1972**

Calendar Year	Saint John	Halifax
1972	342,673	1,107,202
1971	138,346	695,712
Increase or (Decrease)	204,327	411,490
% Change	+ 147.7	+ 59.1

Source: National Harbours Board.

Several new container shipping companies were attracted to the Ports of Halifax and Saint John during the past year. Included among these are Hapag-Lloyd AG and Mitsui O.S.K. serving Halifax, with NYK and Orient Overseas Container Line serving Saint John. Also announced at year end is the establishment of a coastal feeder service between Halifax and United States Atlantic seaboard ports to be operated by Maritime Coastal Containers with service commencing in June 1973.

A list of container shipping lines already serving or who have announced direct services to Halifax and Saint John are listed below in chronological order:

**Container/Ro Ro Steamship Lines Directly Serving
Maritime Ports**

Line	Service Commenced	Maritime Port of Call	Area Served
Dart Containerline	July, 1969	Halifax	United Kingdom Northern Europe
Atlantic Container Line	February, 1970	Halifax	United Kingdom Northern Europe Scandinavia
Associated Container Transportation	April, 1971	Saint John	Australia New Zealand
Columbus Line	April, 1971	Halifax	Australia New Zealand
Atlantica Line	May, 1971	Saint John	Mediterranean
Zim Container Services	February, 1972	Halifax	Far East Mediterranean
Trident Steamships	September, 1972	Halifax	Newfoundland
Hapag-Lloyd AG	October, 1972	Halifax	Northern Europe
YS; JL; K; M-OSK; NYK	December, 1972	Halifax Saint John	Far East
Maritime Coastal Containers	May, 1973	Halifax	U.S. East Coast
Overseas Orient Container Line	June, 1973	Saint John	Far East

More detailed information about these services is contained in the "Directory of Ocean Container Services Between The Ports of Halifax And Saint John And World Ports", issued by this Commission which is described in more detail later in this review.

During 1972, attention in Saint John was focused upon the efforts of the city, provincial, and federal governments and the National Harbours Board to get work underway on the planned \$21 million, 39-acre Rodney Terminal development of the port's "west side". Although work commenced early in 1972, financial arrangements for the sharing of costs between the province and the National Harbours Board had not been finalized at the end of the period covered by this report. In an effort to ensure that construction would not be delayed by uncertainty as to financing, the New Brunswick Transportation Authority notified the National Harbours Board it would guarantee \$15 million of terminal construction costs.

Early in 1973 it was expected that up to \$10 million worth of construction on port facilities could be completed before year's end with final completion due in 1974. Despite the fact construction on the container-auto terminal was soon due to commence and that firm completion dates could be made, evidently the pre-conditions demanded by Volkswagen Canada for the signing of a contract to use Saint John as their port of entry could not be met. Consequently, Volkswagen designated Halifax as their import center and signed a two-year contract with Autoport.

Both Halifax and Saint John container terminal operations announced they would be adding a new gantry crane at their terminals; Halifax expecting their third gantry to be installed in August 1973 and Saint John, its second, to be in operation in May, 1973.

A completion date of September, 1974, was forecast by federal Public Works Minister Jean-Eudes Dubé when he announced a \$4.8 million shipping facility for Dalhousie in October, 1972. The new 700-foot berth and 80,000 square foot shed would provide space principally for the newsprint movement of the New Brunswick International Paper mill located at the town, but sufficient space would be available to permit the handling of other commodities as well, the Minister said.

In mid-November 1972, Premier Regan of Nova Scotia announced that his Province would construct and operate a \$30 million common-user oil terminal on the mainland side of the Canso Strait at Melford. First user of the terminal apparently is to be Shaheen Natural Resources who plan to construct a \$200 million refinery on the provincially owned lands adjacent to the proposed docking facilities. Construction of the terminal and refinery is to begin during 1973.

Concern over the adequacy of terminal facilities at St. John's was expressed to the St. John's Board of Trade in a brief prepared by three major shipping companies who use that port (Newfoundland Steamships Ltd., Trident Steamships, and Clarke Transportation). The companies' brief, dated November 28, 1972, claimed that port terminal facilities had proved inadequate in 1972 and forecast greatly increased requirements to meet their projected future traffic volume. The steamship companies said that there had been no expansion in port facilities at St. John's in five years despite the vastly increased cargo movements and at least a 200 to 300 foot extension of the major freight pier would be required to handle their expected 1973 volume. The companies indicated that their services with existing

facilities were being utilized to the extent that it is necessary to book cargo space several weeks in advance.

National Harbours Board officials later announced that steps were being taken to provide extra temporary facilities and that an additional freight shed would be made available in early 1973. In addition, a two part study has been undertaken into the future development of the port of St. John's, Nfld. The first part will concern itself with what facilities are needed during the next five years.

A congestion problem similar to that being experienced at St. John's was the subject of a brief to the federal Minister of Transport in October, 1972, by users of pier and storage facilities at Corner Brook. The companies (Western Terminals, Newfoundland Steamships and Clarke Transportation) stated in their brief that the Corner Brook facilities had proved insufficient for 1972 volume of traffic and that in consideration of projected future traffic, they recommended the immediate expansion of shed space from 36,000 to 56,000 square feet and the provision of 21,000 square feet outside storage space in addition to that already existing. The companies said that in addition to this immediate need for space a long term traffic growth was likely and eventually even more space would be required to handle it.

Ferries

Ferry traffic handled on the major ferry services in the Atlantic Provinces in 1972 continued the trend of increasing volume of the past several years. Very sizeable increases in commercial traffic were evident on the Port aux Basques-North Sydney service and, with statistics now available for the Saint John-Digby ferry, the increased vehicle utilization of that service compared to past years is remarkable.

Traffic figures for the calendar year 1972 for the major services appear below with 1971 figures contained in brackets:

<u>Service</u>	<u>Passengers</u>		<u>Automobiles</u>		<u>Trucks</u>	
Cape Tormentine-Borden	1,260,511 (1,219,799)	+ 3.3%	392,330 (367,907)	+ 6.6%	64,370 (61,831)	+ 4.1%
Wood Island-Caribou	361,994 (360,700)	+ 0.3%	102,249 (103,192)	- 1.0%	32,346* (32,321*)	-
North Sydney — Port aux Basques	247,867 (220,080)	+12.6%	54,478 (48,220)	+13.0%	12,740 (7,856)	+ 62.6%
North Sydney — Argentia	28,511 (24,274)	+17.4%	7,337 (6,401)	+14.6%	345 (193)	+ 78.7%
Yarmouth — Bar Harbour	93,455 (88,849)	+ 5.2%	25,802 (24,269)	+ 6.3%	710 (1,021)	- 30.5%
Yarmouth — Portland	107,382 (94,708)	+13.4%	24,591 (20,613)	+19.3%	4,857 (3,990)	+ 21.7%
Saint John — Digby	182,105 (181,222)	# @ + 0.5%	48,616 (42,407)	+14.6%	7,775 (2,939)	+164.5% # & @

* includes buses

Princess of Nanaimo in service to June 1, 1971

& Princess of Nanaimo unable to accommodate large trucks

@ 1971 traffic figures corrected from approximations shown in 1971-72 edition.

CP Rail instituted significant fare increases on its Saint John - Digby service on June 1, 1972, as the peak travel season commenced and these fare levels have remained in effect since that time. Canadian Pacific said that losses on the service had exceeded \$1 million in the first year of operation and that a fare increase was required to offset some of this loss. The increases instituted saw adult one-way fares go from \$3.00 to \$3.50 and automobile charges go from \$10.00 to \$15.00. Charges for commercial vehicles were not affected. Also instituting an increase was Lion Ferry AB which added \$1.00 to both passenger fares and to charges for non-commercial vehicles at the beginning of the 1972 summer season.

More daily crossings were provided on the Port aux Basques-North Sydney and Borden-Tormentine services during the 1972 summer season, while the Argentia-North Sydney service provided more seasonal crossings than in previous years. Again, as in 1971, the *Lucy Maud Montgomery* and the *John Hamilton Grey* were employed on the Gulf service during the peak period and, for the first time, no reservations were required on the Port aux Basques-North Sydney service commencing with the 1972 summer schedules. For the 1973 summer season, the *Lucy Maud Montgomery* will not be used on the Port aux Basques - North Sydney service but will provide extra capacity on the Borden-Tormentine link between Prince Edward Island and New Brunswick. CP Rail added a third daily trip to its summer schedule on the Bay of Fundy service to accommodate the very large volume of trucks which had been found to interfere with the peak tourist travel.

