



Transport Canada

For the
period ending
March 31, 1997



Improved Reporting to Parliament —
Pilot Document

Canada

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing what was known as the *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*. It also required 78 departments and agencies to table these reports on a pilot basis.

This decision grew out of work by Treasury Board Secretariat and 16 pilot departments to fulfil the government's commitments to improve the expenditure management information provided to Parliament and to modernize the preparation of this information. These undertakings, aimed at sharpening the focus on results and increasing the transparency of information provided to Parliament, are part of a broader initiative known as "Getting Government Right".

This *Departmental Performance Report* responds to the government's commitments and reflects the goals set by Parliament to improve accountability for results. It covers the period ending March 31, 1997 and reports performance against the plans presented in the department's *Part III of the Main Estimates* for 1996-97.

Accounting and managing for results will involve sustained work across government. Fulfilling the various requirements of results-based management – specifying expected program outcomes, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and report on achievements – is a building block process. Government programs operate in continually changing environments. With the increase in partnering, third party delivery of services and other alliances, challenges of attribution in reporting results will have to be addressed. The performance reports and their preparation must be monitored to make sure that they remain credible and useful.

This report represents one more step in this continuing process. The government intends to refine and develop both managing for results and the reporting of the results. The refinement will come from the experience acquired over the next few years and as users make their information needs more precisely known. For example, the capacity to report results against costs is limited at this time; but doing this remains a goal.

This report is accessible electronically from the Treasury Board Secretariat Internet site:
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The following symbols are used in this report:



Further information on this subject is available on the indicated page.
Further information on this subject is available in another document - see Appendix

A Message from the Minister of Transport

Transportation is a complex and important activity in the Canadian economy, one that touches the everyday lives of all Canadians. Transport Canada has the responsibility to oversee the safety and efficiency of the transportation system through policy development and regulations.

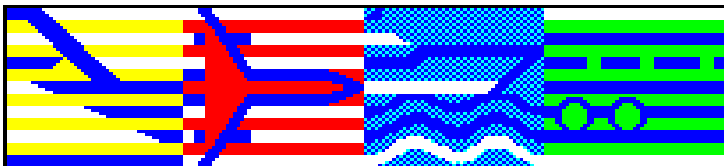
In the past few years, Transport Canada has undergone a remarkable transformation, moving away from the day-to-day operations of the transportation system. Throughout this period, our people have worked hard to deal with massive – *and unprecedented* – changes in the way we do business. We have applied effective and innovative solutions to address the challenges presented to us.

The Department has already made great strides in most of its initiatives. During the past year, we sold the air navigation system to NAV CANADA; transferred another 34 airports to local and community interests; and had the new *Canada Transportation Act* proclaimed. These are but three of the many initiatives discussed in this Performance Report.

Our job now is to build on our accomplishments: to continue implementing plans that will modernize both the Department and the transportation system and, above all else, ensure the safety of the people who use that system.

We have a great team to bring Transport Canada into the new millennium. We are concentrating on a strong policy direction and client-oriented service so that we respond to the needs of the users and the Canadian taxpayers as a whole. And although our new role will not be directly operating the transportation system, we will be there to act as a partner to ensure its smooth operation.

The Honourable David M. Collenette, P.C., M.P.
Minister of Transport



1.0 Departmental Overview

1.1 The Department's Mission

Canadians want and need a transportation system that is safe, efficient, affordable, integrated and environmentally friendly — **the best in the world**. In the past, Transport Canada has played a key role in delivering that system, not only through various policies and programs but also by financing, operating and regulating major elements of Canada's transportation infrastructure. That key role, however, is changing.

Transport Canada is modernizing to respond to the needs of Canadians and to meet this government's agenda of streamlined federal operations. The role of the new Transport Canada is to develop up-to-date, relevant transportation policies and legislation and to maintain a high level of safety and security. This modernization is reflected in Transport Canada's new mission and strategic objectives.

Our Mission Statement . . .

***To develop and administer
policies, regulations and services
for the best possible
transportation system.***

1.2 Roles and Responsibilities

Policy	◇ focus on safety, security, efficiency, competitiveness, environment, and inter-modal integration
Regulatory	◇ develop legislation, regulations and guidelines – including alternatives to regulations ◇ perform inspections and testing to ensure industry compliance ◇ license the industry ◇ oversee the commercialized air navigation system, airports, ports, and St. Lawrence Seaway
Operations	◇ divest most operations, excluding some for remote areas where required ◇ honour constitutional obligations
Landlord	◇ lease management of Crown-owned airports to community-based operators, who will be responsible for their financial and operational management
Financial Support	◇ provide financial support to Crown corporations, other levels of government, and private organizations – in limited instances – to further their goals of providing transportation services

1.3 Strategic Plan

The Department's strategic plan is to:

- ✓ *set a new policy framework for transportation;*
- ✓ *commercialize many of its own operations;*
- ✓ *eliminate or reduce transportation subsidies by generating more revenue and improving efficiency; and*
- ✓ *take these steps without compromising the safety and efficiency of the transportation system.*

1.4 Transportation Agencies

In addition to Transport Canada, a number of agencies are involved in transportation:

The **Canadian Transportation Agency** (formerly called the National Transportation Agency) is responsible for the economic regulation of transportation. It reports to Parliament through the Minister of Transport and produces its own Estimates documentation.

The **Civil Aviation Tribunal** is an independent body that responds to requests from the aviation community to review enforcement and licensing decisions made by the Minister of Transport under the *Aeronautics Act*. As well, under the *Canada Transportation Act*, the Tribunal is designated to review, on request, any administrative monetary penalties assessed by the Canadian Transportation Agency. This body reports to Parliament through the Minister of Transport and produces its own Estimates documentation.

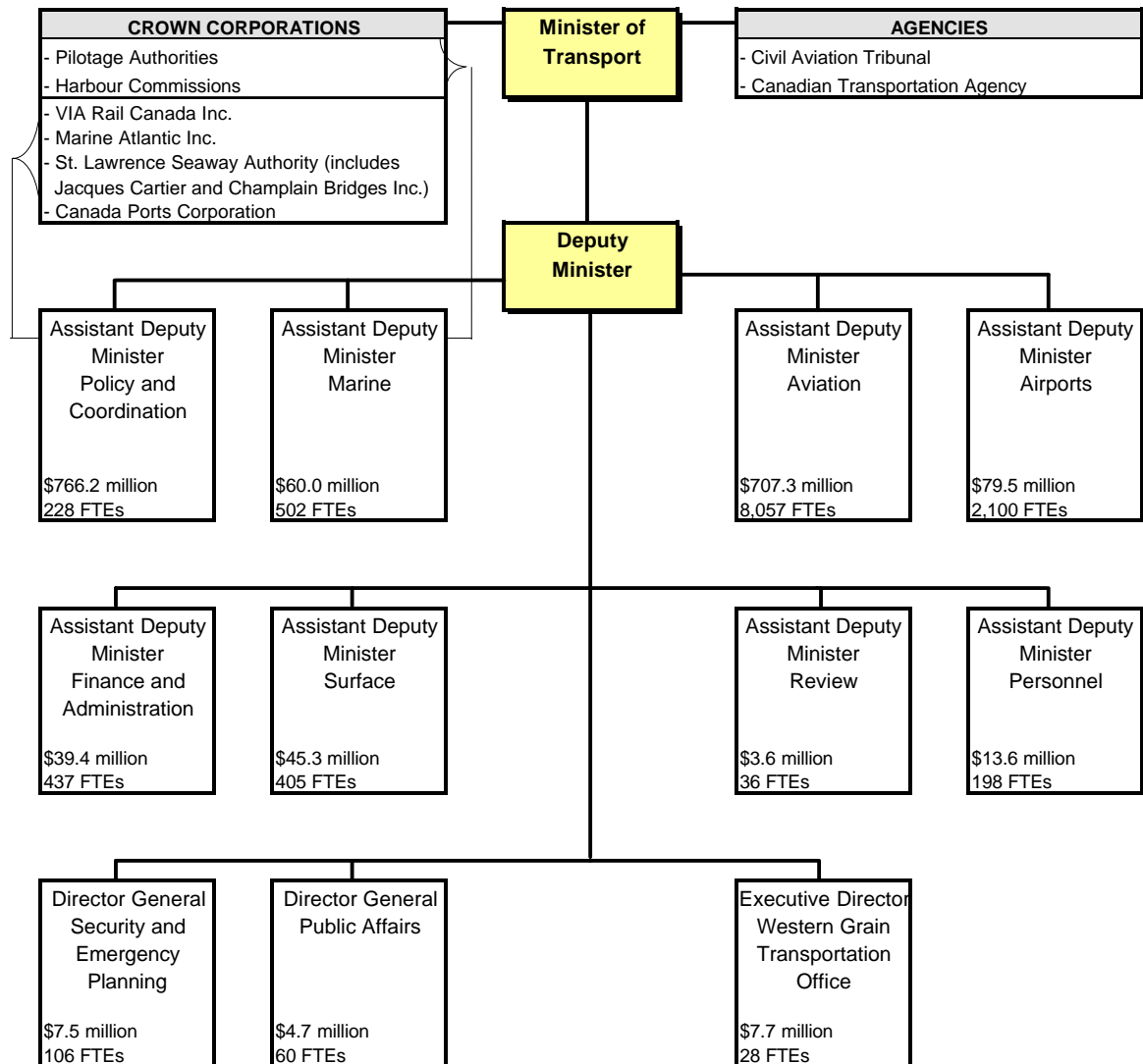
The **Transportation Safety Board of Canada** is an independent board that reports to Parliament through the President of the Queen's Privy Council. It does not form part of the transportation portfolio since it investigates and reports on safety issues based on transportation occurrences in areas regulated by Transport Canada.

