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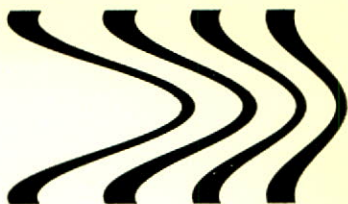
TRANSPORTATION
REVIEW
AND
ANNUAL REPORT

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**TRANSPORTATION REVIEW
AND
ANNUAL REPORT FOR THE
YEAR ENDED MARCH 31, 1980**

The Atlantic Provinces Transportation Commission has offices at 236 St. George Street (Room 210), Moncton, New Brunswick. The services of the Commission are freely available to individuals, corporations and trade groups doing business in the Provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.

Honourable Thomas J. McInnis
Minister of Transportation
Province of Nova Scotia
Halifax, N. S.

Honourable Charles Brett
Minister of Transportation
& Communications
Province of Newfoundland
St. John's, Nfld.

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

Honourable George R. McMahon
Minister of Highways & Public Works
Province of Prince Edward Island
Charlottetown, P. E. I.


Sirs:

On behalf of the Directors, I am pleased to present this Transportation Review and Annual Report of the Atlantic Provinces Transportation Commission for the period April 1, 1979, to March 31, 1980. This report attempts to review transportation developments in Canada, particularly as they relate to the Atlantic Provinces. In addition, it covers to a limited extent some of the activities of the Commission during the year 1979-80.

Many industries throughout the Atlantic Region have benefited again this year from the Commission's activities. This service to the business community and to your governments is possible only through the financial support provided by the Governments of the four Atlantic Provinces.

Mindful of the investment of public funds in the Commission, I am pleased to report that in my opinion the operations of the Commission are conducted in an efficient and business-like manner.

All of which is respectfully submitted,

A handwritten signature in black ink, appearing to read 'George D. Wright', with a long, sweeping horizontal stroke extending to the left.

George D. Wright
Chairman

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**DIRECTORS OF THE
ATLANTIC PROVINCES TRANSPORTATION COMMISSION
AS AT MARCH 31, 1980**

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

NOVA SCOTIA

Government

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

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

Atlantic Provinces Chamber of Commerce

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

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

NEW BRUNSWICK

Government

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

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

Atlantic Provinces Chamber of Commerce

E. M. S. Fisher
Two Vacant Appointments

Sackville, N. B.

PRINCE EDWARD ISLAND

Government

K. A. MacKenzie
G. D. Wright

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

Atlantic Provinces Chamber of Commerce

Donald MacKenzie
C. M. McLean

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

NEWFOUNDLAND

Government

R. S. Chancey
E. S. O'Brien

St. John's, Nfld.
St. John's, Nfld.

Atlantic Provinces Chamber of Commerce

H. Manuel
Norman H. Smith

Corner Brook, Nfld.
St. John's, Nfld.

ALSO

President, Atlantic Provinces Chamber of Commerce

STAFF

Craig S. Dickson, General Manager
Ramsay M. S. Armitage, Assistant General Manager
Lorne M. Mitton, Transportation & Distribution Officer
Roger Breau, Assistant Transportation & Distribution Officer
Austin S. Durant, Senior Traffic Analyst
Peter Vuillemot, Traffic Analyst
Dale Ronalds, Assistant Traffic Analyst
Sheldon B. Steeves, Assistant Traffic Analyst
Charles Mollins, Research Officer & Accountant
Debbie Cain, Senior Tariff Clerk
Cathy Peters, Staff Secretary
Susan Wilson, Assistant Staff Secretary
Carolyn MacIntosh, Assistant Staff Secretary

1979 - 1980

EXECUTIVE

COMMITTEE



GEORGE D. WRIGHT

Chairman

President

Campbell & Burns Limited

Central Bedeque

P.E.I.



E. L. DILLMAN

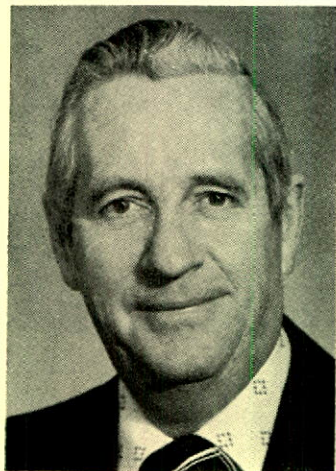
Vice-Chairman

Traffic Manager

Canadian Keyes Fibre Co. Ltd.

Hantsport

N. S.



GLENDON EDDY

Bathurst, N. B.

1979 - 1980

EXECUTIVE COMMITTEE



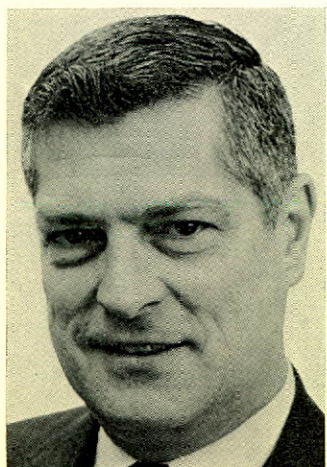
D. J. MacDOUGALL

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



K. A. MacKENZIE

Director of Transportation
Province of Prince Edward Island
Charlottetown, P. E. I.



E. J. O'BRIEN

Director of Transportation
Province of Newfoundland
St. John's, Nfld.

1979 - 1980

EXECUTIVE

COMMITTEE



NORMAN H. SMITH

St. John's, Nfld.



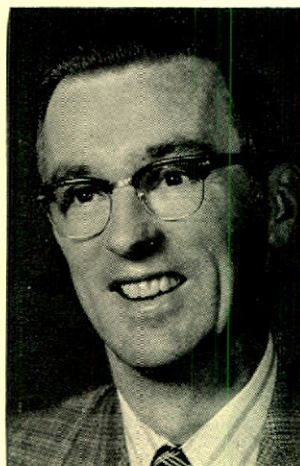
W. W. STEEVES

Special Advisor

Communications Policy

Province of New Brunswick

Fredericton, N. B.



CRAIG S. DICKSON

General Manager

Moncton, N. B.

COMMISSION STAFF



LEFT TO RIGHT: seated — Ramsay Armitage, Cathy Peters, Craig Dickson, Susan Wilson; standing — Carolyn MacIntosh, Roger Breau, Peter Vuillemot, Sheldon Steeves, Austin Durant, Lorne Mitton, Charles Mollins, Dale Ronalds, Debbie Cain.

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 of formulation of transportation policy;
- (8) To assist the Atlantic Provinces, individually or collectively, in the preparation and presentation of submissions and representations to the Federal Government or its agencies;
- (9) To continually review the transportation system serving the region and, where required, make recommendations to the Provincial Governments for improvements in the system whether it be public or private;
- (10) To make representations to the Provincial Governments, subject to the approval of the Directors of the Commission; and
- (11) To make such public statements or submission in regards to Federal or Provincial policy as shall be approved by its Directors, the Provincial Governments, or both.

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

GENERAL TRANSPORTATION REVIEW

Rail

Preliminary financial results of Canadian National Railways, together with actual figures of Canadian Pacific Limited, as taken from that company's Annual Report, for transportation related services are as follows:

CANADIAN NATIONAL RAILWAYS

	1979 (in millions)	1978 (in millions)
System Profit	208.2	136.1
Income From Divisions		
Before Taxes:		
CN Rail	234.6	224.4
CN Trucking	2.9*	2.3*
CN Express	(47.2)	(33.1)
CN Marine	8.8	(0.2)
Terra Transport	(24.8)	(26.0)

* Income after taxes

CANADIAN PACIFIC LIMITED

	1979 (in millions)	1978 (in millions)
System Profit	508.1	349.8
Net Income From Divisions:		
CP Rail	93.7	63.5
CP Trucks	(1.9)	2.2
CP Ships	26.3	(8.7)

(Brackets denote loss)

In an effort to improve efficiency and reduce heavy losses suffered by the express division over the past several years, the Canadian Brotherhood of Railway, Transport & General Workers and CN Express have established joint labor/management committees at the local, regional and national levels to deal with all aspects of productivity and manpower needs, and to review the financial results of the program and its performance. Initial plans call for a reduction of some 400 union jobs across the system and a paring of about 45 supervisory jobs in terminals where the present flow of traffic does not warrant existing staff.