During the fall of 1972 a backlog of rail cars awaiting transportation to Newfoundland developed, and at one point exceeded 500 units. Canadian National was, ultimately, able to handle this unexpected traffic by chartering several vessels normally operating in coastal service. The railway reports that it will be better equipped to handle both freight and rail cars in 1973 having chartered the *Stena Sea Trade* to join the *Frederick Carter* in moving rail traffic, and the *Princess of Tasmania* as a passenger and automobile ferry. The *Stena Carrier* will continue to handle trucks and express containers. During the year in review the then Transport Minister, Mr. Jamieson, announced that a new rail car ferry would be constructed. Such a vessel would, of course, ease the problems of a "traffic backlog". The matter of representations by this Commission to the railway and the federal government on this subject is dealt with in a later section of this report.

Other vessels due to come into operation on Atlantic region ferry services during 1973 are Northumberland Ferries' *Prince Edward* and Lion Ferry AB's *Bolero*. The *Bolero* has been built for Lion Ferry with the intent of using her on the Yarmouth-Portland crossing during summer months along with the *Prince of Fundy* and then offering her for winter charter cruises to the Bahamas.

GENERAL LEVEL OF RATES

Rail Rates — Domestic

For the first year since the lifting of the "freeze" governing certain rail rates applying from, to or within the Atlantic Provinces the Canadian Railways in the period covered by this report have not implemented any general increases on class or commodity rates throughout Canada.

The Canadian railways revealed plans to implement another general increase in the fall of 1972 but the Minister of Transport asked them to co-operate with the government in holding down inflation in Canada and no increase occurred. In fact, up to year-end the Canadian railways have not yet filed a general freight rate increase with the Canadian Transport Commission.

Although there have been no general increases in the year covered by this report, it is important to observe that since the lifting of the rail rate freeze on September 23, 1969 the Atlantic area rail rates have been subjected to a series of eight general increases. The cumulative effect of these increases is outlined in the following table:

TABLE SHOWING CUMULATIVE RAIL RATE INCREASES
DURING PERIOD SEPTEMBER 23/69 TO MARCH 31/73

	Cumulative Increase	Average Per Year
Non-Competitive Rates: —		
Within the Atlantic Provinces	35 to 68%	15 to 28%
Between the Atlantic Provinces and Central Canada	31 to 64%	13 to 27%
Competitive Rates	27 to 40%	11 to 17%

Agreed Charges which, by their very nature, cannot be increased except by written notification to the individual signatory shippers were with certain exceptions, increased by 8% on August 5, 1972. With variations in the amounts of the increases, this follows the pattern of the past several years. Even with this last increase, agreed charge rates are still advancing less rapidly than the general rail rates.

Less than carload (LCL) station to station freight rates for traffic moving from, to and within the Atlantic Region were at the time of this report still being maintained by the Canadian Railways although they have been cancelled elsewhere in Canada since January 2, 1969. The railways are withholding the cancellation of these rates while the matter is being studied by the Federal-Provincial Committee on Atlantic Region Transportation.

Piggyback Rates

Rail Piggyback Plan II rates (door to door service using railway operated trailers and transported on railway supplied flat cars)

applying between stations in Canada were advanced in the past year. On May 29, 1972, the General Scale of Rates (miscellaneous commodities not provided with specific commodity rates) between stations in Ontario and the Maritimes were increased by from 6 to 10% to conform with a similar increase implemented in April by the motor carriers and pool car operators. Most rail piggyback rates between Eastern and Western Canada, including a limited number of such rates published from and to the Maritimes were increased in September 1972 by approximately 6%. The major changes however took place on October 9, 1972 when rates between Quebec and the Maritimes were increased by from 5 to 8% Eastbound and by from 3 to 6% Westbound. This increase followed closely an increase of a like amount by the highway carriers. To compensate for the earlier increase in the General Scale of rates, the increase between Ontario and the Maritimes was confined to the specific commodity rates which were advanced by 6% in both directions. On the other hand, subject to certain exceptions, rates between points within Central Canada advanced by from 5 to 10% on the same date.

Rail Rates — International

As was reported in this Commission's 1971-72 Annual Report an interim increase of 2.5% in rail freight rates was implemented on traffic within the U.S. and on international traffic between Canada and the United States under Tariff X-281 effective February 5, 1972. The railways subsequently filed Tariff X-281-A reflecting selective rate increase ranging up to 10% to replace the interim surcharge to become effective on May 1, 1972. However, at the urging of the U. S. Price Commission, the Interstate Commerce Commission suspended this tariff up to November 30, 1972. During the period of suspension the interim surcharge of 2.5% under Tariff X-281 continued in effect.

Superseding the suspension, the Interstate Commerce Commission ordered the discontinuance of the interim 2.5% increase on October 23, 1972 and authorized on the same date Tariff X-281-B which contained inter-territorial class rate increases of up to 6% in the east, 4% in the south, and up to 5% within the western territories. Increases of up to 6% were permitted on inter-territorial traffic moving under commodity rates.

The following list shows the amounts of increases which have been authorized for some commodities of specific interest to shippers in the Atlantic Provinces: —

<u>Commodity</u>	<u>Amount of Increase</u>
1. Lumber	Applying to Eastern U.S.A. Territories 5% maximum 4¢ per 100 lbs. not less than 60,000 lbs.
2. Canned and Preserved Foodstuffs	4% maximum 4¢ per 100 lbs.
3. Newsprint	3%
4. Potatoes	No increase

5. Peat Moss	3%
6. Charcoal Briquettes	No Increase
7. Woodpulp	No Increase
8. Zinc and Lead Ores	5%
9. Fresh and Processed Fish	4%
10. Pulpwood and Wood Chips	5%
11. Fertilizers	3%

Express Rates

On June 19, 1972 the Express Transport Association on behalf of the major Canadian railways increased by generally 10% express rates under Tariff ETA 100 throughout Canada, except within the Atlantic Provinces and westbound from the Atlantic Provinces to other parts of Canada.

Another increase in express rates in Canada, this one of major importance to shippers or receivers in the Atlantic Region, took place on January 1, 1973. On traffic moving within and westbound from the Atlantic Region, the increase amounted to 15% while on traffic moving into the region from other parts of Canada, rates were advanced by 5%. The increase applying in other parts of Canada ranged from 5 to 10%. These lesser increases reflected the fact that such rates had been increased in June as reported above. It is significant to note that this represented the first increase applying to express shipments from and within the region since the inception of the new rate structure in September 1967. Along with the general increase, the table of shipment charges applying to "shipments of one piece" ranging from 1 to 300 lbs., along with the 25 cents charge for each additional package, were replaced by a new table of shipment charges which ranges from 1 to 500 lbs. The integration of the "per piece charge" into the general table of shipment charges meant a substantial increase except for individual shipments consisting of a multiple number of pieces.

Truck Rates

Again there were no major increases in truck rates within the Atlantic Provinces during the past year and some credit for this can be attributed to the fact that the subsidy paid under the Atlantic Region Freight Assistance Act to highway transport companies remains at 17½ %. It will be recalled that the subsidy was to be reduced to 15% effective April 1, 1972 but this reduction was delayed "until a later date" by the Minister of Transport to allow time for study of the recommendations of the second report of the Federal-Provincial Committee on Atlantic Region Transportation.

At the conclusion of the year in review, however, a number of trucking companies providing service within the Atlantic Region have announced increases in their rates ranging anywhere from 4 to 12%. Although some rates were increased April 2, 1973 the effective date and the amount of increase vary by company and in some cases will

not be implemented until later in the year. On the other hand, some of the trucking companies have given no indication of an increase in their rates at this time.

Rates between the Maritimes and Quebec City/Montreal were advanced in August 7, 1972. At the time, the Quebec Tariff Bureau on behalf of member carriers sought an increase of from 5 to 8% on LTL and TL shipments, with a proposed 6% to apply on rates issued to meet rail piggyback competition. At an informal hearing held in late July, the APTC appeared before the Quebec Tariff Bureau and the Quebec Transportation Board to seek a lesser increase in the westbound rates subject to the Atlantic Region Freight Assistance subsidy. As a result of these representations, the Quebec Transportation Board approved increases of from 3% to 5% for LTL and TL shipments subject to the ARFAA subsidy while allowing the original 6% for piggyback-type rates. For eastbound rates, the increases were as originally proposed, namely 5 to 8%. In addition to the above, the Quebec Tariff Bureau advised the APTC that it had accepted the Commission's representations that certain rates negotiated or published during a period of about six months preceding the announced increase would be exempted from any increase at that time. The Commission wishes to record its appreciation to the Quebec Tariff Bureau and the Quebec Transportation Board for the opportunity to appear before them to make its views known, and for the co-operation received at that time.

Pool Car and Domestic Water Rates

Pool car rates from Montreal to Maritime points were increased on October 10, 1972 by amounts ranging from a high of 10% for general LCL shipments to a low of 5 to 6% for shipments of 10,000 lbs. and over as well as certain rates issued to meet rail piggyback competition. This followed closely to increases published earlier by highway carriers and rail piggyback operators.

Pool car and water rates to Corner Brook and St. John's, Nfld. were not changed during the year reviewed by this report.