1.5 Our Partners in Transportation

Transport Canada's most important client group is the Canadian public, which expects the transportation system to be safe, accessible and affordable. The Department works closely with transportation sector industries (e.g. carriers, shippers, manufacturers, emergency response organizations and firms involved in transportation infrastructure), all of which count on the fair application of regulations and the development of policies to enhance their viability.

The Department works in partnership with other federal government departments, as well as provincial and municipal governments, particularly in the development and enforcement of traffic regulations and the maintenance of the highway system. Globalization and removal of trade barriers have reinforced the need for all countries to work together. In the international arena, Transport Canada works with foreign governments to share information, strengthen their institutional capacity, and harmonize regulations with respect to transportation.


1.6 Organization Chart



- ◇ The 1996-97 planned resource levels for each organization are shown.
- ◇ For budgetary purposes, Crown corporations fall under either the Assistant Deputy Minister, Policy and Coordination or the Assistant Deputy Minister, Marine.

1.7 Transport Canada has Reorganized

The reader should note that, subsequent to the tabling of the 1996-97 Main Estimates, Transport Canada underwent a major reorganization. Although this performance report has been prepared based on the structure of the 1996-97 Estimates, the Department in fact has a much different look today.

 See pp. 10 and 35 in Transport Canada's *1997-98 Estimates: A Report on Plans and Priorities* for additional information on our reorganization.

Transport's former *activity* structure was such that it responded to the needs of its large operational arms in the air, marine and surface modes. As a result of substantial changes in the Department's mandate, a new *business line* structure was implemented to recognize those changes - the most important difference being that we have moved away from direct involvement in the operation of the transportation system.

Transport now has four business lines that focus on its new roles:

- 1. Policy:** to develop and monitor policies to support an efficient transportation system;
- 2. Safety and Security:** to develop, and achieve compliance with, legislation and regulations supporting safe and secure transportation;
- 3. Programs and Divestiture:** to divest airports, ports, highways and bridges, administer the airport and highway contribution programs, and operate the remainder of the transportation system owned by the Department; and
- 4. Departmental Administration:** to support departmental operations.

The overall organizational structure reflects a more multi-modal and geographical orientation. At Headquarters, four Assistant Deputy Ministers – Policy, Safety and Security, Programs and Divestiture, and Corporate Services – work on setting national programs, policies and standards. Directors General in five regions – Atlantic, Quebec, Ontario, Prairie and Northern, and Pacific – carry out the programs and apply the policies and standards within their geographical area of responsibility. This structure provides a central point of contact in each region for the Department's clients and stakeholders.

2.0 Departmental Performance

A. PERFORMANCE EXPECTATIONS

A.1 Planned versus Actual Spending, by Organization and Activity

(Shaded numbers denote 1996-97 actual expenditures/revenues)

Activity								
Organization	Policy and Coordination	Marine	Aviation	Air Navigation System	Air- ports	Surface	Depart- mental Adminis- tration	TOTALS
(\$ millions)								
ADM Policy and Coordination	395.1 432.0							395.1 432.0
Crown Corporations:								
- Marine Atlantic	87.2 97.2							87.2 97.2
- VIA Rail	248.5 235.8							248.5 235.8
- Jacques Cartier and Champlain Bridges	31.9 27.9							31.9 27.9
- St Lawrence Seaway Authority	2.0 --							2.0 --
- Canada Ports Corporation	1.5 2.5							1.5 2.5
ADM Marine		60.0 61.4						60.0 61.4
ADM Aviation			125.2 125.9	582.0 363.8				707.2 489.6
ADM Airports					79.5 401.5			79.5 401.5
ADM Surface						45.3 47.5		45.3 47.5
Corporate Management ¹							21.9 25.7	21.9 25.7
ADM Finance and Administration							39.4 73.3	39.4 73.3
ADM Personnel							13.6 13.6	13.6 13.6
Western Grain Transportation Agency							7.7 5.9	7.7 5.9
TOTAL Planned	766.2	60.0	125.2	582.0	79.5	45.3	82.7	1,741.0
TOTAL Actual	795.4	61.4	125.9	363.8	401.5	47.5	118.5	1,913.9
% of TOTAL Actual	42%	3%	7%	19%	21%	2%	6%	100%

Due to rounding, columns may not add to totals shown.

1. Includes Minister/Deputy Minister offices, Public Affairs, Legal Counsel, Review, and Security and Emergency Planning.

Explanation of Change. Actual spending in 1996-97 was \$172.9 million greater than projected in Main Estimates due to subsequent approval of the following major items:

Increases:

- transitional period payments to NAV CANADA - \$292 million (see p. 27)
- extraordinary salaries and wages, primarily in respect of the 6,000 employees transferred to NAV CANADA upon the sale of the air navigation system - \$137 million
- claim settlement related to T1-T2 at Pearson International Airport - \$60 million (see p. 30)
- debt write-offs - \$29 million (see p. 40)
- ANS commercialization costs - \$12 million
- Transport Route Canada Inc. - \$11 million (see p. 20)
- Toronto International Airport: reduced rent as a result of lease amendments with the Greater Toronto Airport Authority (see p. 29); and withdrawal of the RCMP (see p. 35) - \$6 million
- grants in lieu of taxes - \$4 million
- additional employee benefit costs - \$4 million

Reductions:

- directed freeze against unrealized Air Transportation Tax (ATT) post-ANS transfer - \$238 million
- future costs related to the Labrador Ferry Services buy-out - \$126 million
- future costs to replace the M.V. LUCY MAUD MONTGOMERY ferry - \$30 million

A.2 Planned versus Actual Spending, by Vote and Activity

(Shaded numbers denote 1996-97 actual expenditures/revenues)

Activity	FTEs	Gross Operating ¹	Capital	Transfer Payments ²	Crown Corporations	Total Gross Expenditures	Less: Revenue Credited to the Vote	Total Net Expenditures
(\$ millions)								
Policy and Coordination	--	30.8	2.9	361.4	371.1	766.2	--	766.2
Marine	--	74.3	0.3	357.4	363.4	795.4	--	795.4
Aviation	--	58.6	24.4	--	--	83.0	22.9	60.0
	--	61.0	13.1	13.1	--	87.1	25.7	61.4
	--	150.3	16.5	--	--	166.7	41.6	125.2
	--	157.9	6.3	0.2	--	164.4	38.5	125.9
Air Navigation System	--	555.9	257.5	0.4	--	813.8	231.8	582.0
Airports	--	439.6	114.1	--	--	553.8	190.0	363.8
	--	208.7	135.1	40.7	--	384.5	304.9	79.5
	--	274.8	121.3	329.9 ³	--	726.0	324.6	401.5
Surface	--	35.5	2.4	7.7	--	45.6	0.3	45.3
	--	36.7	3.5	7.6	--	47.8	0.3	47.5
Departmental Administration	--	78.5	10.5	3.1	--	92.0	9.4	82.7
	--	110.2	14.5	2.1	--	126.8	8.3	118.5
Total Planned	12,257	1,118.3	449.3	413.2	371.1	2,351.8	610.9	1,741.0
Total Actual	9,016 ⁴	1,154.5	273.1	710.2	363.4	2,501.3	587.4	1,913.9
Other Revenues and Expenditures:								
- Revenue credited to the Consolidated Revenue Fund							(716.9)	
							(2,323.8)	
- Cost of services provided by other federal departments (planned - no actuals available)							144.4	
Net Cost of the Program - Planned							1,168.4	
Net Cost of the Program - Actual							(265.6)	

Due to rounding, columns may not add to totals shown.