Railways carloadings in Canada were up in 1979, as shown in the table below:

	Railway Carloadings 1979		% Change
	1979 (Tons x'000)	1978 (Tons x'000)	
Carload Traffic Loaded	261,666	241,167	+ 8.5
Non-Carload Traffic Loaded	770	994	- 22.5

Source: Statistics Canada Railway Carloadings, December 1979, Catalogue 52-001

Payments received to December 31, 1979, by both major railways under terms of the National Transportation Act, in respect of the maintenance of services on uneconomic branch lines and unprofitable passenger services which are required to be maintained in the public interest are outlined below:

Subsidies Paid to Canadian National Railways
and Canadian Pacific Limited
Under Terms of the National Transportation Act
in Respect of Year 1978

(Payments to December 31, 1979)

Sections 256 and 258 of the Railway Act	Canadian National Railways		Canadian Pacific Limited	
	Claimed	Paid	Claimed	Paid
In respect of uneconomic branch lines	\$ 71,751,759	\$ 46,219,361	\$ 69,652,495	\$51,174,608
Section 261 of the Railway Act				
In respect of unprofitable passenger service	\$208,232,306	\$151,353,671	\$ 47,866,462	\$33,638,997
Totals:	\$279,984,065	\$197,573,032	\$117,518,957	\$84,813,605

Source: Canadian Transport Commission, Thirteenth Annual Report

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

**Payment to Canadian National Railways and
Canadian Pacific Limited Under Terms of the
National Transportation Act in Respect of Year 1978**

(Payments to December 31, 1979)

Canadian National Railways	Atlantic Provinces	Central Canada	Western Canada	Through Services Between Central and Western Canada
Section 256 (unprotected branch lines)	Note 1	Note 1	Note 1	Nil
Section 258 (guaranteed branch lines)	Nil	Nil	Note 2	Nil
Section 261 (passenger train services)	Note 3	Note 3	Note 3	Note 3
Canadian Pacific Limited				
Section 256 (unprotected branch lines)	\$20,549	\$5,875	\$ 4,431,465	Nil
Section 258 (guaranteed branch lines)	Nil	Nil	\$46,716,819	Nil
Section 261 (passenger train services)	Note 4	Note 4	Note 4	Note 4

Note 1 — Analysis of claims by individual branch lines is not complete for all branch lines. Therefore, payments to December 31, 1979, to Canadian National Railways for all regions are shown only as a total of \$6,044,740.

Note 2 — Analysis of claims by individual branch lines is not complete for all branch lines. Therefore, payments to December 31, 1979, to Canadian National Railways are shown only as a total of \$40,174,621.

Note 3 — Analysis of claims by individual regions is not complete at the time of printing. Therefore, payments to December 31, 1979, to Canadian National Railways for all regions are shown only as a total of \$151,353,671.

Note 4 — Analysis of claims by individual regions is not complete at the time of printing. Therefore, payments to December 31, 1979, to Canadian Pacific Limited for all regions are shown only as a total of \$33,638,997.

Source: Canadian Transport Commission, Thirteenth Annual Report.

In November, 1979, the Canadian Transport Commission (Railway Transport Committee) announced that passenger train service between Halifax and Yarmouth, N. S., on the D.A.R. lines would continue to operate for at least another year. The announcement followed public hearings in June, 1979, because of an application by Canadian Pacific

Ltd. for discontinuance of service on that line. Earlier, the C.T.C. approved the termination of the passenger service between Windsor and Truro, N. S., on the D.A.R. line, effective October 28, 1979, because the service was uneconomical and likely to continue to be so. Losses were reported at \$62,000 during 1978.

Canadian Transport Commission (Railway Transport Committee) Order No. R-29643 ordered the implementation of the Final Plan for Eastern Transcontinental Passenger-Train Service by Via Rail Canada Inc., effective October 28, 1979. Since that date, passenger train service between Halifax and Montreal has been restructured to provide two inter-regional trains daily; one is the "Ocean" which continues to operate over CN lines through Campbellton and Mont Joli, and the second is the "Atlantic" which operates via Saint John over CP tracks through the State of Maine.

The Railway Association of Canada, in its revised Circular No. 10 effective June 1, 1979, has imposed new credit terms governing the payment of charges to railways operating in Canada. One important change made in the regulations is that all bills or accounts rendered by the carriers to the consignor or consignee must now be paid within seven (7) days from the date of statement. Previously up to 14 days were allowed in some cases.

In recent years the availability of suitable railway cars has become a major problem for certain classes of traffic. This past year was no exception, however, the accumulation of cars on foreign lines in the United States showed improvement which was largely facilitated by ideal weather conditions. In contrast, in response to a problem covering rail cars from Mexico, in April, 1979, CN Rail issued Prohibition Order No. 79-1 placing an embargo on all CN box cars destined to Mexico. The embargo became necessary because of the large number of cars being held in Mexico with no sign of them being returned, in spite of numerous requests by CN Rail to the Association of American Railroads and Mexican representatives in Washington. While the embargo was still in effect at the time of writing this report, it is understood that CN will permit the loading of cars which receive prior clearance.

Highway

During the year under review, agreement was reached by all provinces in Canada on the terms and conditions for a uniform truck bill of lading, including the provision of a maximum liability clause (automatic coverage in the case of non-declaration of value by the shipper) to allow for an increase in the maximum liability of highway carriers of \$2.00 per pound, based on the total weight of the shipment, from the previous limit of \$1.50 per pound.

Some provinces have already implemented the terms and conditions of the uniform bill of lading, while others are in the process of doing so.

In the Atlantic Provinces, at the time of this report, New Brunswick reports that an Order in Council to implement the new bill of lading is being prepared and the effective date of the revised regulations will be made retroactive to January 1, 1980. Prince Edward Island has adopted the revised terms and conditions of the uniform bill of lading effective January 1, 1980, but, for the present time at least, will continue to accept other forms of bills of lading as may be filed with the Public Utilities Commission. Newfoundland advised that an Order in Council is being drawn up but it is not known at year end the exact implementation date. In the meantime, Newfoundland will only accept the bill of lading presently in effect. The Province of Nova Scotia plans to implement the terms and conditions of the new uniform bill of lading sometime in the near future.

Air

During the past year hearings were held by the Canadian Transport Commission into applications of Eastern Provincial Airways and CP Air to provide air service between Halifax and Toronto. EPA applied for permission to operate a new service between Halifax and Toronto, while CP Air requested an extension of its transcontinental service to include service between Toronto/Montreal and Halifax. Early in April, 1980, the C.T.C. announced its decision to award CP Air the right to provide a direct service between Toronto and Halifax. The C.T.C. also awarded CP Air the right to provide a service between Montreal and Halifax but not to commence before March 1, 1981.

Atlantair Ltd. which operated daily flights between Bathurst, Moncton and Fredericton terminated regular service in September, 1979, due to a lack of passengers. The company now provides a charter service, operating out of the Moncton airport.

In March, 1980, Labrador Airways inaugurated a return trip passenger service between Blanc Sablon, Que., and St. John's, Nfld., including stops at St. Anthony and Gander.

Eastern Provincial Airways introduced new direct services between St. John's and Halifax in April, 1979, and between Halifax and Montreal in October, 1979. However, direct service between Moncton and Fredericton was terminated during 1979.

During the latter part of 1979, representatives from Transport Canada held meetings at major airport centres in Atlantic Canada to

brief interested persons and organizations on the recommendations prepared by a Task Force on Airport Management. The task force was created in 1978 to develop a new management and financial system for Canada's major airports. The concept, if adopted, would involve the transfer of airport management functions to municipal airport commissions.

Increases from changes in the domestic air fares and air cargo rates in Atlantic Canada implemented during the fall of 1979 and in March, 1980, amounted to approximately 15%.

The Annual Report of Air Canada had not been released at the time of writing this report but preliminary indications are that the airline will realize a profit in excess of \$100 million for 1979 or roughly double that of the preceeding year. Eastern Provincial Airways has reported a 1979 net profit of close to one million dollars.

A brief table of statistical highlights is shown below:

	AIR CANADA			EASTERN PROVINCIAL AIRWAYS		
	1979	1978	Percent Change	1979	1978	Percent Change
Revenue Passengers Carried	*	11,300,000	*	840,148	779,728	+ 7.7
Revenue Passenger Miles (x'000)	*	12,017,000	*	314,248	293,190	+ 7.2
Freight Ton Miles (x'000)	*	275,000	*	3,578	3,504	+ 2.1
Passenger Load Factor	*	62%	—	56.7%	55.9%	—
Net Income (loss) After Taxes	*	\$47,485,000	—	\$960,186	\$3,244,777	—70.4

* Not Available At Time of Printing

Source: Air Canada and Eastern Provincial Airways

Ports

The total cargo tonnage handled at National Harbours Board's ports in the Atlantic Region in 1979 showed a significant increase overall from the previous year. The volume of general cargo handled at Saint John, N. B., and Halifax, N. S., was down slightly but St. John's, Nfld., reported an increase of 28.8%. Containerized cargo was down 2.5% at Saint John, N. B., while Halifax, N. S., and St. John's, Nfld., recorded increases of 18.2% and 55.4% respectively. The large increases at St. John's, Nfld., are attributed in part to a growth in offshore petroleum explorations by the oil companies.

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

(In Metric Tonnes)					
All Cargo					
Calendar Year	Saint John	Halifax	St. John's	Belledune	Total
1979	15,039,491 *	14,346,841	1,095,596	448,019	30,929,947
1978	12,561,651 *	14,063,809	995,924	362,954	27,984,338
Increase or (Decrease)	2,477,840	283,032	99,672	85,065	2,945,609
% Change	+19.7	+2.0	+10.0	+23.4	+10.5
General Cargo					
1979	1,201,910	536,783	302,296	—	2,040,989
1978	1,214,828	578,690	235,835	—	2,029,353
Increase or (Decrease)	(12,918)	(41,907)	66,461	—	11,636
% Change	—1.1	—7.2	+28.2	—	+1.0
Container Cargo					
1979	897,733	2,082,688	127,035	—	3,107,456
1978	920,796	1,762,359	81,727	—	2,764,882
Increase or (Decrease)	(23,063)	320,329	45,308	—	342,574
% Change	—2.5	+18.2	+55.4	—	%12.4

* Includes Cargo At Canaport

Source: National Harbours Board

Early in 1979, Hapag-Lloyd established a new less-than-containerload service between Newfoundland and the United Kingdom and Continental Europe. Utilizing its existing services to and from Halifax, N. S., the line has joined with Newfoundland Container Line (operating between Halifax, N. S., and St. John's, Nfld.) to offer a through LCL service between St. John's, Nfld., and the United Kingdom and Continent.