FEDERAL-PROVINCIAL COMMITTEE ON ATLANTIC REGION TRANSPORTATION

The second report of the Federal-Provincial Committee on Atlantic Region Transportation was made public on June 6, 1972. Among its recommendations were that the phase-out of the intra regional transportation subsidy under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act be continued by reducing it a further 2½ percentage points with the exception of certain wood waste products and potatoes*.

The report indicated that two studies had been commissioned by the Committee. The provincial representatives of the Committee had asked the Atlantic Provinces Transportation Commission to under-

* In making the report public the Minister of Transport indicated that it was not his intention at that time to reduce the subsidy further.

take a study on forms of special assistance within the region and the possible introduction of a subsidy on inbound raw materials, semi-finished materials and production equipment from points outside the region for use in manufacturing and processing of goods within the region which are subsequently sold to points outside the region.

In undertaking this study, the Atlantic Provinces Transportation Commission interviewed a wide cross-section of manufacturers and producers from throughout the Atlantic region. At year end, it has submitted its preliminary conclusions to the Federal-Provincial Committee on Atlantic Region Transportation and its full report is nearing completion.

In late May, 1972, the then Minister of Transport asked the Commission for views on how transportation subsidies might be paid directly to users rather than to carriers. The Commission accepted the Minister's invitation since that request was closely allied to work the Commission had agreed to undertake for the Federal-Provincial Committee on Atlantic Region Transportation. In its examination of this matter, a select committee of the Commission's Directors was appointed and it reported to the Board of Directors at its March 1973 meeting. The recommendations of the Committee paralleled the recommendations of the staff to the Federal-Provincial Committee on Atlantic Region Transportation and at year end are in the process of being transmitted to the Minister of Transport.

ATLANTIC REGION FREIGHT ASSISTANCE ACT

During the year many shippers and highway carriers throughout the region sought information and assistance from the Atlantic Provinces Transportation Commission in determining the eligibility requirements and procedures for applying for assistance under the Atlantic Region Freight Assistance Act. This Commission does not attempt to do any of the necessary paper work for the companies but it does explain the procedures and documentation necessary to apply for certification as an eligible carrier to claim federal assistance on highway movements and refers such companies to the Director of the program within the Canadian Transport Commission.

Related to the Atlantic Region Freight Assistance Act subsidy was the approval on May 15, 1972, by the Legislative Assembly of Nova Scotia of an amendment to the Nova Scotia Motor Carrier Act which enables carriers licensed by the Province's Board of Commissioners of Public Utilities, and otherwise qualified to receive retroactive payments of subsidy under the Atlantic Region Special Transportation Assistance Regulations, to claim for payment of "Special Assistance" for the period between September 30, 1970 and February 1, 1971.

Essentially, the amendment permits carriers whose rate filing was not in order between September 30, 1970 and February 1, 1971 to file those rates which were being used during that period **provided** they were subsequently filed by July 15, 1972.

The changes in the Nova Scotia Motor Carrier Act satisfy the requirements of the Atlantic Region Special Transportation Assistance Regulations that carriers shall provide the Canadian Transport Commission with a copy of their tariffs which were legally in effect on the date the shipment moved in respect of which a claim for assistance is made. New Brunswick and Prince Edward Island were able to effect a similar change in the Motor Carrier Act Regulations last spring through the medium of orders in council but, as a change in the Nova Scotia Motor Carrier Act itself was required, it was necessary to have the Legislative Assembly approve the change in that Province.

The following table provides a historic review of the dollars paid under this Act since its inception:

Atlantic Region Freight Assistance Act

Westbound:	June 15/69 - December 31/71	Jan. 1/72 - Dec. 31/72
	\$3,223,777	\$1,835,994
Intra-Regional:	Oct. 1/70 - Dec. 31/71	Jan. 1/72 - Dec. 31/72
	\$3,564,930	\$8,370,739

Data on the dollars paid under the Maritime Freight Rates Act are not available with the same breakdown as between intra-regional shipments and westbound shipments. Total dollar payments under the Maritime Freight Rates Act are as follows:

Maritime Freight Rates Act

Westbound and Intra-Regional:	April 1 to March 31		
	1969-70	1970-71	1971-72
	\$14,640,786	\$13,999,543	\$13,111,636

COASTAL SHIPPING REPORT

As has been reported in previous Annual Reports the Atlantic Provinces Transportation Commission has expressed its opposition to proposals to restrict Canada's Coastal trade to Canadian flag vessels. At the present time by virtue of Canada's participation in the British Commonwealth Merchant Shipping Agreement, vessels of other British Commonwealth countries besides Canada may participate in Canada's coastal trade, other than within the St. Lawrence-Great Lakes area.

This Commission's views were made known to the Canadian Transport Commission sponsored inquiry by Mr. H. J. Darling into this matter and other related marine activities. Its opposition to certain of the recommendations of the so-called Darling report were expressed by telegram upon the public release of the Darling report. In May 1972 a statement was submitted to the then Transport Minister, Don Jamieson, outlining in some detail the Commission's objection to that part of the report which would restrict the movement of cargoes from, to and between Atlantic Provinces ports to Canadian vessels.

In addition, nearly all major users of coastal shipping in the Atlantic Region communicated with the Minister of Transport expressing their opposition to any further restrictions in the use of British Commonwealth ships in the coastal trade of Atlantic Canada.

In its submission to the Minister, the Commission reiterated its views that the implementation of the Darling report recommendations would:

1. Make cargo moving from, to or within the Atlantic Region captive to Canadian vessels and the higher freight costs associated with their use;
2. Offer a lesser competitive factor in the making of rates for other modes and freight rates published to meet water competition would rise;
3. Result in a shortage of suitable vessels of Canadian registry to meet the needs of Atlantic industry; and
4. Prevent the most efficient use of vessel resources.

In support of these views, the Commission provided the Minister with illustrations relating to the costs associated with the movement of grain and grain products, salt and iron ore, all of which would probably increase to the point where regional industry would become uncompetitive.

In July, the Minister of Transport told Parliament that there was no unanimity or consensus emerging regarding implementation of the recommendations of the Darling report and that the principle opposition to the reservation of coastal shipping to Canadian vessels was centred in the Atlantic Provinces. Statements made by the Prime Minister and the Minister of Regional Economic Expansion later in the year gave the impression that government policy would not favour the exclusive reservation of the coasting trade to Canadian ships in the immediate future but that efforts would be made to make the Canadian merchant fleet more competitive by subsidizing the construction of modern, efficient ships. The Prime Minister was quoted as saying, "to exclude foreign ships from Canadian Coastal Trade now would cost hundreds of millions of dollars . . . and Canadians would not accept such a burden to subsidize one industry". Early in the new year the Honourable Jean Marchand told the Dominion Marine Association and Lake Carriers Association that he hoped the (federal) cabinet would, "introduce a new policy for the coastal trade which will extend the opportunities for the Canadian carrier", but at the same time cautioned Canadian marine interests that they must tolerate the chartering of foreign vessels for Canada's east coast trade until the Ministry of Transport decides what kinds of ships are required for Canada's long term needs. The Minister also told the two associations he would be meeting with the Premiers of the Atlantic Provinces respecting the recommendations of the Darling report. This meeting will take place early in April 1973.

In conjunction with the various statements made by senior federal government ministers in connection with intended policy for

coastal shipping, it should be noted that a study was conducted by Mr. J. Macaluso of the Canadian Transport Commission's Policy Development Division during 1972, which proposed to investigate the possible subsidization of waterborne domestic traffic from the Atlantic region. A meeting between Mr. Macaluso and regional shippers held in Halifax in mid-May of 1972, left those in attendance with the impression that subsidization of westbound coastal shipping and the Darling report recommendations are a part of a complete federal policy.

The Atlantic Provinces Transportation Commission has kept the Atlantic Premiers and the Departments responsible for transportation policy in the Atlantic Provinces fully informed of its position and the reasons for its position on any further restriction being placed on the use of British Commonwealth ships for the movement of cargoes from, to and between Atlantic Provinces ports.

Despite the region's position, indications at year end are that the Government is moving toward the adoption of an all-Canadian coastal trade. It is noted that on March 8, 1973, a private members bill (Bill C-157) introduced by the New Democratic Party Member for Vancouver East calls for the total reservation of coastal shipping to Canadian registered vessels.

PILOTAGE

Following hearings by a Royal Commission on Pilotage in the mid-60's, the Government of Canada passed a Bill (C-246) in June 1971 which became the Pilotage Act. With certain exceptions that Act was proclaimed in force on February 1, 1972. Under the new Pilotage Act, four Pilotage Authorities were created, namely, Atlantic Pilotage Authority, Laurentian Pilotage Authority, Great Lakes Pilotage Authority, and Pacific Pilotage Authority. The area of jurisdiction of each Authority is fairly accurately described by the name of the Authority.