1. Includes statutory contributions to employee benefit plans and Minister's allowances.
2. Includes statutory payments for Victoria Bridge and NAV CANADA.
3. Includes \$291.7 million for transitional period payments made to NAV CANADA.
4. Estimated FTE utilization.

Explanation of Change, by Vote. Actual net cost of the program in 1996-97 was \$1,434.0 million less than projected in Main Estimates due to subsequent approval of the following major items:

- **Operating** - increases of \$137 million for extraordinary salaries and wages, \$60 million for the Pearson T1-T2 claim settlement, \$12 million for ANS commercialization costs, \$11 million for Transport Route Canada Inc., \$4 million for grants in lieu of taxes, \$4 million in additional employee benefit costs, and \$3 million for lease amendments with the GTAA – offset by a decrease of \$238 million against unrealized ATT post-ANS transfer.
- **Capital** - reductions to fund future costs related to the Labrador Ferry Services buy-out (\$126 million) and to replace the M.V. LUCY MAUD MONTGOMERY ferry (\$30 million).
- **Transfer Payments** - increases of \$292 million for transitional period payments to NAV CANADA and \$3 million for the withdrawal of the RCMP from Pearson International Airport.
- **Consolidated Revenue Fund** - an additional \$1.5 billion was credited to the CRF from the sale of the air navigation system to NAV CANADA.

A.3 Planned versus Actual Spending by Activity (trend)

Activity	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total Planned 1996-97	Actual 1996-97
<i>(\$ millions)</i>					
Policy and Coordination	819.3	787.5	1,908.1	766.2	795.4
Marine	677.2	613.6	72.1	60.0	61.4
Aviation	150.9	142.0	159.1	125.2	125.9
Air Navigation System	128.2	74.5	(169.0)	582.0	363.8
Airports	148.8	129.2	58.2	79.5	401.5
Surface	47.7	46.8	48.1	45.3	47.5
Departmental Administration	199.8	193.5	172.6	82.7	118.5
Total Budgetary	2,171.9	1,987.1	2,249.2	1,741.0	1,913.9
Total Non-Budgetary	--	--	999.8	--	--

Due to rounding, columns may not add to totals shown.

Primarily as a result of the Department's major divestiture initiatives, 1996-97 expenditure requirements dropped almost 15% from those incurred in 1995-96.

Explanation of Change, by Activity. Actual spending within some Activities varied from that projected in Main Estimates due to the following major factors:

- **Policy** - increased requirements of \$29 million against debt write-offs (see p. 40) and \$11 million for Transport Route Canada Inc. (see p. 20), partially offset by overall departmental reference level reductions, as already noted in Schedule A.1.
- **Air Navigation System** - \$118 million of extraordinary salaries and wages resulting from the transfer to NAV CANADA, partially offset by a \$238 million reduction due to unrealized ATT post-transfer.
- **Airports** - \$292 million in transitional period payments to NAV CANADA (see p. 27) and \$60 million in respect of the T1-T2 claim settlement at Pearson International Airport, partially offset by overall departmental reference level reductions, as already noted in Schedule A.1.
- **Departmental Administration** - the most significant overall factor for the perceived spending increase in this Activity was due to internal resource reallocations, post-Main Estimates, to address Transport's reorganization. Specific items include an additional \$12 million for commercialization costs related to the transfer of the air navigation system, \$5 million in statutory payments (see p. 42) and \$3 million for the RCMP withdrawal from Pearson International Airport.

B. PERFORMANCE ACCOMPLISHMENTS

B.1 Policy Framework

As set out in its 1996-97 Estimates, Transport committed to pursue a new policy framework for transportation to:

- ✓ *encourage a competitive transportation system that will meet the essential needs of Canadians; and*
- ✓ *foster the development of a strong, competitive transportation industry.*

During the year, progress was made on the following pieces of legislation:

Canada Transportation Act (📄 p. 18)

- ◇ proclaimed July 1, 1996 – replaces the former *National Transportation Act*
- ◇ modernizes and streamlines transportation regulation
- ◇ enhances the viability of Canada's major rail carriers
- ◇ continues the process of economic de-regulation
- ◇ provides new consumer protection measures in air services sector
- ◇ requires annual report to Parliament on the state of transportation in Canada

 "Transportation in Canada – 1996 Annual Report" is available on the Internet - 📄 p. 46.
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Civil Air Navigation Services Commercialization Act (📄 p. 27)

- ◇ proclaimed June 20, 1996
- ◇ provided the authority to effect the sale of the air navigation system (ANS) to NAV CANADA
- ◇ establishes the regulatory framework for the operation of the ANS by NAV CANADA
- ◇ ANS was transferred to NAV CANADA on November 1, 1996

Canada Marine Act - Proposed (📄 p. 18)

- ◇ intended to create – for the first time – one comprehensive piece of marine legislation
- ◇ would consolidate and modernize the marine regulatory regime, cut red tape and allow for faster business decisions in the marine sector
- ◇ the proposed Act was introduced in the House in June 1996 but did not complete the parliamentary process prior to the dissolution of Parliament in April 1997 – reintroduction of the legislation will be considered by the new government in the next session

B.2 Committed to Safety

Transport is committed to safety. Safety is our top priority and, despite Transport's dramatic change in terms of its role, size and organization, the Department has never wavered in that commitment. Legislative and regulatory initiatives in all modes are designed to achieve the highest safety standards practicable. Transportation safety in Canada is very much a shared responsibility that involves everyone – the federal, provincial and territorial governments, international organizations, industry, users and non-governmental safety organizations.

Some safety facts:

⇒ **Road safety** (see p. 33). Traffic fatalities per 10,000 motor vehicles registered in Canada decreased over the decade – from 2.94% in 1985 to 1.96% in 1995.

Did You Know?

Canada has made a commitment to make its roads the safest in the world by the year 2001.

⇒ **Seat belts** (see p. 33). A June 1996 Transport Canada survey indicated that seat belt use increased, from 88% in 1994, to 90%.


⇒ **Air bags** (see p. 34). Transport began a program of research co-operation with the U.S. to concentrate testing efforts on “smart” air bags and improved test dummy design – testing program targeted for completion in 1997-98.

⇒ **Rail safety** (see p. 31). Transport contributes \$200,000 annually to Operation Lifesaver, a joint education program with the Railway Association of Canada, to promote public awareness of safety programs and the dangers of railway/road crossings.

⇒ **Marine safety** (see p. 23). In 1996, 10% of all vessels inspected had deficiencies that were serious enough to require correction before being allowed to leave Canada. This is a decline from the previous two years.

B.3 Working towards Commercialization and Divestiture

The Department continues to commercialize and divest its major holdings. It is stepping away from its operational role in the transportation system to focus on providing national policies and standards to ensure safe services to Canadians. To this end, significant progress was made on the following initiatives:

REPORT CARD ON COMMERCIALIZATION INITIATIVES		 page
Air Navigation System (ANS)	<ul style="list-style-type: none"> ◇ sold to NAV CANADA on November 1, 1996 ◇ \$1.5 billion proceeds from sale ◇ Transport still responsible for establishing safety regulations and guidelines ◇ during a two-year transition period – until NAV CANADA fully implements its fee structure – Transport will provide a statutory contribution to NAV CANADA, to be offset by the Air Transportation Tax 	27
National Airports Policy	<ul style="list-style-type: none"> ◇ the transfer of most federally owned airports continues ◇ 69 of the 137 airports scheduled for transfer by the year 2000 have been completed – 34 of them in 1996-97 ◇ Transport still sets safety and security standards 	28
Motor Vehicle Test Centre	<ul style="list-style-type: none"> ◇ transferred to PMG Technologies as a government-owned / contractor-operated facility in June 1996 ◇ PMG can now market the Centre and better respond to clients' needs ◇ government can focus on setting and enforcing safety standards 	N/A
Ports Divestiture	<ul style="list-style-type: none"> ◇ 301 of the 549 public harbours and ports scheduled for transfer or deproclamation by the year 2002 have been completed – 29 of them in 1996-97 ◇ a six-year, \$125 million Port Divestiture Fund has been established to assist in this divestiture initiative 	22
Delegation of Ship Inspection	<ul style="list-style-type: none"> ◇ amendments to the <i>Canada Shipping Act</i> – required to allow further delegation to classification societies or self-inspection regimes – were introduced in the House in 1996 ◇ amendments did not complete the parliamentary process prior to the dissolution of Parliament in April 1997 – reintroduction will be considered by the new government in the next session 	23
Great Lakes-St. Lawrence Seaway	<ul style="list-style-type: none"> ◇ Canadian-U.S. working group has recommended better administration and management of the Seaway ◇ Letter of Intent signed between Transport and a not-for-profit corporation to operate the Seaway 	19
Ferry Services	<ul style="list-style-type: none"> ◇ Bay of Fundy ferry services have been privatized ◇ Labrador ferry services were transferred to Province of Newfoundland ◇ Coastal Transport Ltd. was sold by Marine Atlantic Inc. 	19
Grain Hopper Cars	<ul style="list-style-type: none"> ◇ responsibility for the allocation of rail hopper cars was transferred to a committee of grain industry and railway representatives effective August 1, 1996 	20
Canarctic Shipping Company Ltd.	<ul style="list-style-type: none"> ◇ Transport sold its 51% interest in Canarctic Shipping to Fednav Limited of Montreal ◇ sold for its book value of \$306,000 ◇ Fednav assumes all responsibilities of the company, including the long-term debt of \$9.1 million 	N/A

B.4 Generating Revenue and Reducing Subsidies

Transport Canada's plan is to shift more of the burden of the transportation system costs from the Canadian taxpayer to the users who benefit directly from the services provided. In areas where subsidies have been part of the direct costs of operating a particular service, commercialization will result in an eventual elimination of the subsidy. If, on the other hand, Transport must continue to provide a service, it will actively work on recovering the costs involved.

1. Fee Increases

The Department had intended to implement a number of revenue initiatives in 1996-97, some of which had to be subsequently delayed. As a bit of background, in 1995-96, Transport increased nearly every regulated fee – airport fees, aviation overflight fees, aviation regulation fees, harbours and ports fees, marine safety fees – as well as the Air Transportation Tax. Collectively, these increases generated an unprecedented \$230 million of annual revenue. As they were being implemented, however, it became apparent that some of the fees could not sustain future across-the-board increases in their current state. Specifically, the aviation regulation and marine safety fees were increasingly falling out of step with the changing services provided by the two functions. Accordingly, no increases were made in these two fees in 1996-97 so that a revamping of the regulations could take place.

The Department did implement the following increases during 1996-97:

Airports. Landing fees and general terminal fees were increased, for the first time, on a site-specific basis in support of the National Airports Policy, which calls for the transfer or sale of all but remote airports. In other words, the new fees are intended to make airports more marketable for transfer. The new fees were implemented on July 1, 1996, with a full year impact estimated at \$6.4 million.

Harbours and Ports. Fees were increased as part of Transport's initiative to increase the self-sufficiency of its ports; an additional \$3.2 million was generated in 1996-97.

2. Subsidy Reduction

VIA Rail. In accordance with government measures to encourage the self-sufficiency of Crown corporations, the portion of VIA's operating budget funded by user revenues, as opposed to government appropriations, increased from 24% in 1990 to 47% in 1996.

Ferry services. More and more of the total cost of ferry services is now being borne by the users. For Marine Atlantic, subsidies continue to decline – from 63% of total costs in 1990 to 43% in 1996. For private ferry operators, the percentage decreased from 53% in 1990 to 44% in 1996, reflecting cost reductions, improved productivity, elimination of waste, and increased revenues through marketing and rate actions.

B.5 Looking after the Environment

In June 1995, federal ministers collectively committed to "sustainable development" and, as part of this commitment, established the Office of the Commissioner of the Environment and Sustainable Development. This new organization requires every federal department to table a sustainable development strategy in Parliament by December 1997. "Sustainable transportation" will be the focus for Transport Canada. To this end, the Department is developing a framework that will put in place policies and programs to help minimize the environmental impacts of transportation.

Transport's strategy will comprise both external and internal components. Together with the Sustainable Transportation Strategy, which will focus on the transport sector, the Department will also develop, by

December 1997, an internal Environmental Management System to manage departmental

operations in an environmentally responsible manner. A central feature of this system is that environmental considerations will be integrated into decision-making from the outset.

"Sustainable Transportation"

... is defined as transportation that does not endanger public health or ecosystems and meets mobility needs consistent with the use of:

- (1) renewable resources at a level below their rates of regeneration; and*
- (2) non-renewable resources at a level below the rates of development of renewable substitutes.*

Source: Organization for Economic Cooperation and Development (OECD)

In addition to preparing a strategy to integrate environmental considerations into its policies, programs and operations, the Department is also focusing its priorities on the following environmental issues:

Environmental assessments. In 1996-97, Transport undertook 442 environmental assessments, under the *Canadian Environmental Assessment Act*, to ensure that the environmental consequences of all Transport's projects were reviewed accordingly.

Vehicle emissions. In July 1997, Environment Canada and Transport Canada announced amendments to the Motor Vehicle Safety Regulations. The amendments, to take effect for the 1998 vehicle model year, impose stricter standards for controlling vehicle emissions in Canada. The tougher standards also apply to a wider range of vehicles, including motorcycles and vehicles operating on methanol, liquefied petroleum gas or compressed natural gas. The standards represent reductions, from present standards, of approximately 30% of total exhaust hydrocarbons and 60% of exhaust nitrogen oxide. The amendments are designed to harmonize Canada's vehicle emission standards with those to be imposed in the United States for the 1998 model year.

Removal of polychlorinated biphenyls (PCBs). In 1996-97, 6.176 tonnes of in-storage PCBs were sent for destruction at the Swan Hills facility in Alberta. All PCBs held in storage prior to 1994-95 have now been destroyed; 159.1 tonnes were destroyed in 1995-96. At the current time, there are only minimal quantities that remain on hand. Due to recent problems identified at the Swan Hills facility, Environment Canada has instructed departments to hold their PCBs in storage until the problems are rectified or until another licensed PCB disposal facility can be identified.

Underground storage tanks (USTs). Transport continues to implement an inventory management plan at its airports and aviation properties to replace USTs that are not compliant with environmental regulations. In addition, the Department is developing a

storage tank registration database as part of its Environmental Management System; the collected information will be used to register tanks in accordance with the Storage Tank Registration Regulations.

Glycol contamination. It is essential to monitor glycol-based de-icing fluids since they represent a potential hazard to aquatic life if they enter waterways. In 1992, a water quality review at several airports indicated the need to develop and implement glycol management plans to mitigate the effects of aircraft de-icing. As a result, glycol management plans were subsequently developed by the air carriers, and approved by Transport Canada, in accordance with the *Canadian Environmental Protection Act* (CEPA) Glycol Guidelines. These plans are updated on an annual basis and, together with the regular monitoring of stormwater effluent during the de-icing season, have ensured that all airports currently operated by Transport Canada are compliant with the CEPA guidelines.


The plans identify the means of collecting, handling, storing, transporting and disposing of glycol fluids for each airport, and also designate the areas in which de-icing can take place and whether glycol recovery vehicles are required by the air carriers. In addition, as a result of conducting site-specific analysis for purposes of developing the plans, Transport was also able to institute several procedural and structural changes in the containment and disposal of spent de-icing fluids at several airports. New de-icing facilities have been constructed at Toronto, Ottawa and Halifax International Airports, and glycol collection vehicles were put into operation at seven airports where corrective action had been previously identified. These actions resulted in significant reductions to the glycol discharges to surface waters.

Ozone-depleting substances. The Department completed an inventory database of all equipment containing ozone-depleting substances. The database will identify and report on the predominant types of products in use and will enable the identification of priority substances for a substitution or phase-out program in accordance with the *Canadian Environmental Protection Act*. The Auditor General is currently conducting an audit of the management of these substances in all federal departments, the results of which will become available to the public in due course.