Seatrain Lines Inc., in early 1979, commenced a new regular container shipping service between Saint John, N. B., and ports in the Caribbean, Central America and South America.

In September, 1979, Zim Container Service expanded its Caribbean container service with the operation of a feeder ship between Kingston, Jamaica, and the ports of Cristobal, Panama; San Juan, Puerto Rico; and Santo Domingo, Dominican Republic. The feeder service will connect with Zim's regular service between Halifax-New York-Kingston.

On January 6, 1980, Hapag-Lloyd initiated a new weekly con-

tainership service between New England and Europe via the Port of Halifax, N. S. The container vessel "*Yankee Clipper*" will operate between Portsmouth, N. H., and Boston, Mass., and Halifax, N. S., and connect with Hapag-Lloyd's trans-Atlantic ship to Europe. The service will also accept cargo between the U. S. A. and Canada, both full and less-than-containerload.

Galleon Shipping Corporation announced in February, 1980, the inauguration of a monthly direct container/breakbulk service between Halifax, N. S., and the Philippines.

Near the conclusion of the year in review Trans Freight Lines (an independent non-conference carrier) announced a new bi-weekly ocean containership service to Halifax, N. S., from the United Kingdom and Continental Europe. Outbound from Halifax the new line offers a full container service to Southern U. S. A. ports of Jacksonville, Savannah and Moorehead City, as well as accepting cargo to the entire Caribbean area.

A contract valued at \$13,259,225 for the construction of extensions to the Pugsley South and Long Wharf terminals at the Port of Saint John, N. B., was awarded to McNamara Marine Division of McNamara Corporation of Newfoundland Ltd. during the summer of 1979. This phase of construction will add 344 meters of pier face and an increased cargo capacity of 280,000 tonnes annually. Completion will be mid-1980.

A proposed Master Plan for development of the Port of Saint John, N. B., through to 1990 was released in February, 1980. The report, prepared by Fenco Consultants Limited and jointly funded by the Federal Government (DREE), the National Harbours Board and the Province of New Brunswick, outlines several recommendations for major upgrading and expansion of the west side port area.

In January, 1980, the Federal and Nova Scotia governments announced the signing of a five-year \$43.5 million agreement to supply Halifax Industries Ltd. with a floating drydock capable of handling vessels of up to 150,000 deadweight tons.

A new forest products terminal was officially opened at the Port of Saint John, N. B., in October, 1979. The terminal which is operated by Forest Products Terminal Corporation (FORTERM), includes two new sheds with 300,000 square feet of storage space, making it the largest facility for handling forest products on the east coast.

Ferries

With the exception of the CN Marine service between Yarmouth and Bar Harbour, and the Fundy Cruise service between Yarmouth and Portland which experienced technical problems during the first 7 weeks of service, ferry operations in Atlantic Canada generally reported increases in passenger and vehicle traffic handled in 1979, as compared to the previous year.

Statistics for the year 1979 appear below, with 1978 figures in brackets.

FERRY OPERATING STATISTICS FOR ATLANTIC CANADA

Service	Passengers	Automobiles	Trucks and Tractor Trailers
CN Marine Services			
Cape Tormentine - Borden	1,583,471 + 4.3% (1,517,957)	442,465 — 1.0% (447,107)	171,838 + 8.1% (158,964)
North Sydney - Port aux Basques	296,549 + 2.0% (90,776)	69,157 + 6.4% (64,996)	41,487 — 3.6% (43,022)
North Sydney - Argentia (2)	41,529 + 0.5% (41,358)	10,573 + 2.8% (10,285)	149 + 11.2% (134)
Yarmouth - Bar Harbour (3)	73,974 — 21.4% (94,174)	18,842 — 25.0% (25,119)	267 — 13.6% (309)
Saint John - Digby	240,016 + 13.3% (211,908)	54,627 + 4.3% (52,382)	27,970 + 6.7% (26,206)
Yarmouth - Portland	9,232 + 40.0% (6,595)	2,254 + 49.1% (1,512)	2,922 + 22.2% (2,391)
Northumberland Ferries Service			
Wood Island - Caribou (1)	552,067 + 4.6% (527,768)	159,485 + 5.1% (151,797)	59,202 + 6.3% (55,710)
Prince of Fundy Service			
Yarmouth - Portland (4)	111,948 — 12.9% (128,595)	18,267 — 22.2% (23,479)	229 + 4.6% (219)

(1) 1979 operated April 17 to December 17
1978 operated April 21 to December 10

(2) 1979 operated June 18 to September 15
1978 operated June 19 to September 14

(3) 1979 operated May 18 to October 13
1978 operated May 19 to October 14

(4) * 1979 operated May 12 to October 28
1978 operated May 3 to October 29

* Due to technical problems only four sailings were made prior to June 29.

Source: CN Marine
Prince of Fundy Cruises
Northumberland Ferries Limited

In January, 1980, an additional daily crossing was added to the Grand Manan Island ferry service in response to requests from local residents for improvements in the service.

During December, 1979, CN Marine awarded a \$50 million contract to Saint John Shipbuilding and Drydock Co. of Saint John, N. B., for the construction of a new modern icebreaker ferry to replace the aging "*M. V. Abegweit*" on the Cape Tormentine/Borden crossing. The new vessel is expected to enter service in mid-1981 and will have a capacity for 900 passengers, 250 automobiles or 40 tractor trailers. It will also handle rail cars.

Effective January 1, 1980, rates and charges for passenger and motor vehicle traffic on CN Marine east coast ferry services were increased by 10%.

GENERAL LEVEL OF RATES

Rail Rates — Domestic

On June 12, 1979, the Canadian railways published a special tariff to provide a 1.7% surcharge on freight rates and charges for most categories of railway traffic in Canada to offset increased fuel and other costs. Exempted from this surcharge were Agreed Charge rates, Plan II Piggyback rates and volume commitment rates. The Atlantic Provinces Transportation Commission expressed strong opposition to this so-called fuel surcharge on the basis that, other than the possible exception of a recently imposed tax on locomotive diesel fuel in Ontario for purchases in that province, there were not any major increases in fuel and other costs which could not have been anticipated and included in the 1979 series of rate increases. In addition, this Commission argued that the surcharge should not apply on negotiated rates where settlements had been reached between railway officers and shippers in good faith. Despite the strong opposition of this Commission, as well as other shipper organizations, to both the railway officials and the Federal Minister of Transport, the surcharge came into effect as announced. As a result of these representations, the surcharge has been incorporated into the rate structure thus preventing the automatic application upon future general rate increases.

Another round of domestic rail rate increases applicable to commodity groups in open tariffs began on January 1, 1980, and is to be spread over a period of approximately six months with increases ranging from 10% to 12%. As with previous rounds of selective commodity rate increases, certain specific rates received lower increases as a result of negotiations between the shippers and the railways.

Railway agreed charge rates were increased effective September 1, 1979. Each agreed charge was renegotiated on an individual basis with the shippers involved, with the increases ranging from 8% to 9%. As in the past years, a number of agreed charge contracts were cancelled and replaced with open tariff rates which is a continuation of the railway's policy to curtail the agreed charge method of rate making.

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

Date	Between	And	Increase
Sept 3/79	NB/NS/PEI	Quebec	8.0%
Oct. 1/79	NB/NS/PEI	Ontario	9.5%
Oct. 1/79	Eastern Canada*	Western Canada	8.0%
(* Including from and to the Atlantic Provinces)			
	(From)	(To)	
Mar. 5/80	Ontario	Nfld.	5.0%

As in the past, the above increases were virtually identical to those imposed by highway carriers on truckload traffic on the same or earlier dates.

On June 27, 1979, CN Rail amended its piggyback tariff from Ontario to the Maritime Provinces by the addition of five new destinations under the general scale rate section. Rates on minimum weights ranging from 24,000 lbs. to 45,000 lbs. were published from Ontario to Chatham, Edmundston, Newcastle, Tracadie, N. B., and New Glasgow, N. S., at a level competitive with volume incentive rates published by the highway common carriers.