In late 1972 there were indications that the Atlantic Pilotage Authority planned an increase in the pilotage fees at ports under its jurisdiction. Under Section 43, sub-section 4, of the Pilotage Act, the pilotage charges in effect at the coming into force of the pilotage act continued in force for one year thereafter, unless the by-law or regulation authorizing those charges was revoked by the Authority. On December 1, 1972, pursuant to Section 23 of the Pilotage Act, the Atlantic Pilotage Authority published in the Canada Gazette a new schedule of charges to be assessed at pilotage areas under its jurisdiction. Such charges would become effective 60 days after their publication in the Canada Gazette, unless pursuant to Section 23 (2) of the Pilotage Act a Notice of Objection is lodged with the Canadian Transport Commission.

Following representations from various parties, the Atlantic Provinces Transportation Commission filed a Notice of Objection with the Canadian Transport Commission opposing the proposed increases in pilotage fees at Atlantic ports. While evidence given by the Atlantic Pilotage Authority would suggest that the increase in pilotage fees

overall was in the neighbourhood of 48%, evidence collected from users of steamship services and steamship agents indicated that increases in individual cases could range as high as 380%. Part of the reason for this high increase on certain vessels was that the Atlantic Pilotage Authority adopted a new formula of assessing pilotage charges. Heretofore, pilotage was generally assessed on the basis of the draft of the ship. Under the new proposed tariff, the pilotage charges would be assessed on the length of the ship, times the breadth of the ship, times the height of the ship divided by 10,000. The resulting figure was considered a pilotage unit and the pilotage fees were assessed on the basis of the number of pilotage units in a given ship.

The Pilotage Authority in proposing these substantial increases alleged that it was doing so under the announced policy of the Ministry of Transport, regarding cost recovery and user-beneficiary pay concepts adopted by the department in 1970.

The Atlantic Provinces Transportation Commission's Notice of Objection was based on the grounds that the proposed tariff would prejudicially affect the public interest in that:

- a) it would constitute a deterrent to the economic and industrial development of the region;
- b) it would threaten the availability of shipping services to and from Atlantic region ports;
- c) it would constitute a threat to the export trade of the Atlantic region;
- d) the increases are unreasonably excessive;
- e) the increases are prejudicial to the public interest within the meaning of that expression as defined in Section 23 of the National Transportation Act; and
- f) the increases appear to be unwarranted in that the users of Atlantic Provinces ports are being called upon to bear costs over which they have no control.

Other notices of objection were submitted by the Province of Nova Scotia, the Province of New Brunswick, the Province of Newfoundland, the Shipping Federation of Canada, the Saint John Port and Industrial Development Commission, the Halifax-Dartmouth Port Commission, the St. John's Port Association, Irving Oil Company, and the Sydney Steel Corporation.

Because a number of parties had filed a notice of objection to the proposed tariff of pilotage charges, the proposed tariff was not permitted to become effective by Section 23, sub-section 1 (b), until the Canadian Transport Commission had disposed of the objections and made a recommendation to the Pilotage Authority. The situation then arose as to what pilotage charges would be in effect on February 1, 1973, because it was obvious that the Canadian Transport Commission could not dispose of the objections prior to that date. In order to provide authority for the assessment of pilotage charges on

and after February 1, 1973, the Atlantic Pilotage Authority sought an interim ex-parte order from the Canadian Transport Commission authorizing it to charge the then existing pilotage charges until the notices of objection to the proposed charges as published in the Canada Gazette on December 1, 1972, were disposed of by the Canadian Transport Commission. The Canadian Transport Commission by a decision of its Water Transport Committee, dated January 24, 1973 dismissed the application of the Atlantic Pilotage Authority. Basically, the Canadian Transport Commission dismissed the application on the grounds that nothing either in the Pilotage Act or in the National Transportation Act appeared to give the power to the Canadian Transport Commission to authorize the Authority to collect charges nor to prohibit the Authority from making tariffs of pilotage charges. The Canadian Transport Commission may only make a recommendation to the Authority on the investigation made of the proposed charges set out in the notices of objection.

As a result, the Government of Canada enacted Bill C-127, an Act to Amend the Pilotage Act, on January 31, 1973, which extended the pilotage charges then in force and which were in force at the coming into effect of the Pilotage Act for a further period, that is, until the first day of February, 1974, unless the bylaw or regulation authorizing such charges was revoked or is revoked by the Pilotage Authority.

In late March, the Water Transport Committee of the Canadian Transport Commission issued a Notice of Hearing to commence on Tuesday, May 1, 1973, in Halifax, N. S. to hear the objections raised by the various parties opposed to the proposed tariff of pilotage charges of the Atlantic Pilotage Authority.

In the meantime, the Provinces of New Brunswick, Prince Edward Island, and Newfoundland have advised the Atlantic Provinces Transportation Commission and the Canadian Transport Commission that it is not their intention to appear before the public hearings but that the evidence, representations, submissions and arguments of the Atlantic Provinces Transportation Commission should be considered as those of the said provinces.

The Commission Directors authorized the engagement of legal counsel by the Atlantic Provinces Transportation Commission for these forthcoming hearings.

REGIONAL AIR MATTERS

As has been reported in the General Transportation Review section, and in previous years in this report, it is established federal air policy to permit the national airline to withdraw from strictly regional operations in favour of the five designated regional air carriers. In the Atlantic region this policy has been actively pursued over the past few years which has not proven absolutely painless to users of air transport. During 1972, the Atlantic Provinces Transportation Commission took an active interest in air matters in the region as the impact of the implementation of the national air policy began to be

apparent in certain service deficiencies. In the course of the year, representations were made to officials of Air Canada and Eastern Provincial Airways with several meetings being held. Among the matters discussed through these representations and meetings were four items of major concern:

- Cargo service to Goose Bay
- Distribution of air express cargo from airports
- Air express and cargo capacity
- Scheduling of air passenger service by the national and regional air carriers.

In September 1971, the Canadian Transport Commission permitted Air Canada to suspend its service to Goose Bay on the basis of its judgement that the regional air carriers could provide an adequate passenger service between that community and Montreal and that an acceptable air cargo service could be offered by Air Canada carrying such traffic to Moncton for transfer to Eastern Provincial Airways for furtherance to Goose Bay.

Eastern Provincial Airways began its cargo service to Goose Bay with Carvairs (a converted DC-4 with expanded cargo space) but age and consequent high operating costs made their replacement essential. In the late summer of 1972 EPA retired its Carvairs replacing them with Boeing 737 aircraft. With the speed and reliability of the 737 the regional air carrier was able to provide two cargo/passenger flights and five straight cargo flights per week with additional flights being possible if required. Although the frequency of the service between Moncton and Goose Bay is most satisfactory, certain shortcomings have been apparent to users. Complaints about a lack of proper cold storage facilities for perishables at Goose Bay, the inability to handle large packages because the Boeing 737 aircraft being used are of a type with small cargo doors, and a lack of full explanation of service restrictions in the carriers tariffs are among matters which have come to this Commission's attention.

Representations by the Atlantic Provinces Transportation Commission to the airline culminated in a meeting between EPA officials and the Greater Moncton Chamber of Commerce Transportation Committee, of which the General Manager is a member. It was apparent from this meeting that the immediate solution to some of the problems being experienced cannot be expected; however, these initial steps bringing the problems to the carriers attention will be followed up by further efforts to bring about improvements during 1973. In the meantime, EPA is chartering a freighter aircraft from time to time to handle oversized shipments. Such an arrangement results in some delays to such shipments.

Although Air Canada established increased frequency of air cargo service with the introduction of a DC-9 freighter service in the spring of 1972, it has not been able to handle traffic expeditiously and fails to meet its service expectations all too often. Many complaints were received from Air Canada customers throughout the region by

this Commission, complaining of the lengthy delays that they had been experiencing in receiving shipments from central Canada; in distribution from regional airport terminals; and in forwarding shipments to Bermuda. In response to these, the General Manager wrote to a Director of Air Canada from the Atlantic region outlining the scope and nature of these problems. In reply, the Commission was invited to keep the airline informed as to specific complaints so that remedial action could be initiated by its employees. As a result, this Commission has maintained a continuing correspondence with the airline's Regional Manager and has met with him on several occasions. By the end of 1972, the Regional Manager reported that distribution through Halifax had been improved with the addition of employees and the acquisition of more cargo handling space. It was also stated that shipment delays experienced in the region should be lessened with the introduction of an improved tracing system during 1973.

During the course of the year a close watch has been maintained on the effects upon air passenger service of the gradual withdrawal of Air Canada from regional service and the assumption of this role by Eastern Provincial Airways. Correspondence with both airlines has been maintained throughout the year on this matter in an attempt to ensure that the quality of service will be maintained and that scheduling of service by the carriers will provide users with a maximum of interconnection possibilities. Meetings with the airlines' officials were also arranged and detailed submissions made regarding passenger service, scheduling and fare levels. Particular emphasis was placed on the need for meeting passenger demand between Moncton and points west of that city since airline capacity over the routes involved proved inadequate during the year under review. Because of the substantial changes in passenger service established by the two air carriers advance passenger schedules for the summer of 1973, and Eastern Provincial Airways forecasted acquisition of two additional 737 aircraft during the year, this Commission expects to continue and strengthen its activity in regards to passenger service in the Atlantic region.