Land remediation. During the year, Transport initiated the development of a contaminated sites database. Environmental site assessments and remedial work were primarily focused on non-national airports system (NAS) airport transfers. Environmental baseline studies were conducted at several NAS and non-NAS airports, at an approximate cost of \$4.0 million; \$4.7 million was spent on remediation work at non-NAS airports. An additional \$4.2 million was spent to undertake Phase 1 environmental site assessments at NAV CANADA properties. As well, mitigation and monitoring of the Gloucester (Ontario) landfill site continued at a cost of \$7.7 million. Until such time as the site assessments are completed, sometime in the fall of 1998, we are not in a position to quantify either the total cost or effort related to the remediation work.

C. KEY INTERNAL REVIEWS

The following key reviews, internal to Transport, were completed in 1996-97:

Results of Program Evaluations
<p><i>National Ports Policy Evaluation Framework:</i></p> <p>In respect of the National Ports Policy, a strategy was developed to monitor and eventually evaluate the performance of various port structures. This included identifying the issues to be evaluated in four to five years' time, determining the data required to carry out the evaluation, and implementing data gathering processes within Transport and Statistics Canada.</p>
<p><i>Evaluation of Risk Management:</i></p> <p>An assessment of risk management activities, primarily relating to safety, was undertaken for all modes across Transport Canada. As a result of recommendations concerning what should be done to gain more benefits from these activities, a pilot project was implemented within the marine sector. The results of this pilot project are expected within the year.</p>
<p><i>Evaluation of the "new" Transport Canada:</i></p> <p>As a result of Transport's dramatic shift in organizational structure and mandate, three key issues were examined: the loss of "corporate memory"; requisite skill mix; and employee morale and motivation. The results of this evaluation have been incorporated into an action plan prepared by Transport in support of the government-wide La Relève initiative. The Department's plan is to focus on human resource planning and development over the next two years.</p>
<p> p. 46 (Policy Group) if you want to obtain a copy of these evaluation reports.</p>

3.0 Details by Activity

3.1 Policy and Coordination

OBJECTIVE

Develop, recommend and co-ordinate non-operational and multi-modal policies and programs; and provide the necessary data, forecasts, research and executive services required to meet the Department's objectives.

1. Canada Transportation Act

New legislation – the *Canada Transportation Act* – was enacted on July 1, 1996 to streamline transportation regulation. The Act is designed to: promote the formation of short-line railways; ensure that shippers continue to have access to competitive transportation services; eliminate unnecessary regulation in other modes of transport; and place greater emphasis on commercial decision-making in the transport sector. In addition, new consumer protection measures in the air services sector will now: require new operators to demonstrate adequate capital; prohibit the sale of tickets before a carrier is licensed; and provide for regulations that require carriers to disclose when they are selling a service, in their own name, that will be provided by another carrier.

The impact of this new legislation was already seen in 1996-97 when the number of railway actions, or decisions requiring government approval, was reduced from 200 to approximately 40. Cutting excess regulation benefits both the railways and their customers through lower rail costs and more timely decisions. The legislation encourages the transfer of branch lines to short-line operators, thus reducing costs to the mainline railways while retaining rail service for shippers on the line. In fact, subsidy programs were eliminated for branch lines that cost \$9.7 million in 1995-96. During 1996-97, 1,195 kilometres of railway track were transferred to short lines; only 59 kilometres of line were abandoned.

2. Canada Marine Act - Proposed

As part of the National Marine Policy, the proposed Canada Marine Act (Bill C-44) was introduced in the House in June 1996, undergoing later amendments during the legislative process. The Act was intended to create - for the first time - a comprehensive piece of legislation governing the marine sector in Canada. It would modernize marine transportation and enable the Minister of Transport to commercialize the operation of the St. Lawrence Seaway and improve the way in which pilotage authorities and ferry services operate in Canada. It would also enable ports to respond more effectively to the needs of their customers and eliminate bureaucratic interference in all areas of the marine sector. *{Editor's note: the proposed Act did not complete the parliamentary process prior to the dissolution of Parliament in April 1997 – reintroduction of the legislation will be considered by the new government in the next session}.*

Port policing. The National Marine Policy announced that the Canada Ports Corporation (CPC) would be disbanded under the proposed Canada Marine Act and that a national ports system – made up of independent Canada Port Authorities – would be established. The CPC police force currently provides full-time policing at Canada's six major ports. Reviews were conducted at each port, led by the local port corporations in cooperation with the RCMP, most affected provincial governments and local municipal police forces. The

reviews indicated that the CPC police duties could be effectively and efficiently provided by municipal police forces. In March 1997, a new policing model was announced for the six ports. Under this new model:

- ◇ basic security functions, such as access control, become the ports' responsibility;
- ◇ standard police services are ensured by municipal police forces; and
- ◇ federal law enforcement, for crimes such as smuggling and illegal immigration, remains the responsibility of the RCMP and Canada Customs.

Implementation of the new policing model will begin in 1997-98 on a port-by-port basis, as can be negotiated with individual municipalities.

3. Ferry Services

Bay of Fundy services privatized. In November 1996, NFL Holdings Ltd., of Charlottetown, PEI, was selected to operate two ferry services in the Bay of Fundy that had previously been provided by Marine Atlantic Inc. (MAI). NFL was awarded a five-year contract for the two services (Digby-Saint John and Yarmouth-Bar Harbour) commencing April 1, 1997. Subsidies totalling \$11.9 million will be provided over the first three years of the contract. It is expected that NFL will continue to operate these services with no further federal involvement after five years.

Labrador services transferred to Newfoundland. In March 1997, the Province of Newfoundland took over the remaining ferry services provided by MAI, as well as assignment of the St. Barbe-Blanc Sablon ferry services, in exchange for a one-time lump sum payment of \$340 million, to be paid in 1997-98.

Sale of Coastal Transport Ltd. Coastal Transport Ltd., a wholly owned subsidiary of MAI, providing ferry services between Black's Harbour and the Island of Grand Manan and Whitehead Island, was sold to Mr. Murray O. Ryder, former MAI Vice President of Operations, effective April 1997.

4. Great Lakes-St. Lawrence Seaway

Canada-U.S. working group recommends better administration and management of the Seaway. In June 1996, Canada and the U.S. established a working group to examine the possibility of greater co-operation between the two countries in administering and managing services in the Great Lakes-St. Lawrence Seaway system through increased system competitiveness and reduced user costs. Short-term goals include the potential for eliminating the duplication of operational programs and consolidating activities from both countries under one of the two Seaway agencies.

Letter of Intent signed between Transport and a not-for-profit corporation to operate the Seaway. In July 1996, the Minister of Transport and a group representing the St. Lawrence Seaway's major shippers and carriers signed a letter of intent to establish a not-for-profit corporation to operate the St. Lawrence Seaway system. The Department and the users' group continue to discuss the possible transfer of operational control of the Seaway to the new corporation.

5. Grain Hopper Cars

As part of the March 1996 Budget, the federal government announced its intention to sell the 13,000 rail hopper car fleet. The sale of the cars had been planned for 1996-97 but was delayed due to a lack of consensus among key stakeholder groups on the terms and conditions of sale. Reform of the grain transport and handling system continued, however, with the transfer of responsibility for the allocation of cars, from the Department to a committee of grain industry and railway representatives, effective August 1, 1996.

6. International Air Policy


In 1996-97, Canada continued to expand its international bilateral air agreements. New agreements were signed with the Philippines, Costa Rica, El Salvador, Guatemala and Nicaragua. Enhanced agreements were signed with Korea, Argentina, Cuba, Scandinavia, Germany and India. The Minister of Transport can designate Canadian carriers in international markets. During 1996-97, twenty market access competitions led the Minister to select:

- ◇ Air Transat as Canada's second designated airline to France;
- ◇ Air Canada to operate scheduled services to Greece, Denmark, Norway, Sweden and the Ukraine; and
- ◇ Canadian Airlines International Ltd. to operate to Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, the Netherlands, the Czech Republic, Chile, the Dominican Republic, Russia, Spain and Peru.

7. Federal Highways

Transport is managing seven highway contribution programs involving 24 cost-shared highway/transportation agreements with all provinces and territories. The value of these agreements totals \$1.9 billion, with approximately \$293 million having been contributed by the federal government in 1996-97.

Special infrastructure project. Economic analysis was undertaken to document the linkages between the Canadian highway system and the economy. In 1996, eleven reports were published and made available to provincial and territorial transportation departments, as well as to members of Canada's transportation community. The reports provide basic facts about the contribution of highway infrastructure to the Canadian economy, including a guide for possible future federal highway policy that was used by the Standing Committee on Transport in its hearings on transportation, trade and tourism during the period June 1996 to February 1997.