Rail Rates — International

During the year under review, international rail rates applying between Canada and the United States were subject to various increases as a result of general rate increases and fuel surcharges. The following is a tabulation of the general international rail rate increases during the year:

Tariff No.	Date	Amount
x 311	June 12/79	1.2% (fuel surcharge)
x 311	July 20/79	1.4% (fuel surcharge)
x 311	Aug. 25/79	2.4% (in lieu of 1.4% fuel surcharge)
x 311	Oct. 10/79	3.5% (in lieu of 2.4% fuel surcharge)
x 368-A*	Oct. 15/79	Within East 13.7%
		Between East & South 11.1%
		Between East & West 12.5%

(* Cancelled x 311 Fuel Surcharge in Full)

<u>Tariff No.</u>	<u>Date</u>	<u>Amount</u>
x 311-A	Feb. 10/80	1.1% (fuel surcharge)
x 375-A	April 1/80	5.1% (cancelled 1.1% fuel surcharge)

The above increased amounts and dates are those applicable to international rates between the United States and Eastern Canada.

Express

A number of rail express rate increases on traffic from, to and within the Atlantic Provinces were implemented during the year. The following table summarizes these changes as published in express tariff ETA 100:

Between the Atlantic Provinces and Ontario

<u>Date</u>	<u>Application</u>	<u>Increase</u>	
		<u>Westbound</u>	<u>Eastbound</u>
July 3/79	general scale rates	9% - 10%	9% - 10%
Oct. 1/79	point to point rates	\$2.00/Wt. Break*	8% (Excl. Nfld.)
Feb. 18/80	general scale rates	10%	—
Feb. 18/80	point to point rates	—	4 1/2% (Nfld. only)

Between the Atlantic Provinces and Quebec

<u>Date</u>	<u>Application</u>	<u>Increase</u>	
		<u>Westbound</u>	<u>Eastbound</u>
June 5/79	point to point rates	—	12% (xcl. Nfld.)
July 3/79	general scale rates	9% - 10%	9% - 10%
Oct. 1/79	point to point rates	(\$2.00/Wt. Break*	—
Feb. 18/80	general scale rates	10%	—

Within the Atlantic Provinces

<u>Date</u>	<u>Application</u>	<u>Increase</u>
Feb. 18/80	point to point rates	3% - 6%
Mar. 3/80	general scale rates	10%

(* for shipments under 500 lbs. only)

In all cases the above express rate increases were limited so as not to exceed comparable truck rates and, in many instances, the charges for shipments less than 100 lbs. were subjected to varying increases.

During the year, CN Express made major changes and increases in their Rapidex tariff. On December 3, 1979, the service was amended by eliminating the Rapidex Station rates which was a single package station to station service, exclusive of pick-up and delivery on a prepaid basis only. In addition, the Rapidex Plus service was modified into two

services; air-priority and air economy (this service was ultimately cancelled on February 28, 1980). At the same time, major increases were published in Rapidex rates ranging from 6% to 13% between larger centres and increases up to 74% on rates between small off-line points.

During the review period CN Express published major increases in its Special Rapidex Tariffs that apply only on prepaid shipments with a minimum of ten shipments at one time. The increases ranged from 10% to 167% and were effective on March 3 and March 17, 1980.

Truck Rates

Truck rates from, to and within the Atlantic Provinces were increased during the period in review. The following table outlines the general rate increases for those highway common carriers that are part of a tariff bureau.

Tariff Bureau Truck Rate Increases

Between the Atlantic Provinces and Ontario*

<u>Date</u>	<u>Application</u>	<u>Increase</u>
Oct. 1/79	{ LTL Rates TL (Class & Commodity)	8% - 8½ % 9.5%

Between the Atlantic Provinces and Quebec

<u>Date</u>	<u>Application</u>	<u>Increase</u>
July 2/79	{ FAK-Class Rates Commodity Rates	6% - 12%# 8%
Mar. 12/80	FAK & Commodity	6%

Within the Atlantic Provinces

<u>Date</u>	<u>Application</u>	<u>Increase</u>
Sept. 15/79	Commodity	5%
Jan. 15/80	FAK	0 - 6%

No increase on eastbound rates up to 10,000 lbs. from Montreal to Moncton, Saint John, Halifax.

* Maritime-Ontario Freight Lines, a carrier that is not a member of the tariff bureau, increased their rates on traffic between the Maritime Provinces and Ontario as follows:

<u>Date</u>	<u>Application</u>	<u>LTL</u>	<u>TL</u>
May 1/79	Eastbound	8%	6%
Nov. 1/79	Westbound	10%	10%

On November 19, 1979, the class and freight all kinds rates for less than truckload shipments applying between points in Quebec and the Atlantic Provinces were restructured. The revised FAK scale elim-

inated the class 70 and 55 rates and resulted in some increases as well as reductions.

During the year in review the major carriers participating in the rates from Quebec to Newfoundland withdrew their participation and filed an independent action tariff. This change began with one major carrier on August 13, 1979, and was followed by the other carriers on December 19, 1979. A comparison of the new independent action rates with the former rates revealed reductions of varying amounts ranging up to 40% for shipments of less than 20,000 lbs. but reflected major increases on rates for shipments over 30,000 lbs.

The through truck rates between the Maritime Provinces and the U. S. New England and Middle Atlantic territories were increased as follows:

Effective Date	New England		Middle Atlantic	
	LTL	TL	LTL	TL
Apr. 2/79	—	—	5.5%	5.5%
April 12/79	5.50%	5.50%	—	—
May 28/79	—	—	2.0%	2.0%
July 11/79	—	—	1.4%	1.4%
Oct. 8/79	0.82%	0.82%	—	—

During the period under review, both domestic and international truck rates were subject to fuel surcharges at various times. In the case of domestic rates, these fuel surcharges were incorporated when a general rate increase was applied.

Pool Car and Domestic Water Rates

Pool car rates on traffic from Central Canada to the Maritime Provinces were increased during the year as follows:

Date	From	Application	Increase
Oct. 15/79	Ontario	FAK & Commodity	9.5%
Nov. 5/79	Quebec	FAK	9.5%
Nov. 5/79	Quebec	Commodity	6% – 8%

Rates published by Newfoundland Steamships Limited between Montreal and Newfoundland were increased as follows:

Date	Application	Increase
June 1/79	Class Rates From Montreal	10%
	Class Rates to Montreal	5%
	Commodity Rates	5% – 10%
		(some exceptions)
March 1/80	Class Rates to Montreal	6%
	Class Rates From Montreal	(various)
	Commodity Rates	10%

ATLANTIC REGION FREIGHT ASSISTANCE

Payments under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act for the year 1979 were approximately \$58.4 million, representing an increase of 11.4% from the previous year. Details of the payments for the past two years are as follows:

Table Showing Payments Under
The Atlantic Region Freight Assistance Programs

(\$ x'000)

Calendar Year	Rail	Truck	Total
		Intra-Regional	
1979	6,777	27,349	34,126
1978	8,509	24,693	33,202
		Westbound-Basic	
1979	11,189	7,579	18,768
1978	8,108	6,428	14,536
		Westbound-Selective	
1979	2,905	2,639	5,544
1978	2,583	2,114	4,697
	Total Payments — Intra-Regional & Westbound		
1979	20,871	37,567	58,438
1978	19,200	33,235	52,435
Increase	{ 1,671	4,332	6,003
	{ 8.7%	13.0%	11.4%

Source: Canadian Transport Commission

Intra-Regional Assistance

Last year's report contained an outline of the changes in the intra-regional assistance consisting of a new selective subsidy to replace the former blanket assistance. The blanket subsidy was completely phased out on August 31, 1979, with the expiry of the so-called provisional subsidy of 7½%. The provisional subsidy had been provided at the reduced level for a one year period to ease the impact of the subsidy removal for those commodities which are not eligible for the selective assistance.

An area of concern to the A.P.T.C., which was reported in last year's report, relates to the review process for those commodities that are produced in the Atlantic Region and have been designated as ineligible for the selective assistance. Representations were made by the

A.P.T.C. to the federal Ministers of Transport under both the former Progressive Conservative and Liberal Governments seeking early establishment of a subsidy review procedure for commodity eligibility based on the original criteria for commodity selection. In a letter dated July 6, 1979, the Hon. Donald Mazankowski advised, in part, as follows: —

"... the principal considerations used in the selective process were transportation sensitivity, regional economic impact, export performance and import substitution potential. The underlying thesis behind the removal of the blanket aspects of the former program was that the new program was not to be consumer- but strictly transport-oriented and was to be a tool for regional economic development. Access to the program was no longer automatic but was to be based on the commodity's meeting these criteria. However, in preparing the eligibility list, it was recognized that there might indeed be instances where a commodity had been declared ineligible and a producer could suffer as a direct result of the loss of subsidy. Thus a review process was imposed."

"The review process is envisaged as being an informal, highly flexible procedure and is intended to take full advantage of the best data available, including the extent to which the commodity meets the original criteria. Any producer believing the loss of the subsidy had a direct effect on his business may make a written representation to the F/P CART. In doing so, the producer would be required to support his case with appropriate written documentation demonstrating the causal relationship of his loss to the lack of subsidy."

During the past year only one application for a review of commodity eligibility was submitted to the Federal/Provincial Committee on Atlantic Region Transportation (F/P CART). That application seeks the addition of fruit juice drinks as an eligible commodity under the intra-regional selective assistance. A decision on the application was pending at year end.