NEWFOUNDLAND BUS FARES

It was reported last year that this Commission had assisted the Government of Newfoundland in the preparation and presentation of its case before the Newfoundland Motor Carrier Board opposing Canadian National's proposed increases in fares on its bus services to a level equalling rail passenger fares in the Maritime Provinces (or increases averaging 30%). The hearing of the application was set down for April 4, 1972, and was attended by the General Manager and Research Economist of this Commission.

During the April 4th hearing Canadian National presented extensive evidence that it had experienced operating losses amounting to some \$562,000 during 1971 and that, even with the increases that it proposed, losses for 1972 would exceed \$300,000. Since the material presented by the railway was so extensive and counsel for the Government wished to have time to study this and other material requested from Canadian National, an adjournment was granted until April 12th, then to April 15th, and finally, when all the material

had been received and studied, to April 18th. At the April 18th hearing, government counsel was able to present argument that Canadian National had overstated its losses and totally ignored the question of service to the travelling public. In the matter of alleged losses, government counsel contended that, if CN estimates of expenses and revenue were realistic and compensation was received for travel by railway company employees on the bus service, it would be possible to forecast a \$135,000 surplus for 1972.

Hearings into the matter concluded on April 18th with the Public Utilities Chairman, Clarence Powell, stating that the Commission would render a written decision as quickly as possible. This decision, made public on May 3rd, denied Canadian National's application for increase and stated that it would not be possible for the Public Utilities Commission to entertain a further application for a fare increase until the actual level of operating deficit could be determined. The Public Utilities Commission stated in its decision that Canadian National had not presented "one shred of evidence" that would enable it to judge whether the company's accounting methods would fairly represent financial conditions of the bus operation. The Commission also noted that the bus service operated by Canadian National was not a commercial operation, for CN was willing to absorb a "certain level of deficit". It was not, the Commissioners concluded, their duty to fix the level of deficit which CN should be willing to absorb and because of this they were also unable to direct CN to institute improvements in service that had been called for by passengers and public corporations. An acceptable level of deficit in operation would have to be determined in negotiations between the Newfoundland and federal governments or, arbitrarily by CN itself, the Board concluded.

Canadian National appealed to the Newfoundland Supreme Court to set aside the Public Utilities Commission's May 3rd decision, in that it erred in law by not taking into consideration certain factors and evidence adduced at the hearings. In the appeal before the Newfoundland Supreme Court the question of the jurisdiction of the Newfoundland Public Utilities Commission to hear the case under the Newfoundland Motor Carrier Act rather than under the federal Motor Vehicle Transport Act was raised. Argument on this preliminary question of law has been heard by the Supreme Court and until it is disposed of argument on the railways appeal is reserved.

NEWFOUNDLAND FERRIES

During 1972 delays in the transportation of rail freight to Newfoundland occurred as the capacity of the vessels on the Gulf ferry service was exceeded or bad weather caused freight to accumulate enroute to Newfoundland. This situation reached a near "crisis" point in October when the number of rail cars awaiting transportation to Newfoundland exceeded 500 units, a time when one of the two rail ferries on the service was undergoing refit. Eventually, by November with the return to service of the *Frederick Carter* and the chartering of six vessels normally employed in coastal trade, the rail backlog was reduced.

The Atlantic Provinces Transportation Commission in letters directed to the Vice President of Canadian National's Atlantic Region and to the Minister of Transport, viewed the resulting delays which were caused by the inadequacy of the vessels in the Newfoundland ferry service with deep dissatisfaction as they represented higher costs to Newfoundland receivers in the form of inventory, increased risk of loss, damage and deterioration, lost production time, demurrage charges due to bunching at rail terminals and, where goods were urgently needed, the necessity of turning to premium priced transportation. While this Commission noted that difficulties in handling rail traffic to Newfoundland had been increased with the sinking of the *Patrick Morris*, it none the less urged that a backlog representing not more than two days capacity be permitted to occur. The Commission further suggested that immediate steps should be taken by the railway to charter such additional vessels as would be required to prevent a repetition of the delays experienced in the fall of 1972 and that more advanced long range planning was required for this vital inter-provincial link.

In an extensive reply to the Commission's letter, the CNR outlined both the railways' actions in dealing with the backlog situation during the fall of the year and its plans to prevent such a recurrence in 1973.

During 1973 Canadian National will have the vessels *William Carson*, *Leif Eriksson*, *Princess of Tasmania*, and *Ambrose Shea* in year-round passenger service with the *John Hamilton Grey* joining them in May in a joint passenger-rail freight role. The *Frederick Carter* and another chartered vessel, possibly the *Stenna Sea Trade* will provide rail car space while the *Stenna Carrier* will handle a combination of express containers and trucks. It has been planned by Canadian National to keep its three rail carriers in service during the period May - November and, at other times, to have a minimum of two. In the matter of an acceptable level of rail car backlog, Canadian National states that, with the capacity of the ferries to be in operation in 1973, it should be possible to prevent more than the equivalent of two days "backlog" or approximately 300 cars in the "pipeline" east of Moncton from accumulating at any one time. To overcome problems caused through cancelled sailings, Canadian National advises that it is necessary to have a slightly greater capacity to handle traffic on the Gulf than the daily traffic offerings.

The Honourable Jean Marchand, in response to this Commission's complaint, drew attention to the fact that tenders would be called for a replacement for the *Patrick Morris* early this year and that, in addition to this, the Ministry of Transport and other government agencies would be examining the potential of alternate means of servicing the transportation needs of Newfoundland. The Minister stated that he hoped to have some announcements of developments in regards to better transportation service between Newfoundland and the mainland.

RATES ON EXPORT AND IMPORT CONTAINERS

Following the meeting of the Directors of the Atlantic Provinces Transportation Commission held in March 1973, the Commission communicated with senior railway executives expressing concern that an increase in rates on export and import containers via the ports of Halifax and Saint John to be effective on April 1, 1973 along with increases effected previously would give added impetus to United States and St. Lawrence ports to regain or divert traffic presently moving through the Maritime ports. The Commission urged the railways to reconsider and modify the increase. Furthermore, the railways were urged along with the containerlines to come to some understanding on the nature and extent of increases in container rates to reflect increases in railway costs which may occur from time to time in the years ahead.

The railways declined to accede to the Commission's representations stating to the effect that after a careful evaluation of their decision they are confident that the traffic in question will continue via the Maritime ports.

CHRISTMAS TREE RATES TO UNITED STATES

With the revision in the International Class Rates in August 1972, as reported in part in the Commission's Annual Report for 1971-72, and the change from the so-called United States Official Classification to the United States Uniform Classification governing such rates, Christmas trees became subject to a higher classification (i.e. from class 40 to class 45) thereby resulting in substantial increases in the rates.

At a meeting with the Canadian railways in Montreal on January 18, 1972 dealing with the revised International rate structure, this Commission urged the railways at that time to take steps to provide rates on Christmas trees for the 1972 shipping season no higher than the then existing class rates. Such action, the Commission pointed out, would be in the railways own interests as well as the interest of the Maritime Christmas tree shippers. After study, the Canadian railways initiated a proposal in late June to establish commodity rates for Christmas trees at the approximate level of the former Class 40 rates. This proposal was submitted late in August to the General Freight Traffic Committee of the Eastern Railroads of the United States for their concurrence. The Eastern Railroads approved this proposal in October but failed to issue the appropriate instructions to the tariff publishing agent until November 9th. Consequently, the reduced rates were not filed until November 17th with the Interstate Commerce Commission to be effective December 19th to meet the 30-day statutory advance filing requirement of the I.C.C. At the same time, the tariff publishing authority sought the permission of the I.C.C. to effect these rates on "short notice" and this Commission sent a telegram to the Secretary of the Interstate Commerce Commission on November 17th in support of the application of the publishing agent. For reasons unknown to this Commission, the I.C.C. did not grant short notice permission to the publishing authority until December 6th, when it permitted the reduced rates to become effective. By this time, of

course, the major movement of Christmas trees had already taken place.

In the meantime, Canadian railways published on November 13th a very low rate to certain International Boundary points on Christmas trees to help in alleviating the effects of the International Class rate adjustment on shipments of trees particularly to the southern United States. The railways are to be complimented for doing everything in their power to alleviate the effects of revised class rate structure on the Christmas tree exporters. Subsequently, the Commission drew the factor of the delay of the U.S. regulatory agency in granting short notice permission to the attention of the President of the Canadian Transport Commission for its information and guidance in future situations where short notice permission is required for rate changes between Canada and the United States.