 See p. 46 (Policy Group) if you want a copy of these reports.

8. Transport Route Canada Inc.

A former CN trucking subsidiary, Transport Route Canada Inc. (TRCI) was privatized in 1986 and went bankrupt in 1988. In February 1997, a review of the sale and bankruptcy concluded that greater effort could have been made to ensure TRCI's long-term viability as a private company. As a result, the government decided it would make *ex gratia* payments to the former TRCI employees in lieu of severance and other benefits. Transport then undertook to locate the almost 2,000 former employees and, approximately one month after the announcement, began sending payments. By June 1997, payments totalled \$11.2 million, accounting for over 93% of all eligible employees.

9. International Cooperation

In 1996-97, following the signing by the Minister of Transport of two Memoranda of Understanding (MOU) on Technical Cooperation with Vietnam and Jamaica, Transport Canada provided expertise in strengthening their government institutions. The CIDA-sponsored Vietnam Maritime Training Project was designed to strengthen the institutional capacity of that country's maritime organizations. In Jamaica, activities focused largely on the air mode. Both MOUs fostered, and continue to foster, opportunities for both public and private sector experts in providing advice and consultation. Services are provided on a cost recovery basis and are funded by the recipient government or through international financial institutions.

10. National Safety Code

Transport Canada has signed five-year funding agreements, totalling \$44 million, with the ten provinces and both territories to assist with implementing the National Safety Code (NSC). The NSC was jointly developed in 1987 by the federal, provincial and territorial governments and constitutes a comprehensive set of standards to ensure the safe operation of commercial vehicles. An implementation report to Parliament concerning the status of the NSC and commercial vehicle accidents is currently being prepared and is expected to be tabled in the fall of 1997.

11. Research and Development

Driver fatigue study. In January 1997, a seven-year research program, undertaken in co-operation with the U.S. Federal Highway Administration to investigate commercial driver fatigue, was completed. The findings concern the relative effects of driving duration and time of day, and the importance of adequate sleep. These findings, which have implications for "hours of service" regulations and the design of fatigue management programs, are currently being assessed by the Canadian Council of Motor Transport Administrators Hours of Service Project Group.

Accessible transportation. The technology transfer program under the federal initiative, "A National Strategy for the Integration of Persons with Disabilities", was brought to a conclusion in 1996. The program was successful in: providing small- to medium-sized Canadian companies with start-up funds vital to the development of accessible transportation technologies; and sensitizing the industry and public to the need for barrier-free transportation. Approximately 30 projects were carried out under the five-year, \$3 million program. One project, the Visual Communication Network (VCN), improves the communication of traveller information to public transit passengers – particularly those with sensory impairments – through audio and visual media. Now being installed in Montreal metro cars, VCN is also being deployed in Paris and New York.

3.2 Marine

OBJECTIVE

Ensure the provision of policies for the use of water transportation interests to contribute to the safe, efficient and economical conduct of marine transportation in waters under the jurisdiction of the Government of Canada.

1. Ports Divestiture

The National Marine Policy, unveiled in December 1995, sets out the strategy for managing the Department's ports, and identifies three categories of ports: the national ports system; regional/local ports; and remote ports. The Policy's aims are to:

- ◇ divest 549 public harbours and ports by the end of 2001-02, including investigating opportunities to transfer remote ports;
- ◇ foster a port system that better responds to communities' needs; and
- ◇ generate annual savings of \$40 million in the year 2001-02, which will represent a decrease of almost 90% over 1994-95 resource levels.

A **national ports system** would be established to include those ports vital to domestic and international trade. The Canada Ports Corporation, which currently oversees many of these ports, will be consequently phased out. The port authority model, which dictates that these ports be financially self-sufficient, would bring commercial practices to Canada's major ports, increasing their efficiency in the interest of making them and their users competitive in the global economy. Government funding will not be available for these ports. During 1996-97, advance work was done to set up Port Transition Committees to assist the port managers in developing port-specific letters patent, however, this initiative is now on hold until the reintroduction of the proposed Canada Marine Act can be considered by the new government.

Regional/local ports are ports that will neither be included in the national ports system nor designated as remote. These ports will be transferred to other interests, including provincial governments, municipal authorities, community organizations, or private interest groups. They will then be managed in a manner more responsive to local needs, with lower costs and better service. A special Port Divestiture Fund (PDF) of \$125 million has been established to assist the interested parties in taking over the ports – a little over \$13 million was spent from the PDF in 1996-97, primarily to transfer the Grand Manan Island ports to the Province of New Brunswick.

One Regional Port Transfer Story

In November 1996, the Port of St. Lawrence, Newfoundland, was transferred to Burin Minerals Ltd. These marine facilities will be used to ship ore from the local fluorspar mine to international markets. Burin Minerals has the opportunity to operate according to its business principles and market discipline, while helping to reduce costs to the Canadian taxpayer.

The Government of Canada will continue to maintain **designated remote ports** unless an opportunity arises to transfer a remote port to an outside interest. To this end, 26 of 60 of these ports have already been transferred. Remote ports have been designated on the basis of a community's isolation and its reliance on both marine transportation and an existing Transport Canada wharf as its sole means of transportation/supply. Operating

efficiencies will continue to be pursued at these remote ports. In consultation with the concerned communities, the government is seeking new ways to provide support services that result in lower costs to the taxpayer.

	As at 31 Mar 96	1996-97	Re- maining ¹	Total	Letters of Intent ²
Public harbours and ports transferred or deproclaimed	272	29	248	549	103

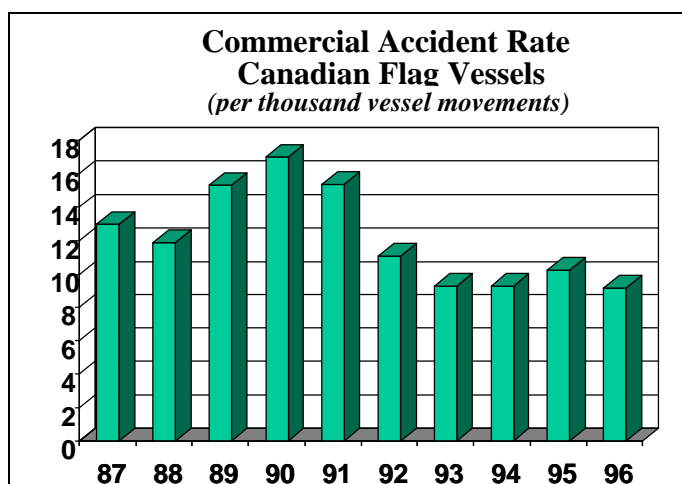
1. Includes 34 remote port sites that may be retained by Transport Canada.

2. Letters of Intent are written statements of the intention to enter into a formal agreement and do not legally commit either party to a particular course of action.

2. Marine Safety

Transport Canada is not the sole contributor to the safety of the transportation users. The Department shares the responsibility for providing safe marine transportation with: other federal government departments (e.g. Fisheries and Oceans and National Defence); other levels of government (e.g. policing of inland waterways); and the transportation industry – shippers, carriers and operators of the infrastructure.

Overall, the commercial shipping accident rate has been declining since 1990, as illustrated in the side graph. Canadian vessels represented 83% of all vessels involved in shipping accidents in Canadian waters in 1996. Over one-half of these were fishing vessels, which are not represented in the graph. There were a total of 23 marine-related fatalities in 1996 – considerably lower than in the previous nine years. This number includes both shipping and aboard-ship accident fatalities for all types and sizes of Canadian and foreign flag vessels.



3. Ship Inspection

Delegation of inspection to classification societies. In response to the recommendations of the Marine Regulatory Review Panel's 1993 report to the Minister, Transport Canada is looking to delegate certain ship inspection activities to classification societies or develop other inspection schemes such as a self-inspection program. To satisfy Canada's obligations under various international conventions, particularly the Standards of Training and Certification of Seafarers, a quality assurance system must be developed before delegation. The Department would still have the ultimate accountability for the safety of ships and protection of the marine environment. Amendments to the *Canada Shipping Act (CSA)* – required to allow for delegation – were introduced in the House in late 1996. {Editor's note: the proposed CSA amendments did not complete the parliamentary process prior to the dissolution of Parliament in April 1997 – reintroduction of the amendments will be considered by the new government in the next session}.