At a meeting of the Directors of the A.P.T.C. held in September, 1979, at which time the status of the implementation of the selective assistance was reviewed, it was concluded that overall there has been little disruption as a result of the new program. Moreover, the Commission adopted a positive statement as to the merits of the selective assistance. The Directors of the A.P.T.C. concluded that the new program should contribute to the enhancement of the region as a location for new manufacturing facilities, as well as strengthen the competitive position of existing manufacturers and producers.

Westbound Subsidy Review

Through the F/P CART the subsidy program under the Maritime Freight Rates Act and the Atlantic Region Assistance Act, covering rail and truck traffic moving outbound from the Atlantic Region to other parts of Canada is being reviewed. The study will consider both the basic 30 percent westbound subsidy and the selective 20 percent westbound subsidy (both of these percentages apply only on the Atlantic Region proportion of the movement).

The primary objective of the study is to assess the effectiveness of the westbound subsidy program in promoting regional economic development through increased output. The study will include:

- “(1) The establishment of a complete and reliable data base including all commodities and both the rail and truck modes.
- (2) The examination of the characteristics of each commodity with respect to the transportation and economic variables.
- (3) Examination of the degree to which the present subsidy programs are meeting their original objectives; i.e. distance and rate factors.”

The effectiveness of the program will be tested against the following variables:

- “— commodity sensitivity to transportation cost
- commodity sensitivity to subsidy payment
- commodity price elasticity of demand, if practical
- value added ration
- a measure of regional economic activity, if practical.”

The data required for the review have largely been developed and, at year end, the matter is still being studied through a Steering Committee of the F/P CART which has been established to undertake the review. The results of the review are expected to be announced in the coming year.

PILOTAGE MATTERS

On June 20, 1979, the Atlantic Pilotage Authority published in the Canada Gazette, pursuant to the provisions of Section 23 of the Pilotage Act, Tariff of Pilotage Charges which it proposed to perscribe in respect of the waters under the jurisdiction of the Authority. The proposed tariff embodies an average increase of approximately 19% over the rates that came into effect on January 22, 1979.

Objections to the proposed tariff were filed with the Canadian Transport Commission, the Minister of Transport and the Chairman of the Atlantic Pilotage Authority as required by the Act by the following companies and organizations: Irving Oil - Kent Lines Ltd., Saint John Port Development Commission, Dominion Marine Association and Shipping Federation of Canada. In addition the following organizations intervened in the matter: Saint John's Port Association, Port of Authority of St. John's, Atlantic Provinces Transportation Commission and Strait of Canso Industrial Development Authority. The Water Transport Committee of the Canadian Transport Commission held public hearings on the proposed tariff and the notices of objection and intervention in St. John's, Nfld., during the latter part of October and early November, 1979.

In its submission to those hearings held by the Water Transport Committee the Atlantic Provinces Transportation Commission submitted, among other things, that:

- the operations of the Authority be subject to an audit;
- costs resulting from government legislation or directive be covered by government appropriation;
- a payment be received from the Canadian government in lieu of pilotage charges which are not assessed on Canadian government ships;
- no increase be allowed in general pilotage until an investigation is held into the method by which this service is provided;
- maximum pilotage charges be retained at Saint John, Halifax, Canso and Come-By-Chance;
- the cost of providing pilotage at Canso be investigated; and
- the practice of having active or retired pilots on the Authority's Board of Directors be stopped.

In addition, the A.P.T.C. urged the C.T.C. to use extreme caution in granting an increase at this time since the new tariff could result in a surplus for the Authority and there is no method by which the users of pilotage services can initiate a reduction in such charges.

On December 28, 1979, the Water Transport Committee of the Canadian Transport Commission issued its decision (WTC 12-79) in this matter. The overall increase recommended by the Canadian Transport Commission was approximately 10% in lieu of the 19% sought by the Authority. The CTC concluded that the Authority's traffic projections for 1980 are understated and that expenses were overstated. Based on the charges recommended by the Canadian Transport Commission

it was estimated that all ports under the jurisdiction of the Authority, except Goose Bay and Canso would become self-sufficient and that the recommended tariff would produce for the Authority a surplus of approximately \$94,000 in 1980.

Some of the specific changes recommended by the CTC of particular interest to the Atlantic Provinces included:

- (1) The minimum trip charge at St. John's, Nfld., was reduced from \$230 to \$175. This is particularly important at St. John's where most of the traffic is in the minimum charge category.
- (2) The charges at Saint John, N. B., were restructured to provide some relief to vessels which must come to anchor within the Pilotage limits before proceeding to berth.
- (3) The unit charge at Halifax was maintained at the current level. Since much of the Halifax traffic is above the minimum charge this is of particular importance to Halifax.
- (4) Charges at Canso were modified from those proposed by the Authority. Overall the revenue forecasted by the CTC under the recommended rates is some \$64,000 or 11% less than that forecast by the Authority. In addition, the maintenance of a maximum charge is recommended by the CTC at Canso while the Authority would have eliminated the maximum.

The decision of the Water Transport Committee of the Canadian Transport Commission contained a number of significant statements concerning the overall operations of the Authority. The following paragraph taken from Page 39 of the Decision is indicative of the concern expressed by the Canadian Transport Commission into the unsatisfactory level of cost control by the Authority.

"This investigation constitutes the fifth that the Committee has conducted into tariffs proposed by the Authority. Almost without exception each investigation has revealed very substantial cost escalations. This investigation is no different. In fact a particularly unsatisfactory feature is that the majority of costs are very substantially above the projections made at the time of the previous investigation. The Committee finds itself forced to the conclusion that there are significant shortcomings in the cost management of the Authority. Perhaps of even more concern is the apparent lack of any incentive to achieve greater cost control. Had the Authority been a commercial operation in competition with others it would have been obliged to have accommodated itself within its projections or been rendered non-competitive. Instead it

occupies a monopoly situation where not only are users captive but the law compels them to pay, and to pay a level sufficient to cover costs whatever they may be."

Following the release of the Canadian Transport Commission's decision the Administrator of Transport Canada's Marine services advised the Commission that he would be pleased to meet with the Commission at a mutually acceptable date to consider the concerns that the Commission has expressed on several occasions to the Minister of Transport about the cost effectiveness of the pilotage service being provided in Atlantic Canada. This proposed meeting is expected to be held shortly after the close of the period covered by this report.

A.P.T.C. — SHIPPERS' MEETINGS

During the latter part of the year under review the Commission organized and sponsored a series of meetings for users of transportation services to provide a forum to discuss transportation matters. At year end, sixteen meetings had been held at various locations in the Maritime Provinces. To complete the schedule, an additional seventeen meetings have been planned for April, 1980, for various locations throughout the region, including five in Newfoundland.

The meetings have been designed to achieve the following objectives:

- to provide a forum for shippers and receivers to discuss transportation requirements and problems, with the aim of seeking solutions and to identify common problems and their importance to the region economy;
- to provide the A.P.T.C. staff and Directors with a better insight of transportation requirements and problems of regional shippers and receivers;
- to create a better awareness among shippers and receivers of the services provided by the A.P.T.C. to assist them with transportation matters; and
- to create a better understanding of the transportation assistance programs and the marketing opportunities which they enhance.

Since additional meetings are to be held in the coming year, it would be premature to provide a detailed report of the many significant areas of concern to regional shippers and receivers. However, certain major concerns have already been identified which appear to be very much in common throughout the region, namely:

- impact of energy on freight rates;
- highway common carrier monopolization;

- lack of suitable rail and truck equipment; and
- delays to air shipments.

The many issues that are identified will be assessed to determine what steps can be initiated by the A.P.T.C. to ameliorate the problems.

OCEAN RATE PROJECT/CANADIAN SHIPPERS' COUNCIL

In March of 1979 a joint submission was made by the Atlantic Provinces Transportation Commission to the Executive Committee of the United Kingdom and Continental eastbound ocean freight conference seeking differentially lower ocean rates on traffic originating in the Atlantic Provinces and moving through Maritime ports. This submission was made by the A.P.T.C., along with personal representation from eight major Maritime exporters, as well as written support from a large number of other exporters, all of whom view the practice of the Conference member lines maintaining ocean rates to and from St. Lawrence ports as unjust to those exporters located in the Atlantic Provinces. This submission, along with two follow-up meetings with the Conferences, did not result in any reduction in ocean rates and charges for Atlantic Provinces' exporters. The Conference member lines refused the request for differentially lower rates stating they consider the Eastern Canadian region as one geographical area and that no port in that area should receive preferential treatment due to its location. The lines also pointed out that low commodity rates have already been established on goods exported that are indigenous to this region.

During the year in review the Atlantic Provinces Transportation Commission was granted full membership in the Canadian Shippers' Council. The Council is operated under the direction of leading Canadian trade associations and business organizations whose members, as principals, are responsible for the majority of all goods moved into and out of the country. The objective of the Canadian Shippers' Council is:

"to represent the interests of exporters and importers in Canada in respect of ocean transportation and the related intermodal movement of goods, with special emphasis on providing a counterweight to the power inherent in the ocean conference shipping system."

Under the terms of the Shipping Conferences Exemption Act of 1979, conferences engaged in transporting goods into and out of Canada are required to meet (and also to provide sufficient information for the conduct of such meetings) with a shipper group representing the interests of importers and exporters. The Canadian Shippers' Council has been so designed by the federal government to fulfill the role of representing the importers and exporters.