CONTAINER DIRECTORY

During 1972 it became apparent that the opportunities presented to businessmen of the Atlantic Region by the very rapid expansion of the number of container lines calling at Halifax and Saint John had not been fully appreciated. In order to demonstrate to the business community that these new shipping services were providing fast, frequent service to reach ports in the major trading nations, the Atlantic Provinces Transportation Commission, with the co-operation of container terminal operators and shipping interests, assembled information on the details of the services of the container lines calling at the two Maritime ports as well as other information on terminal and miscellaneous charges for transportation, all of which was published in a "Directory of Ocean Containerization Services Between The Ports Of Halifax And Saint John And World Ports", issued by this Commission in November. The Directory was particularly well received and to date over 1700 copies of the Directory have been distributed to firms and individuals within, as well as outside the Atlantic Region. In order to maintain the usefulness of the Directory, the Commission plans to provide updated information on a regular basis.

NATIONAL (U.S.) MOTOR FREIGHT CLASSIFICATION — CANADIAN ADOPTION

During the latter part of 1972, the Canadian Transport Tariff Bureau, the tariff publishing agent for a number of truck lines operating between points in Ontario and between Ontario and other provinces, and the Quebec Tariff Bureau, the tariff publishing agent for a number of trucking companies serving Quebec and between Quebec and the Maritimes, on behalf of their members announced plans to adopt the class ratings in the National Motor Freight Classification published by the American Trucking Association to replace the use of class ratings in the Canadian Freight Classification. Both Bureaus contended that the CFC is becoming obsolete as far as the present LCL ratings governing less than truckload shipments are concerned and they felt that such ratings will eventually be eliminated from the classification.

This proposal was opposed by a number of shippers and associations representing the shipping and manufacturing industries during hearings before the Bureaus. Several associations, including the Atlantic Provinces Transportation Commission participated in a joint meeting convened in January 1973 by the Canadian Industrial Traffic League through the Canadian Freight Association to review, in some depth, the adoption of the Canadian Freight Classification to both rail and truck shipments. Of importance following a further meeting was an announcement that the Canadian Freight Association was prepared to allow the trucking industry to participate as members of the C.F.A. Classification Committee, thus allowing for trucking input. Certain conditions governing its implementation were also laid down by the C.F.A. The rail carriers made it clear, however, that they are not prepared to lose control over the ownership and publication of the Canadian Freight Classification. The Chairman of the C.F.A. stressed that the railways represented by his Association are neutral in the discussions and are trying to help both the shippers and truckers come to an equitable and satisfactory solution to their problems. The Quebec Tariff Bureau has indicated that they are prepared to go along with the format suggested by the Canadian Freight Association. At the time of writing this report, the Canadian Transport Tariff Bureau had not yet made its position known as to whether or not it would participate.

CANADA LABOUR CODE — HIGHWAY CARRIERS

On January 1, 1973, Part III of the Canada Labour Code Regulations Respecting Hours of Work Standards For Employees Engaged In The Transport Of Goods, Passengers and Mail By Motor Vehicle came into force and, on the same date, Part IV of the Code Regulations Respecting The Hours Of Service For Motor Vehicle Operators Engaged In Interprovincial Trade Or The Transportation of Mail . . . became effective. (Part IV of the Code came into force on November 1, 1972 but because of a sixty-day period allowed for compliance with certain of its requirements it had no effect until the later date mentioned above.)

Because of a good deal of dissatisfaction with the proposals of the standards that the original 1967 version of the Canada Labour Code would have imposed on the interprovincial "for-hire" motor carrier industry, an order was passed in early 1968 to exempt it from regulation under the Code until June, 1971, by which time an inquiry would have been held and its recommendations incorporated into regulations that would meet the needs of the trucking industry. (An extension to June 30, 1972 was later granted.) The report of this inquiry resulted in new legislation being proposed that met some but not all the requirements of the trucking industry, the main area of dissatisfaction by Atlantic Region truckers being the hours of work that terminal employees would be permitted under Part III of the Code (i.e., an 8-hour day and 40-hour week being considered "standard" with a maximum of 48-hours per week being permitted).

Towards the end of the year under review, this Commission voiced its concern about the effect of imposing the 8-40-48 hours standard on the terminal employees of for-hire motor carriers of the At-

Iantic region to the Minister of Transport, Jean Marchand. In a letter directed to the Minister, this Commission pointed out the grave consequences to regional highway transport industry of imposing such a working hour standard in Atlantic Canada where, because of the size of the Provinces, a greater percentage of the industry is extra-provincial in scope; where the operations of ferry services create irregularity in transit times for highway carriers; and where the centers of population and, more particularly, the traffic generating points are separated by vast distances. In this Commission's view, the prescribed standard of working hours for this class of employee will create hardship and higher costs for the trucking industry which will either be passed on to users or the carriers will terminate service, both of which are undesirable consequences for the Atlantic Provinces.

This Commission's letter to the Minister of Transport also drew his attention to the fact that railway employees, with a similar job function to the highway terminal employees, had gained exemption from a similar 8-40-48-hour standard. In this Commission's opinion to exempt railway employees from a similar standard to highway carrier employees is to disregard the intent of the national transportation policy of Canada, that being, equality of treatment between modes.

MAGDALEN ISLANDS — A.R.F.A.A. SUBSIDY — C.T.C. RULING

With the establishment of a new roll-on roll-off ferry service between the Magdalens and Prince Edward Island and the commencement of a direct trucking service via this link, the Canadian Transport Commission ruled that the Islands lie outside the "select territory" as defined by the Atlantic Region Freight Assistance Act. As a consequence of this ruling, truck freight movements from the "select territory" to the Magdalens are now eligible for the 30% westbound truck freight subsidy, however, movements from the Islands will be unsubsidized.

In making its decision, the C.T.C. designated Souris, P.E.I., as the "gateway" point (Quebec highway 23 is the gateway for movements to points west of the "select territory") and instituted the use of mileage blocks of 50 miles for the purpose of calculating the level of assistance to be paid in respect of movements to the Magdalens. The amount of subsidy to be paid is **30% of the proportion of the freight attributable to the haul within the "select territory"**. Below are examples of the calculations of assistance paid in respect of movements from the "select territory" to the Magdalen Islands:

<u>Select Territory Origin</u>	<u>Mileage to Souris, P.E.I.</u>	<u>Mileage Beyond</u>	<u>Percentage of Assistance</u>
Moncton, N. B.	158 (4 blocks)	84 (2 blocks)	$\frac{2}{3}$ of haul within the select territory $\frac{2}{3} \times 30\% = 20\%$
Charlottetown, P.S.I.	52 (2 blocks)	84 (2 blocks)	$\frac{1}{2}$ of haul within the select territory $\frac{1}{2} \times 30\% = 15\%$
Summerside, P.E.I.	94 (2 blocks)	84 (2 blocks)	$\frac{1}{2}$ of haul within the select territory $\frac{1}{2} \times 30\% = 15\%$

Truckers directly serving the Magdalens, or those interlining with other truckers who directly serve the Magdalens, must be certified as being eligible by the Canadian Transport Commission as required by the Regulations of the Atlantic Region Freight Assistance Act in order to file claims for subsidy.

REVISED CONSTITUTION AND FUNCTION OF THE ATLANTIC PROVINCES TRANSPORTATION COMMISSION

At a meeting of the Directors of the Atlantic Provinces Transportation Commission held on October 7, 1971, a motion was passed that a committee be appointed to review revisions proposed in the Constitution of the Atlantic Provinces Transportation Commission and to present firm recommendations on these revisions to a Directors' meeting prior to the next annual meeting. Mr. J. M. Crosby, a past Chairman of the Commission, acted as Chairman of the Constitutional Review Committee. Among the changes made in the Constitution stemming from recommendations of the Committee was the provision for the appointment of one additional Director each by the Maritime Provinces Chamber of Commerce from the Province of Prince Edward Island, the Government of the Province of Prince Edward Island, and the Government of the Province of Newfoundland. It also provided that the President of the Newfoundland & Labrador Chamber of Commerce would, by virtue of his office, be a Director of the Commission. (The President of the Maritime Provinces Chamber of Commerce had for some years been a Director of the Commission by virtue of that office.)

The proposed revised Constitution also provided for a larger Executive Committee consisting of eight members, two from each of the four Atlantic Provinces. It further eliminated the Vice-Chairmen representing each province, and provided only for the appointment of a Chairman and one Vice Chairman. Another change was the elimination of non-voting ex-officio Directors. For many years, probably since the beginning of the Commission, the Secretaries or Managers of the Boards of Trade or Chambers of Commerce in the Cities of Halifax, Saint John, Charlottetown, and St. John's, Newfoundland, had been non-voting members of the Commission along with the Manager of the Maritime Provinces Chamber of Commerce. The Commission had been criticized, as had been the Maritime Provinces Chamber of Commerce itself, that the ex-officio non-voting Directors were limited to these cities, and the decision was made by the Constitutional Review Committee and accepted by the Directors that all non-voting Directors be eliminated.