Port State Control. Port State Control is a ship inspection program where foreign vessels entering a sovereign state's waters are boarded and inspected to ensure compliance with international maritime conventions. Canada is a member of both the Paris (European Region) Memorandum of Understanding (MOU) and the Tokyo (Asia Pacific Region) MOU. To ensure the inspection of ships that are most likely to be sub-standard, certain criteria have been established, based on historical data, that identify those vessels.

	1992-93	1993-94	1994-95	1995-96	1996-97
Number of vessels inspected	1,406	1,783	1,563	1,348	1,184
Number of vessels detained	118	172	184	149	118
<i>Percentage detained</i>	<i>8.4%</i>	<i>9.6%</i>	<i>11.8%</i>	<i>11.1%</i>	<i>10.0%</i>

Last year, 1,184 foreign ships were inspected in Canadian ports by marine safety surveyors. Of these, 570 were found to have defects and 118 had deficiencies serious enough to warrant detainment. Detained ships are required to correct their deficiencies and must be re-inspected to ensure seaworthiness before being allowed to leave Canada. Most of the ships detained were bulk carriers and their inspection continues to be a priority.

Port State Control has become an effective mechanism to ensure safety of life at sea and subsequent protection of the Canadian environment by reducing the number of sub-standard ships arriving in Canadian ports. Transport Canada marine surveyors are noting a general improvement in the condition of visiting vessels. Targeting procedures are constantly being refined, contributing to more accurate predictions of what vessels are most likely to be sub-standard. In 1996, to deter the operation of sub-standard vessels, Canada began publishing the details of ships detained at Canadian ports. A list of these vessels is published quarterly by the Department and is sent to all major marine publications. The list is also sent to stakeholders and posted on Transport Canada's web site under "Press Releases".

4. Pilotage Authorities

In early 1996, stemming from commitments made under the National Marine Policy, all four Pilotage Authorities reported to the Minister of Transport the results of regional reviews they had undertaken in respect of marine pilotage services. In particular, the Authorities:

- ◇ reaffirmed their currently designated compulsory pilotage areas and, in the case of the Atlantic Pilotage Authority, proposed that certain compulsory areas be re-designated as non-compulsory;
- ◇ reviewed, and where appropriate, proposed a plan of change to the pilot certification process in their respective jurisdictions; and
- ◇ looked at their administration and operation and proposed appropriate changes to reduce costs and improve efficiency.

Many of the above-noted changes had been contained in the proposed Canada Marine Act and will be considered for reintroduction by the new government in the next session. Other means of change are being pursued through non-legislative solutions, such as negotiating and consulting with stakeholders, modifying business practices and amending regulations. Under the National Marine Policy, the Pilotage Authorities are expected to become self-sufficient. With the exception of the Laurentian Pilotage Authority, the other three Authorities are currently recovering all their costs. Transport expects that full financial self-sufficiency will be achieved by all four Authorities by 1998.

3.3 Aviation

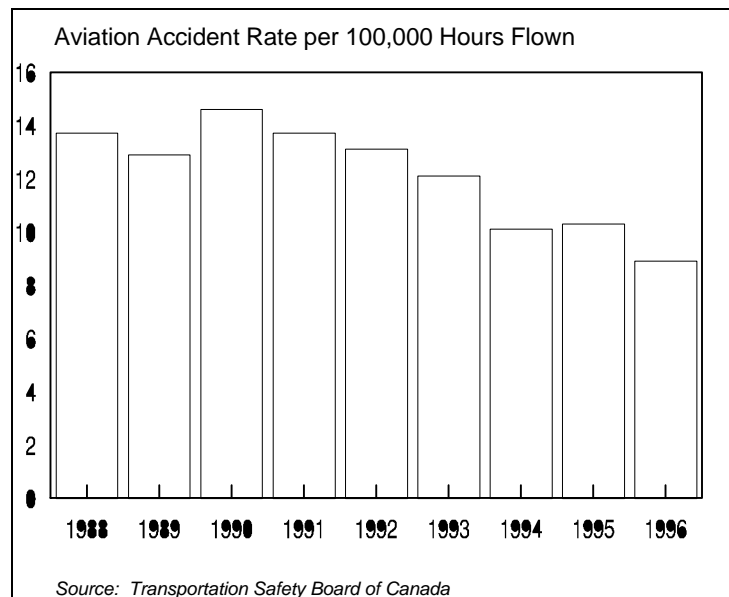
OBJECTIVE

Ensure a safe national civil air transportation system; regulate the civilian air navigation system; and contribute to the safety and efficiency of Canadian aircraft operating in international and foreign airspace.

1. Aviation Safety

The number of aviation accidents per 100,000 hours flown has shown an overall decline since 1990. This should be seen as an indication that risk within the aviation system is being managed effectively by all parties involved in aviation activities. General contributing factors would include regulatory efforts, discussed below, as well as an overall sense of safety awareness.

Canadian-registered aircraft were involved in 339 reported accidents in 1996 – 19% less than the annual average over the previous five years. A total of 3.8 million hours flown by these aircraft represents an estimated increase of less than 1% in 1996 and resulted in a rate of 8.9 accidents per 100,000 hours flown, compared to a rate of 10.3 last year.



Canadian Aviation Regulations. In 1996-97, Transport Canada concluded a total revision of the aviation safety regulations, incorporating recommendations made by the Moshansky Commission of Inquiry, the 1992-93 Federal Regulatory Review, Transport's Rules Harmonization Project, and the Transportation Safety Board. The new regulations – which came into force on October 10, 1996 – are more complete, easier to understand and will maintain or enhance safety. The Canadian Aviation Regulation Advisory Council (CARAC), a joint government-industry group put in place to develop the revisions, also carries out a monitoring process. To date, user feedback has been very positive, however, since the regulations have been in effect for less than one year, it is not possible at this time to report on any specific savings or efficiencies.

Safety performance. The aviation client base and the total number of inspections performed are generally stable. Licensing transactions are decreasing because Transport Canada no longer processes routine medicals.

Key workload variables	Actual 1992-93	Actual 1993-94	Actual- 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
Client Base:						
◊ personnel licences/permits in force	71,249	70,921	69,414	68,207	69,136	65,667
◊ # of air carriers: domestic & foreign	2,309	2,386	2,264	2,224	2,332	2,152
◊ # of registered aircraft	27,993	27,865	27,797	27,915	27,741	28,019
Authorizations Processed:						
◊ licencing transactions	134,381	127,429	125,185	105,246	130,243	58,181
◊ aeronautical product approvals	1,220	1,568	1,244	1,308	1,440	1,317
◊ organization approvals	7,855	7,774	8,021	7,844	8,328	14,240
Inspections:						
◊ personnel	16,722	16,775	16,837	15,436	16,203	12,392
◊ aircraft/aeronautical products	1,748	2,582	3,051	3,528	4,431	2,644
◊ organizations	3,761	3,948	3,816	3,582	3,824	2,558
# of safety presentations and briefings conducted	608	615	640	640	675	560
Audience reached	13,750	14,000	14,750	14,000	15,750	13,500
Briefings conducted <i>versus</i> requested	70%	73%	75%	72%	75%	65%

3. Aircraft Certification. In support of the \$12.5 billion Canadian aerospace industry, 1996-97 started an era of unprecedented domestic certification activity. Aircraft certification projects increased some 36% between 1993-94 and 1996-97, with continued growth expected to the year 2000 and beyond. Increased activity has occurred for new aircraft certification programs, derivative aircraft, and product improvements. New starts include Global Express, RJ-X, Bell 427 helicopter, DHC8-400, and numerous Pratt & Whitney engine programs.

4. Aviation Maintenance. In June 1996, in respect of aviation maintenance, Transport Canada signed a technical arrangement with the 18 full-member states of the Joint Aviation Authorities (JAA), an umbrella organization responsible for establishing European aeronautical safety regulations and ensuring regulatory harmonization and compliance. The technical arrangement is the first in the world to be signed between the JAA and another country. It allows Canadian aviation operators and those from JAA countries to have maintenance carried out in one another's approved facilities.

5. Aircraft Services

Key workload variables	Actual 1992-93	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
Total aircraft maintained	90	81	84	82	81	81
% TC aircraft availability	n/a	n/a	n/a	n/a	90%	93%
Flying hours	37,086	37,812	36,009	34,300	34,500	32,953

Changes in the aircraft fleet since 1992-93 are due to the implementation of the first two phases of the operational fleet plan as well as the downsizing of the Canadian Coast Guard's operations. During the year, the 1996-97 planned flying hours were reduced to accommodate budget reductions.