An area of particular concern to the Council at the present time is the level of bunker fuel surcharges imposed by member lines as a result of fuel cost escalations. The Council accepts the principle that fuel increases be treated separately from other increased costs and that the cost burden of fuel price increases be mainly for the account of the cargo, but do so subject to certain reservations. These reservations include:

- i) Some portion of the fuel surcharge should be borne by the carrier to ensure that there is an economic inducement to minimize such increases.
- ii) Some indication of action which demonstrates that ship owners are in fact minimizing the bunker costs through such steps as lowered speeds of vessels and careful purchasing at ports where costs are lowest.
- iii) Since shippers are carrying the bulk of the surcharge burden on a direct pass-through basis, conferences must be prepared to provide bunker surcharge cost data sufficient to justify them when requested by the Council.
- iv) Under no circumstances should an element of the bunker surcharge be absorbed into general freight rates until that element has been substantiated to shippers (through the Council) as being other than "temporary" in nature.
- v) Maximum notice of bunker surcharge adjustments be given in advance of the implementation date.
- vi) Bunker surcharges should be subject to regular review.

The Council's concern arises from the fact that bunker surcharges have risen to a level which accounts for a significant proportion of total transportation costs.

CANADIAN MERCHANT MARINE

During the past year no specific developments occurred in respect of the government policy concerning the movement of goods by vessel between ports in Canada. It will be recalled that in previous years the Government of Canada was moving toward restricting the movement of such goods between ports in Canada to vessels of Canadian registry.

In October 1979 Transport Canada released a policy paper titled, "Background Paper On Deep Sea Shipping". This paper updated current trends and developments in world shipping which have occurred following the release of a policy paper in January 1979 titled,

"A Shipping Policy For Canada". The January 1979 paper concluded that Canada should continue to rely on the international shipping market to supply most of Canadian deep-sea shipping requirements. In the October 1979 paper a greater involvement by the government in the development of a Canadian Merchant Marine is proposed. This involvement would include:

- (a) encouraging the gradual development of a Canadian Flag Fleet, basically by offering Canadian operators incentives comparable to those available to operators of other OECD countries,
- (b) providing direct support in areas of particular national interest (e.g., in the Arctic) or where Canadian operators are faced with discriminatory measures on the part of other governments or carriers (e.g., on the part of some developing countries), and
- (c) because Canada will continue to be dependent on foreign flag operators for most shipping services, at least for the foreseeable future, encouraging as competitive a shipping market as possible.

The report continues that by adopting this course of action it would permit Canadian shippers to continue to take advantage of low cost foreign operators in as competitive a market as possible while at the same time it would enhance the competitiveness of Canadian operators and encourage them to seek out profitable opportunities. It would leave commercial decisions with the private sector, while recognizing the need for some public sector involvement in view of the increasing involvement of other governments in support of their own Flag Fleet. The report concluded that any measure to reserve Canadian cargo to Canadian flag ships could give rise to concern internationally and that Canada should be extremely cautious about adopting cargo reservation policies that would further erode the competitiveness of the international shipping market. In reviewing the developments regarding the United Nation's Committee on Trade & Development (UNCTAD) Code which would require a division of Cargo moving to or from Canada to be carried 40% in Canadian vessels, 40% in vessels of the receiving or shipping country and 20% in vessels of other countries, the October 1979, report concluded that on balance it would appear preferable for Canada not to accede to the Code at this time but to keep the question under continuing review in light of developments in Canadian shipping policy, international shipping policy generally and in the implementation of the Code in particular.

In releasing the October paper the Minister of Transport, the Honourable Donald Mazankowski, sought input from users of marine shipping. To secure that input his officials met with numerous transportation organizations nationally and at the close of the year covered herein a further paper was released by Transport Canada titled, "Measures to Encourage the Gradual Development of a Canadian Deep Sea Fleet — Industry Submissions". That paper contained submissions from nine organizations throughout Canada. By and large, it can be said that those organizations which represent exporters and importers supported a policy which would maximize access to the most competitive shipping services available irrespective of flag. Concern was expressed that a Canadian Deep Sea Fleet may have a negative effect on the ability of Canadian manufacturers to compete successfully in world markets. Furthermore, because of higher Canadian costs, the Canadian marine industry may not be able to compete successfully for cargo and might prevail on some future government to allocate cargo to Canadian vessels. All industry based organizations expressed concern that cargo reservation methods might at some time be introduced to provide cargo for the Canadian Deep Sea Flag Fleet.

On the other hand, organizations representing shipowners, shipbuilders and seamen's unions took the position that Canada should move toward the development of a Deep Sea Merchant Marine.

At the request of the Provincial Directors of Transportation, the Commission examined these recent policy papers, as well as several earlier papers and reports, to determine the impact of the proposals on Atlantic Provinces' industry. This analysis concluded that unless Canada adopted cargo preference laws or the UNCTAD Code there would be no directly measurable effect on freight rates for Atlantic Provinces' industry. However, the Commission shares the concern that with a Deep Sea Merchant Marine efforts may be made at some time in the future to guarantee cargo for such vessels and that the potential for the adoption of cargo preference laws or other practices which would impact upon freight rates of Atlantic industry is indeed real.

The Governments requested this analysis by the Commission in order to provide input into the formulation of the Provincial Governments' position on this important subject.

GRAIN ELEVATORS AT MARITIME PORTS

A number of developments occurred during the past year affecting the future operations of the grain elevators at the Ports of Halifax and Saint John. On November 1, 1979, National Harbours Board top wharfage charges on grain and grain products were increased

by substantially greater amounts on traffic moving through the Maritime Provinces ports as compared to St. Lawrence Rivver ports (27.8% on flour and 166.0% on grain at Halifax and Saint John versus 15% on both commodities at St. Lawrence River ports). The A.P.T.C. sought cancellation of the higher increases at the Maritime ports but the federal minister responsible declined on the grounds that the increases are needed to reduce the substantial deficit in the operations relating to these commodities.

Shortly following the increase in top wharfage charges, the Halifax office of the National Harbours Board announced that it is undertaking an evaluation of the Halifax grain elevator with the objective of overcoming the continual operating losses. The N.H.B. sought input from various users of the Halifax elevator to determine the impact of the curtailment or elimination of certain service features presently being provided by the elevator. The results of the evaluation of the Halifax elevator had not been announced at the conclusion of the year under review.

In another development, the National Harbours Board announced that tenders will be called during the early part of 1980 for the installation of a new dust control system at the Halifax elevator which is expected to cost \$2.3 million.

This project has become necessary in response to environmental standards established by Labour Canada. Similar requirements must also be met at the N.H.B. grain elevator in Saint John. One of the recommendations of the Saint John port study completed by FENCO Consultants Ltd. was that the N.H.B. grain elevator should remain in operation and that continued liaison should take place between the departments involved with the aim of finding ways of reducing dust levels. A proposal to construct an unloading hopper and conveyor system at Saint John for receiving feed grain from self-unloading vessels met with a negative recommendation in the FENCO study.

TERMINAL OPERATIONS AT MARITIME PORTS

The following policy relating to terminal operations was adopted by the Commission and conveyed to the Chairmen of the Halifax and Saint John Port Authorities during the latter part of the past year — "The A.P.T.C. believes terminal operations would be advantageous to users provided that:

- (1) the operation will result in overall efficiencies, with concomitant economic advantages to users;
- (2) prior consultations be undertaken with carriers, shippers

and labour groups, with the objectives of resolving all potential operational problems in advance; and

- (3) the operation is subject to an effective method of control over rates and charges, particularly where the operator is awarded an exclusive long term contract."

The adoption of this position was prompted by problems experienced by regional exporters of forest products utilizing the new Navy Island Forest Products Terminal at the Port of Saint John which is operated by Forest Products Terminal Corporation Ltd. (Forterm). Certain terminal charges, which were formerly charged by the National Harbours Board as separate items and included in the rates of the carriers, became the responsibility of Forterm and formed a part of the rate charged by that company. This, no doubt, would have been acceptable if the carriers had removed these costs from their rates, but in certain areas this was not the case as shippers were asked to assume the additional cost burden.

The most notable incidence of double billing applied to rail shipments where the rail rates included the unloading of the goods to the shed floor but the railways were prevented from fulfilling this obligation at the Navy Island Terminal due to a conflict of contractual employment rights held by a different labour union than the union affiliation of the railway freight handlers who normally perform the unloading of rail cars at the ports.

Representations were made by the A.P.T.C. to CN Rail on behalf of certain shippers requesting a reduction in rates on traffic consigned to Forterm to remove the cost of unloading which was no longer being assumed by the railways. This request was refused but following protracted correspondence on the subject CN Rail has agreed and is now assuming responsibility for all accounts covering the unloading of rail cars originating on their lines. In the case of traffic originating on CP Rail or on connecting rail carriers, except for those rates which exclude the service of unloading rail cars at the port, the problem of double billing has not been resolved.