The Constitution, as proposed by the Constitutional Review Committee, was subject to careful scrutiny at the Annual Meeting and, subject to minor changes, was approved and became effective on that date.

At the Commission's Annual Meeting held on May 30, 1972 in St. John's, Newfoundland, one of the Commission's Directors gave notice that he wished to present a paper outlining the functions of the Atlantic Provinces Transportation Commission. The paper was presented and by common agreement it was deferred for consideration at the next meeting of the Directors. Accordingly, at the October

24, 1972 meeting of the Directors of the Atlantic Provinces Transportation Commission the paper of Proposed Functions of the Commission was thoroughly considered and subject to certain revisions, approved. Page 9 of this Annual Review contains a paraphrase of the functions of the Atlantic Provinces Transportation Commission as adopted by the Directors.

OTHER ACTIVITIES OF ATLANTIC PROVINCES TRANSPORTATION COMMISSION

Again this year, the Commission can report that its services have been utilized in a substantial measure by Provincial Government departments, their industrial development agencies, municipal groups and joint federal-provincial sponsored agencies in their industrial development efforts. Over 90 specific requests involving industrial development projects were received covering a wide range of products. In addition, a considerable volume of work was carried out for a consulting firm retained by the Province of Prince Edward Island.

Much of the Commission's work throughout the year is in the nature of assisting business and industry with transportation and distribution matters and is not reported in detail since this would reveal commercial information of the companies using the Commission's services. Nevertheless, the following illustrations will provide some indication of the nature of some of the activities in which the Commission has been able to provide tangible and specific assistance to industry and commerce throughout the region.

The Commission assisted the Department of Agriculture in the Province of Newfoundland in negotiations with Canadian National Railways regarding rates on grain from the Lakehead to points in western Newfoundland.

On behalf of New Brunswick grain growers the Commission negotiated lower rail rates on movements of grain from western New Brunswick to points in the United States.

The Commission assisted a lightweight aggregate company operating at Minto, N. B. in its negotiations with the railway for rates to points in the Maritime Provinces and the Province of Quebec. In addition, it also provided information regarding rates for its competing sources of supply to points in the United States.

Through negotiations with the railways, the Commission secured freight rates on compressed logs on behalf of a new plant in New Brunswick that expects to commence production during the summer of 1973.

The Commission assisted a biscuit manufacturer in the Maritimes to secure adjustments in its rates to destinations in Western Canada to enable that company to improve its competitive relationship with similar manufacturers in central Canada.

The Commission on several occasions negotiated truck rates for

woodpulp shipments from a woodpulp producing point in New Brunswick to destinations in the Province of Quebec.

A number of companies sought the Commission's assistance in determining the correct charges on shipments received by them. As has been noted in previous annual reports, the Commission does not do freight bill audits as a regular service, but when bills are received by companies on which they believe there has been obvious errors, the Commission does review such bills as called upon and very often is able to secure savings for the companies concerned. Companies in New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland all called upon the Commission for this type of assistance during the past year and in all cases the Commission was able to secure adjustments in the charges originally assessed. In several cases, the adjustments in charges were in respect of truck shipments.

During the year the Commission (particularly through the efforts of Mr. N. H. Smith as a Vice-Chairman for Newfoundland) sought to secure some relief from demurrage charges which fall heavily on Newfoundland business and industry largely because of the congestion which occurs at the Gulf crossing and because of the differences in the size of mainland and Newfoundland railway equipment. It is hoped that these efforts will soon bear fruit.

A plastic products manufacturer in Nova Scotia called upon the Commission for assistance in determining the best method to ship its products to certain markets and, as a result of the work done by the Commission, considerable savings in transportation charges were realized.

Again, fish meal producers in Newfoundland and crab meat producers in that Province called upon the Commission for assistance in securing the lowest possible charges on their products to markets in central and western Canada.

A Nova Scotia livestock producer called upon the Commission for assistance in respect of service problems being experienced by him. The Commission arranged a meeting between the shipper concerned and Canadian National Railways and it is believed that as a result of the understandings reached at that meeting an acceptable service will be provided which will enable the shipper to move his product to market more successfully.

During the year, the Commission assisted the Nova Scotia flour company in its negotiations respecting rates on flour to points in Newfoundland which resulted in the publication of significantly lower rates based on higher minimum weights, thereby improving the company's competitive position in the Newfoundland market.

The Commission also provided assistance to a Nova Scotia company in securing lower rail rates on hay and straw from Maritime Provinces shipping points to markets on the Islands of St. Pierre et Miquelon.

The Michelin Tire Company called upon the services of this Commission in negotiations with Canadian National Railways regarding rates on products moving to its plants in Nova Scotia. As a result of the Commission's assistance, lower rates were secured with substantial savings to the company concerned.

Again, as was the case in the previous year, the Commission provided a substantial amount of assistance to the two particleboard plants in the Province of New Brunswick.

The charcoal plant at Minto received considerable assistance from the Commission particularly in respect of rates to markets in western Canada; also, extensive work was completed for this company in the preparation of statements outlining the transportation rates available to competing manufacturers for shipping charcoal briquettes between United States points.

As has been reported in previous annual reports, the woodpulp industry has made considerable use of the Commission's services. During the year reviewed herein, the Commission brought closer to finalization long negotiations with the Canadian and United States railroads for rates on woodpulp to markets in western United States. While these rates have not yet been published in tariff form because of the inability of the American railroads to agree among themselves on the division of the rates, the Canadian railways have co-operated with the Commission and the woodpulp shippers by publishing proportional rates to the international boundary which, when combined with the rates available from the U.S. side of the international boundary provide a total rate about equivalent to the rate which would be published eventually from origin to destination. This particular work of the Commission is gratifying in that it enables the New Brunswick woodpulp producers to secure a larger share of these markets for their woodpulp than would otherwise be available.

Considerable assistance was rendered to a Nova Scotia producer of plastic vials in securing truck and rail competitive rates for the movement of liquid candy in plastic containers from Nova Scotia to a United States destination. This work resulted in savings of many thousands of dollars annually to the company concerned.

Three branches of a Newfoundland company benefitted by several thousands of dollars through consultation with the Commission on the correct charges on their shipments.

An extensive statement covering fish meal and whale meal rates from all Atlantic Provinces producing points to numerous central and western Canadian destinations, which had been prepared by the Commission several years ago, was completely reviewed and updated to the current level and was forwarded to all the producers in the area.

In June of this past year, the railways introduced a new category of express rates covering single piece shipments under 50 pounds each in lots of 10 shipments at one pick-up, with savings reported to be as high as 50% in relation to regular rates. This service is

known as Pre-Pac and applies anywhere within Quebec-Ontario, between Quebec and Ontario and Western Canada, and on shipments to the Atlantic Provinces. This Commission, after receiving the tariff and other pertinent information, made an extensive comparison of the rates to determine the degree of benefit of the Pre-Pac plan for Atlantic Provinces industry.

Two newly-established New Brunswick firms located in the Oromocto Industrial Park received assistance from the Commission in securing both rates and services for the movement of their products.

An in-depth study of the best physical transit times by the various modes of transportation from central Canada to Newfoundland was completed at the request of a Newfoundland governmental department.

At the request of the Nova Scotia Department of Development an extensive study was carried out to update to the 1973 level the transportation information covered in the 1965-66 edition of "Guide to Textile — Apparel Manufacturing — Opportunities in Nova Scotia". This study included a comparison of the air freight, air express, rail less than carload, rail carload, rail piggyback, rail express, truck less than truckload, and truckload rates from Nova Scotia and other Canadian centers to various Canadian and United States destinations.

In the fall of 1972, the Commission was requested by the Department of Economic Growth for the Province of New Brunswick to provide assistance to a company located in the northeastern part of the Province. The company involved was facing certain service problems on rail express shipments of fresh shellfish to markets in the Province of Quebec stemming from changes in the routing of the CNR express trains on October 29th. With the co-operation of Canadian National Railways, the problem was resolved by the provision of a substitute truck service to connect the shipments with the regular train from Moncton.

Assistance was provided to a New Brunswick manufacturer in negotiating and receiving a lower rate for the movement of sodium nitrate from a United States origin to their plant in New Brunswick.

The Commission has provided assistance to P.E.I. agricultural and processing interests in respect of the adequacy of service by the several modes of transport.

Activities of the Commission continued in respect of grain and soyabean meal rates to the region in an effort to ensure that the best possible rates are being secured by the most economical means of transport.

An indication of the growing complexity of transportation can be seen from the number of Rate Advices disseminated by this Commission in the past several years:

Year	Number of Rate Advices
1969 - 70	1,624
1970 - 71	1,999
1971 - 72	1,904
1972 - 73	2,024

These Rate Advices are notifications to Atlantic Provinces companies of specific changes in rates or charges being made by carriers which may affect directly or indirectly the competitive position of the company.