FREIGHT RATE BENEFITS FROM HIGHWAY STRENGTHENING PROGRAM

During the past year the A.P.T.C. was asked to identify reductions in truck rates stemming from increases in the maximum allowable vehicle weights for certain public highways in the Atlantic Provinces. It will be recalled that as a result of the highway strengthening and improvement program in the Atlantic Provinces, new uniform highway weight regulations were instituted in the four provinces in 1978 and

1979. The new regulations permitted increased payloads for certain types of tandem and tri-axle freight vehicles over arterial highways. A federal/provincial committee, which has been assigned the task of evaluating the socio-economic benefits of the highway strengthening program, asked the A.P.T.C. to assist them with their evaluation by developing data identifying reductions in truck rates.

Because of the lack of suitable traffic data it was not possible to statistically measure the real benefit to the economy of the savings achieved by carriers and shippers as a result of the highway weight limits. However, through a detailed comparison of truck rates to identify the reductions which have taken place for minimum weight categories made possible under the new highway weights, a general indication of the benefits to transportation users was determined. Several hundred separate comparisons were made involving general freight moving from, to and within the Atlantic Provinces, as well as a number of bulk commodity movements within the area. A synopsis showing a simple average of the reductions follows:

Table Showing Average Reductions in Freight Rates to Users of Highway Transportation Due to Increased Minimum Weights Prompted by Higher Highway Weight Limits

Increased Minimum Weights	Base Minimum Weights			
	Under 45,000 lbs.		45,000 lbs. And Over	
	No. of Comparisons*	Average Reduction	No. of Comparisons*	Average Reduction
50,000 lbs. or less	25	5%	66	3%
Over 50,000 lbs. but)	15	8%	57	7%
not over 60,000 lbs. {				
Over 60,000 lbs. but)	5	10%	25	10%
not over 70,000 lbs. {				
over 75,000 lbs.	—	—	6	19%

* The number of comparisons shown are understated due to many rates being grouped together as one comparison for the sake of conciseness.

Two observations regarding these figures are warranted. First, the amount by which freight rates have been reduced is only a part of the economic benefit derived from the new weight limits since carriers also achieve a higher net revenue position to offset what would otherwise be a higher increase through the improved productivity. Secondly, while a great number of reduced rates have already been provided for larger payloads, the full impact of the higher weight limits upon the level of freight rates will be a gradual transition as carriers replace worn or obsolete equipment with new equipment meeting the required specifications under the higher weight limitations.

SIDING AGREEMENT RENTALS

During the year reviewed herein, the Commission has received a number of inquiries from companies throughout the region who are concerned over very substantial increases in rental fees charged by the railways for railway material used in private sidings. A decision by the railways to increase their annual rental fees from a percentage of the actual cost of railway material used in the construction of a siding to a formula based on the replacement cost of such materials brought about this substantially higher annual rental fee. Complaints from industry reached the Canadian Transport Commission and on October 26, 1979, it issued a notice inviting interested parties to communicate with the Canadian Transport Commission on the question of whether the Canadian Transport Commission possesses jurisdiction pursuant to the Railway Act and/or the National Transportation Act to intervene in the matter of private siding rentals charged by the railways to various industries for the use of railway material in such sidings.

The A.P.T.C. considered this matter and sought direction from its legal counsel. As a result of this consideration, the Commission concluded that it would not take a position before the Canadian Transport Commission in response to its invitation of October 26, 1979.

In the meantime, the Commission has continued to advise industries faced with substantial siding rental fee increases. Generally speaking, unless the Canadian Transport Commission should find in its investigation that it has jurisdiction to intervene in the matter, shippers faced with increases that appear unreasonable can either endeavor to negotiate a lower increase in terms of percentage or time frame within which it will be implemented, or to request the railway to remove the siding. In respect of this latter course of action, the railways' policy of substantially increasing the siding fees may very well work to the detriment of the maintenance of traffic for the railways.

At year end the Canadian Transport Commission has given no indication of its position on the question of jurisdiction.

TRANSPORTATION DIRECTORY

In May, 1979, the Second Edition of the "Atlantic Provinces Transportation Directory" was published. This Directory was designed to assist firms doing business in the Atlantic Provinces. It provides information covering all modes of transportation. Significant improvements from the first edition were incorporated in the 1979 Directory. These included a much improved highway carrier routing guide and vehicle size and weight chart, a new format for the listing of commodity

carriers, in addition to a general updating of the information contained in the Directory. A new section was added covering express and small parcel services in the Atlantic Provinces. Sales of the 1979 Directory have been steady and have met expectations.

MEETINGS AND CONFERENCES

During 1979-80 the A.P.T.C. Chairman or senior staff members were called upon to attend many meetings, conferences, and to speak to or report to various groups and organizations. A summary of these activities follows:

Date		Conference/Meeting/Organization	Nature of Participation
1979			
April	5	New Brunswick Department of Transportation	Address
April	9	Atlantic Provinces Chamber of Commerce Seminar	Panel Chairman
April	11	Port aux Basques Chamber of Commerce	NTW Presentation
May	17	Purchasing Association of N. B., Northern Section	Address
May	25	N. B. Department of Commerce & Development	Address
May	29	Public Address — Dalhousie, N. B.	Address
June	1	Maritime Lumber Bureau Annual Meeting	Address & Report
June	3	Atlantic Provinces Chamber of Com. Annual Mtg.	Report
June	5	Canadian Transportation Research Forum	Panelist
June	13	Canadian Feed Industries Assoc. Annual Meeting	Report
June	15	Export Canada Information Seminar	Address
June	19	Canadian Conference of Motor Transport Admin.	Address
July	26	Vegetable Marketing Association	Address
Sept.	10	Halifax Ports Day	Panel Chairman
Oct.	29	Atlantic Provinces Chamber of Commerce Directors	Report
Nov.	21	Canadian Feed Industries Assoc. Semi Annual Mtg.	Report
Nov.	21	Atlantic Plastics Association	Panelist
Nov.	22	University of New Brunswick Seminar	Address
1980			
Jan.	7	Purchasing Management Association of Canada	Lecture
Jan.	29	University of New Brunswick	Address
Feb.	5	Maritime Lumber Bureau Meeting	Report
Feb.	25	Atlantic Provinces Chamber of Commerce Directors	Report
Mar.	20	Rotary Club of North Sydney	Address

OTHER ACTIVITIES

Many of the Commission's activities in any given period are associated with assisting individual industries or industry groups throughout the region to secure improvements in rates and services to enable such industries to be more competitive in the marketplace. Because of the nature of these activities, it is not possible to provide detailed coverage in an annual report even though these activities do provide tangible benefits for the region. To provide an indication in this report of the broad range of matters that have been dealt with by the Commission in this category, the following information is presented.

The Commission assisted the Nova Scotia Grain Commission in negotiating new rates to move Nova Scotia grown **rye grain** from that province to markets in the Province of Quebec.

A New Brunswick forest products company received assistance in the development of rail carload rates on **woodpulp** to markets in Ontario, as well as a stop-off arrangement for woodpulp at Montreal.

A **furniture** retailer in Grand Falls, Nfld., benefited from the Commission's activities in securing a reduction in rates on incoming furniture.

A Nova Scotia **textile** company utilized the Commission's services in securing an adjustment in charges on imported yarn.

A New Brunswick **confectionery** manufacturer benefited from work done by the Commission in securing adjustments in rates on confectionery to various points throughout Canada.

A Nova Scotia **metal fabricator** secured adjustments in charges on several shipments of inbound raw materials as a result of the Commission's assistance. The Commission became aware of this situation through the work of its associated group, the Freight Audit Service.

A **scrap metal** dealer in New Brunswick called upon the Commission for advice in tariff interpretation on the movement of scrap metal from origins in the Province of Newfoundland. As a result of this work, the company was able to settle its account with the railway at substantial savings.

A Nova Scotia manufacturer of **pallets** utilized the Commission's services to secure lower rates on a quantity of pallets being shipped to Newfoundland. As a result of the Commission's assistance, the pallets moved by container ship service from Halifax to Newfoundland at considerable savings to the consignee.

During the year the Commission did an extensive analysis of rates via motor carriers for the transportation of **asphalt** for the New Brunswick Department of Transportation. As a result of this work, the Department was able to reduce its transportation expenditure for the movement of asphalt for road building purposes.

A Prince Edward Island company sought the Commission's assistance in determining the correct charge on a truck shipment of **machinery**. As a result of the Commission's investigation of the matter, the company was able to reduce its cost of transportation for that particular shipment in excess of 60%.

A New Brunswick manufacturer of **peat products** used the Com-

mission's services extensively during the past year. As a result of this work, the Commission is able to identify savings for the company on carload shipments of peat pots to destinations in the United States.

A **metal fabricator** in New Brunswick benefited from the Commission for advice in tariff interpretation on the movement of scrap bars from Montreal.

A Prince Edward Island **food producer** utilized the Commission's services to negotiate lower rates on shipments of seed from points in Alberta.

The New Brunswick **peat moss** shippers sought the assistance of the Commission in their efforts to avoid a severe truck rate increase on shipments of peat moss from New Brunswick to points in Ontario. The Commission organized a meeting with the highway carriers and, as a result of that meeting, the rate increase proposed was phased in over a longer period of time. This action also resulted in some delay in an increase in rail piggyback rates from New Brunswick to Ontario for peat moss shipments.

A shipper of a rail carload of **fish meal** from Port aux Basques, Nfld, asked the Commission to verify the correct rate for a shipment of fish meal to a destination in Ontario. As a result of that check, the Commission was able to reduce the transportation cost of that shipment by approximately 40%.

A New Brunswick **wood products manufacturer** sought the assistance of the Commission with respect to rates on its shipments, with the result that some savings were generated for shipments by truck to markets in the region. Moreover, this company was experiencing considerable damage to its product in transit and the Commission was able to bring the shipper and carrier together to improve the packaging, loading and handling of the traffic to avoid damages in the future.

As has been the case for many years, the Commission has assisted the Canadian Feed Industry Association — Atlantic Division in its annual negotiations with the carriers in respect of rail rates on inbound **feed ingredients**. The Commission's participation at meetings with the railways, when rates for the 1979 shipping season were established, contributed to significant benefits being realized by the feed manufacturers and regional livestock and poultry producers.

Following a practise adopted in several past years, the Commission prepared extensive tabulations of freight rates for both rail and truck covering the movement of **fish meal** and **potatoes** originating in the Atlantic Provinces. The rate data was widely distributed among the trade, as well as to other interested organizations.

A New Brunswick **fish** processor called upon the Commission last year to assist in evaluating the impact of changes in certain transportation service patterns, as well as the likelihood of future service on a certain railway branch line. As part of the evaluation, the Commission was able to recommend the use of alternative transportation services designed to minimize the cost of transportation to the company involved.

Once again during the year just past, the Commission received an increasing number of inquiries from companies concerning current or potential ocean rates for their products to markets in various foreign countries. This increased interest in offshore markets is enhanced by the improved ocean services now available to Atlantic Provinces' exporters through the Maritime ports of Halifax and Saint John.

During the past year the Assistant General Manager of the Commission served on the New Brunswick Grain Industry Planning & Steering Committee. The Committee was formed to "Provide a forum to examine and review the N. B. grain industry, identify opportunities and constraints, improve understanding and co-operation between all segments of the industry, formulate guidelines for the production, transportation, storage and marketing of grain, and make recommendations on government programs, policies and legislation." The work of the Committee had been largely concluded at year end with a report and recommendations in the final stages of preparation.

During the year covered by this report, the Commission was called upon to a greater extent to provide assistance to companies experiencing difficulties in securing settlement of loss and damage claims. While the Commission is not an arbitrator of such matters, it can and does provide advice based on its knowledge and experience, as well as the availability of technical articles and jurisprudence in the area of claims that are available in the Commission's library.

As part of the activities of the Freight Audit Service, the Commission became aware of the fact that rail piggyback shipments moving to destinations in Ontario and Quebec not specifically named in the piggyback tariff were not benefiting from the application of the Atlantic Region Freight Assistance Act selective subsidy for that part of the movement beyond the piggyback ramps. The Commission took this matter up with both the railway and the Canadian Transport Commission and, as a result, the tariff has been suitably revised to permit the application of the subsidy from origin to final destination. As a result of this action, shippers throughout the Atlantic Provinces benefited by the availability of the increased subsidy level.

During the year covered by this report, the highway carriers operating between Quebec and the Atlantic Region proposed an increase

in rates. This proposed increase was analyzed by the A.P.T.C. and, as a result of that analysis, this Commission expressed to the Quebec Transport Commission its concern over the apparent inadequacy of the justification that the proposed increase was required, as well as the inadequate opportunity provided by the carriers for interested shipper organizations to assess the available financial data before the deadline for the filing of objections with the Quebec Transport Commission. A similar communication was submitted to the Quebec Transport Commission by the Canadian Industrial Traffic League (Quebec Division). As a result of these communications, the Quebec Transport Commission delayed the effective date of that increase for two months. Moreover, the level of the increase was voluntarily reduced by the carriers. Therefore, Atlantic Provinces' shippers and receivers of goods moving by highway carriers to and from Quebec benefited from the Commission's analysis and action on this proposed rate increase.

The Commission continued its service to business and industry through its Rate Advices which inform companies in the Atlantic Region of rate changes being made by the various carriers that are of direct or indirect interest to the region's manufacturers and producers. In the past year some 5,200 Rate Advices were prepared and mailed.

The Commission's newsletter "Tips & Topics" continued to be published monthly, with each mailing consisting of approximately 3,400 copies.

At the close of the year covered by this report, the Commission is in the process of reissuing its "Directory of Ocean Containership Services Between Halifax — Saint John and World Ports". The last issue of this Directory, published in December, 1978, has proved very useful both as a handy reference for Atlantic Provinces' exporters and importers, as well as a promotional tool to encourage the movement of traffic through the Maritime ports.

The Commission's booklet of highway overhead clearances on major routes in the region, last issued in 1977, is now out of date and out of print. At the close of the year this booklet is in the process of being reissued.

During the year the Commission co-operated with the Physical Distribution Advisory Service in the holding of a Physical Distribution Management seminar in Gander, Nfld. The A.P.T.C. provided leadership in the transportation workshop of the seminar; covering topics such as an objective look at private trucking, how to avoid transportation overpayments, how to avoid unnecessary risks from loss and damage, and various tips for savings in transportation costs. This seminar was well received by the community and it provided another opportunity to assist

business interests secure the best value for their transportation and distribution dollar.

Close association has been maintained by the Commission during the year with a number of organizations both within and outside the Atlantic Region. Specifically, a close liaison has been maintained with the Atlantic Provinces Chamber of Commerce, the Atlantic Division of the Canadian Industrial Traffic League, the Atlantic Divisions of the Canadian Manufacturers' Association, the New Brunswick Potato Shippers' Association, and the Prince Edward Island Potato Marketing Board. The Commission is represented on the Transportation Committees of the Canadian Feed Industry Association (Atlantic Division), the Maritime Lumber Bureau, the Nova Scotia Forest Products Association, and the Voluntary Planning Group of Nova Scotia.

The Commission has maintained membership in such groups as the Atlantic Provinces Economic Council, the Canadian Association of Physical Distribution Management, the Canadian Transportation Research Forum, and the Greater Moncton Chamber of Commerce. The General Manager serves as Secretary of the Canadian Transportation Research Forum, a member of the Board of Directors of the Greater Moncton Chamber of Commerce, and a member of two of the Metric Commission's Committees, namely the Water Transport Sector Committee and the Working Group on Tariff Conversion. The Chairman serves as a Director of the Atlantic Provinces Chamber of Commerce and the General Manager as an ex officio director of that organization.

During the year past the General Manager served on the National Transportation Week Committee in his capacity as Past Chairman of the National Committee.

During the year, the Commission was called upon for assistance by provincial government departments and other industrial development agencies for transportation information for new or expanded industrial plants. Approximately twenty-five such inquiries were dealt with during the past year.

COMMISSION DIRECTORS

Toward the close of the year covered by this report two Directors appointed by the Atlantic Provinces Chamber of Commerce resigned. Mr. F. J. Crease of Saint John and Mr. Aurele Turcotte of Edmundston resigned due to the pressures of their own businesses. To both Mr. Crease and Mr. Turcotte, the A.P.T.C. Board of Directors express their appreciation and thanks for the contributions made by them to the work of the Commission during their terms of office as Directors. At year end these vacancies remain to be filled.

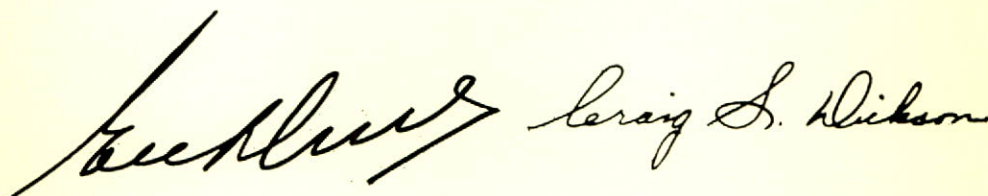
At the meeting of the A.P.T.C. Directors held in Halifax on January 31, 1980, the Commission was honoured to have in attendance at that meetings its Honourary Chairman, Dr. A. Murray MacKay. A short time later Dr. MacKay celebrated his 94th birthday.

ACKNOWLEDGEMENTS

The success of the work done by the Atlantic Provinces Transportation Commission in any given period depends largely on the co-operation that it receives from the transportation interests with which it works. During the past year the Commission has received excellent cooperation from all transportation interests and to them the Chairman and General Manager express their deep appreciation. It is the sincere wish that this cooperation between the Commission and the carriers has been mutually beneficial.

The success of the Commission's work is also dependent to a large measure upon the support of its Board of Directors. For the guidance given by the Board, the General Manager expresses his sincere thanks. The success of the Commission's' work in any given year is achieved not by the Chairman and the 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 their sincere thanks and appreciation to the staff for their services during the past year.

All of which is respectfully submitted.

The block contains two handwritten signatures in black ink. The signature on the left is for George D. Wright, and the signature on the right is for Craig S. Dickson. Both are written in a cursive, flowing style.

George D. Wright
Chairman

Craig S. Dickson
General Manager