In addition, nine circulars dealing with transportation developments of a more general nature were issued during the year under review. Although the Commission has been carrying a very heavy workload, it prepared seven issues of Tips and Topics. The mailing list for this newsletter includes 2,200 companies and individuals with an interest in transportation developments in Atlantic Canada.

The General Manager and the Assistant Manager were called upon on several occasions during the year to address various groups throughout the region. Specifically, the General Manager addressed the Maritime Farmers Council Transportation Seminar in Amherst, N. S. in April 1972. The Assistant Manager participated as a panelist at the Annual Meeting of the Canadian Feed Manufacturers Association, Atlantic Division, on June 1, 1972. The General Manager addressed the Saint John Board of Trade at a Luncheon Meeting on September 28, 1972 and chaired a panel during the APEC Annual Meeting in October of that year. The General Manager and Mr. C. B. Christie, a Director of the Commission, met with the Board of Governors of APEC in Halifax in late November and discussed with them the work and functions of the Atlantic Provinces Transportation Commission. The General Manager participated in a panel at a meeting of the New Brunswick Potato Shippers Association. The Assistant Manager addressed a meeting sponsored by the Co-Operative Union of Prince Edward Island in Charlottetown in December. The Commission's Research Economist attended a meeting in O'Leary, P.E.I. concerned with the development of a Hovercraft service between Western Prince Edward Island and New Brunswick. For the first time in many years, the Commission's staff attended the meetings of the Nova Scotia Fruit Growers Association.

In addition, the Chairman reported to the Directors' meetings of the Maritime Provinces Chamber of Commerce in April, September, October and November, 1972. In addition, he reported to the Annual Meeting of that organization in Truro, N. S. in June 1972, and the General Manager reported to the Newfoundland & Labrador Chamber of Commerce annual meeting, also held in June. In the absence of the Chairman, the General Manager reported to the Directors' meeting of the Maritime Provinces Chamber of Commerce held in February, 1973. In addition, the Chairman and General Manager and other staff members attended Halifax Port Day in September, as well as the transportation seminar sponsored by the Annapolis Valley Affiliated Boards of Trade held in Wolfville, in October, 1972.

The Commission's Transportation and Distribution Officer attended the regular directors meetings of the Maritime Lumber Bureau and he and the Assistant Manager attended the Annual Meeting of the Atlantic Provinces Trucking Association held in October. In addition, the Commission's Transportation and Distribution Officer attended a Forest Products Research Seminar held in Newcastle in October during which considerable discussion was held on transportation. The Commission's Research Economist attended the Annual Meeting of the Nova Scotia Forest Products Association and the General Manager attended the 1973 Spring Seminar of the Canadian Association of Physical Distribution Management as well as the Annual Meeting of the Canadian Transportation Research Forum held in Halifax in May, 1972.

During the year, the General Manager of the Commission was asked to organize activities in Atlantic Canada in observance of National Transportation Week, held during the week of May 14 to May 20, 1972. In co-operation with the Atlantic Division of the Canadian Industrial Traffic League the Commission sponsored an evening workshop in Moncton, N. B. on May 18, 1972. The theme of that Workshop was "Claims Prevention, Not Collection." At year end the Commission is again working with the Atlantic Division of the Canadian Industrial Traffic League and other interested parties to organize an afternoon Seminar in Moncton on May 14, 1973 as one of the activities in Atlantic Canada in observance of National Transportation Week.

The Commission maintained its membership in such national and international groups as the Atlantic Provinces Economic Council, the Canadian Transportation Research Forum, the Canadian Association of Physical Distribution Management and the Transportation Association of America. The General Manager of the Commission accepted an invitation to serve as Atlantic Region Co-Ordinator for National Transportation Week 1973 activities. The Minister of Transport appointed the Commission's General Manager to the Advisory Council of the federal Transportation Development Agency. During the year the General Manager was appointed to the Transportation & Communications Committee of the Greater Moncton Chamber of Commerce. He continues to serve on the Transportation & Communications Sector of the Nova Scotia Voluntary Planning Group and on the Transportation & Communications Committee of the Canadian Chamber of Commerce. The Commission's Research Economist is an ex-officio member of the Transportation Committee of the Nova Scotia Forest Products Association.

COMMISSION MEMBERSHIP

During the year reviewed herein, two long time Directors retired, namely, Mr. J. M. Crosby of Saint John and Mr. F. R. Rand of Sackville. Mr. Crosby, appointed to the Commission by the Maritime Provinces Board of Trade in 1958, had served as Chairman from 1963 to 1971. In paying tribute to Mr. Crosby, the Commission recognized that he had spent considerable time and effort in directing the affairs of the Commission often at considerable sacrifice to his company affairs and his personal life.

The Commission recognized Mr. Rand as one of the most faithful members of the Commission, having missed only one or two meetings of the Directors in the eighteen years he had served as a representative of the Maritime Provinces Chamber of Commerce. His keen interest in and support for the Commission was evidenced in the many suggestions he made to improve the quality and the effectiveness of the Commission's work.

Mr. Crosby and Mr. Rand were presented with engraved trays and the expression of their fellow Directors was that the region was fortunate indeed that private businessmen were willing to give fully of their time and talents to work for a better transportation situation for Atlantic Canada.

In addition, Mr. R. J. McGrath of Hantsport tendered his resignation, also effective at the Annual Meeting. These resignations were accepted with regret and the appreciation and thanks of the Commission was conveyed to those concerned.

At the Annual Meeting of the Maritime Provinces Chamber of Commerce in June, 1972, Mr. Elwood Dillman of Hantsport, N. S., Mr. Harry Miller of Moncton, N. B., and Mr. G. E. Tozer of Bathurst, N. B. were appointed to fill the vacancies created by the resignations noted above. Mr. Gregor Hope of Saint John, N. B. was appointed as a director, replacing Mr. R. W. Ganong of St. Stephen, N. B. who had served as a director of the Commission for many years.

On September 13, 1972, Mr. C. W. Moffatt of Charlottetown, P.E.I. was appointed by the Maritime Provinces Chamber of Commerce to be the additional Chamber of Commerce appointee from Prince Edward Island as provided for by the Commission's Constitution adopted at the Annual Meeting of the Atlantic Provinces Transportation Commission in May 1972.

On October 3, 1972, the Government of Prince Edward Island appointed Mr. George E. Wright of Central Bedeque, P.E.I. to be the additional Government appointee from Prince Edward Island and on March 16, 1973 the Government of Newfoundland appointed Mr. E. J. O'Brien to be the additional Government appointee from Newfoundland as provided for by the revised constitution.

On November 24, 1972, Mr. H. A. Nason, an appointee of the Government of New Brunswick, resigned and on February 5, 1973, Mr. W. L. Single, an appointee of the Government of Nova Scotia, resigned. Mr. D. G. Wales of Fredericton, N. B. and Mr. G. G. Etienne of Halifax, N. S. were appointed to fill these vacancies.

To Mr. Ganong, Mr. Nason and Mr. Single, the Commission expresses its appreciation and thanks for their co-operation, guidance and service during the time they served as Directors of the Commission.

ACKNOWLEDGEMENTS

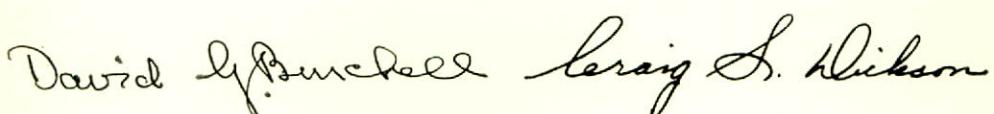
Before concluding this Annual Report, the Chairman and General Manager wish to express the Commission's thanks and appreciation to the carriers for their co-operation and assistance during the past year. This co-operation is greatly appreciated and it is the Commission's sincere hope that through its work new traffic has developed for them or existing traffic has been retained.

The Commission wishes to acknowledge the close association of the many regional organizations with which it has worked during the year, namely, the Maritime Provinces and the Newfoundland and Labrador Chambers of Commerce, the Atlantic Provinces Economic Council, the Atlantic Division of the Canadian Manufacturers' Association, the Atlantic Division of the Canadian Industrial Traffic League, the Atlantic Division of the Canadian Feed Manufacturers' Association, the Maritime Lumber Bureau, the Fish Associations of the four Provinces, the Saint John and Halifax Port Commissions, the Maritime Farmers Council and the Nova Scotia Forest Products Association, as well as numerous individual Boards of Trade and Chambers of Commerce.

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

The success of the Commission's work in any given year is achieved not by the Chairman and General Manager but rather by the dedication, loyalty and hard work of the staff they lead. On behalf of the Directors, the Chairman and General Manager express sincere thanks and appreciation to the staff for their services during the past year.

Respectfully submitted,

The image shows two handwritten signatures. The first signature on the left is "D. G. Burchell" and the second signature on the right is "Craig S. Dickson".

D. G. Burchell
Chairman

Craig S. Dickson
General Manager