3.4 Air Navigation System

OBJECTIVE

Ensure the availability and reliability of a safe and efficient national civil air navigation system.

The Canadian Air Navigation System (ANS) provides air traffic control services, flight information for pilots, navigational aids, and the management of Canadian airspace. The system consists of seven area control centres, 44 air traffic control towers and 86 flight service stations, which collectively support 6.8 million aircraft movements every year.

On November 1, 1996 – after extensive negotiations – ANS was sold to NAV CANADA, a private, not-for-profit corporation, for a sale price of \$1.5 billion.

Over 6,000 Transport employees were also transferred to the new entity.

The decision to commercialize the ANS was driven by the need for an efficient and responsive service. Commercialization will increase the ability to respond to changing demands and new technologies, while maintaining safety and reducing costs to the taxpayer. The \$1.5 billion proceeds of the sale were raised by NAV CANADA through debt financing by the major commercial lending institutions. In taking over the responsibility for ANS, NAV CANADA has obtained certain monopoly privileges. At the same time, however, the Corporation is also subject to certain technical and financial obligations previously assumed by the Government of Canada.

The regulatory framework for the operation of ANS by NAV CANADA is provided in the *Civil Air Navigation Services Commercialization Act*, which became law on June 20, 1996. Transport Canada is responsible for developing standards and criteria governing the operation of the ANS in Canada. Part VIII of the Canadian Aviation Regulations requires NAV CANADA to have an internal safety management program. In addition, the Corporation is not permitted to reduce the services it provides where safety would be jeopardized. Through its safety and oversight activities, Transport plays a key role in assisting NAV CANADA to meet these regulatory requirements. Transport will monitor compliance on an on-going basis, conduct periodic audits and take appropriate follow-up action.

The operation of ANS, when under Transport's control, had been largely funded through the Air Transportation Tax (ATT). During its first two years of operation, NAV CANADA will receive transitional period payments (TPP), up to approximately \$1.2 billion, until it can fully implement its own fee structure. Effective November 1, 1998, both the TPP and ATT will be eliminated – to be replaced with NAV CANADA user charges for all services provided. A total of \$291.7 million in transition payments were made to NAV CANADA in 1996-97.

3.5 Airports

OBJECTIVE

Ensure the availability and reliability of a safe, secure and efficient national civil airports network in Canada.

1. National Airports Policy

The National Airports Policy (NAP), announced on July 13, 1994, outlines the transfer plans for 137 federally owned airports, including: 24 national airport system (NAS) airports; 69 regional/local airports; 31 small airports; 11 Arctic airports; and two remote airports. The implementation of this policy shifts the burden of operating Canada's airports from federal taxpayers to the users of the facilities. Transport's aim is to:

- ◇ transfer all NAS airports by the end of fiscal year 1998-99 and all other airports by the end of 1999-2000;
- ◇ generate savings in excess of \$100 million by 1999-2000, which will represent a 73% decrease over 1994-95 resource levels; and
- ◇ reduce 2,500 FTEs by 1999-2000.

The **NAS** includes airports in provincial and territorial capitals as well as any airport that handles at least 200,000 passengers per year. These airports are considered essential to both domestic prosperity and international competitiveness since they handle 94% of air travellers in Canada. Transport Canada will continue to own these airports but will transfer their operations to Canadian Airport Authorities (CAA). Of the 24 NAS airports that are to be transferred by the year 2000, eight have already been completed - four to Local Airport Authorities (LAA) and four to CAAs. Ten airports are scheduled for transfer in 1997-98 and the remaining six in 1998-99. It should be noted that there are two additional NAS airports - Whitehorse and Yukon - both of which are included in the Arctic category.

Regional and local airports

include those that serve scheduled passenger traffic but handle fewer than 200,000 passengers per year. Transport Canada is offering ownership of these airports to provincial and local governments, airports' commissions, private businesses or other interests. Local ownership and operation will enable these airports to tailor their services to the communities' needs. Of the 69 regional/local airports to be transferred to regional interests by the year 2000, 33 were transferred by the end of 1996-97. Twenty-four are scheduled for 1997-98, seven for 1998-99, and five for 1999-2000.

One Regional Airport Transfer Story

Hamilton Airport was transferred to the Regional Municipality of Hamilton-Wentworth on December 21, 1996. Prior to the transfer, the airport had been operated by Tradeport International Corporation, having been contracted by the Municipality under a lease from Transport. Since Tradeport's arrival, the airport has seen its passenger service leap from about 25,000 in 1995 to a forecast 150,000 in 1997. Perhaps most dramatic, however, has been the extent to which private sector operation has enabled the airport to capitalize on the lucrative air courier niche. The airport has become the central Canadian hub for Federal Express, Purolator and United Parcel Service, with the latter having recently announced plans for the development of a \$17.2 million cargo processing facility.

Small airports are those which offer no scheduled passenger service. Transport is offering these airports to community interests. Of the 31 small airports to be transferred, 17 were completed by the end of 1996-97, 13 are scheduled for 1997-98 and one for 1998-99.

By the end of 1996-97 all **Arctic airports** had been transferred to territorial governments.

Remote airports are airports that provide the only reliable year-round mode of transportation available to the communities they serve. Only two remote airports have been identified for transfer. Eleven remaining remote airports will be considered for transfer if local community interests express a desire to assume their operation.

Airport Divestiture Profile					
	Completed	1997-98	1998-99	1999-00	Total
NAS*	8	10	6	--	24
Regional/Local	33	24	7	5	69
Small	17	13	1	--	31
Arctic**	11	--	--	--	11
Remote	--	--	1	1	2
Total Transfers	69	47	15	6	137

* Includes transfers to LAAs prior to the National Airports Policy.

** Arctic airports include two NAS airports: Yellowknife and Whitehorse.

How are we doing with our airport transfer plan? Transport's ambitious airports divestiture plan had called for the transfer of 68 airports in fiscal year 1996-97, however, 34 of these transfers had to be deferred to future years. The deferments are due to the complex nature of conducting negotiations with third-party interests, along with unexpected delays in resolving human resource issues and land settlement claims. Twenty-four of the postponed transfers will be effected in 1997-98, and ten in 1998-99. Despite this change, the implementation of the divestiture plan is on target – all airports currently scheduled for transfer by the end of fiscal year 1999-2000 will be completed.

2. Airports Capital Assistance Program (ACAP)

ACAP was established in April 1995 to provide eligible applicants with financial assistance to undertake capital projects related to safety, asset protection and operating cost reductions. To be eligible, airports must: have regularly scheduled passenger service; meet airport certification requirements; and not be owned by the federal government. In 1996-97, Transport spent a total of \$9.4 million in support of these projects.

3. Lease Amendments

Toronto. On December 2, 1996, the Minister of Transport entered into an agreement with the Greater Toronto Airport Authority (GTAA) to transfer the management, operation and development of the Lester B. Pearson International Airport. Subsequent to this arrangement, Treasury Board approved assistance for the GTAA to fund a portion of specific projects that Transport Canada already had underway or were planning to start, i.e. completion of the north-south runway, centralized de-icing facilities and fire-fighting facilities. The total estimated cost of this amendment is \$185.1 million over a ten-year period, the funding of which will be provided to the GTAA in the form of rent credits. The 1996-97 cost had been estimated at \$12 million, however, due to actual rents that were lower than expected, only \$3.3 million was credited.

Calgary, Edmonton and Vancouver. On February 28, 1997, the Department reached an agreement-in-principle to amend its ground leases with the LAAs that operate Calgary,

Edmonton and Vancouver international airports. This move was in response to Transport's commitment to make transport policy sensitive to the needs and opportunities of Canada's regions. The lease amendments will bring the LAAs more in line with the CAA model set out in the NAP and will:

- ◇ give the authorities the financial flexibility they need to respond to the unprecedented growth in passenger traffic that has taken place since the original ground leases were signed in 1992;
- ◇ provide for the adoption of public accountability principles that are similar to those found in the current airports policy; and
- ◇ allow the nomination of federal representatives to the authorities' boards of directors.

Over the next ten years, based on estimates of future passenger traffic volumes, rental payments will decrease by approximately: \$116 million for Calgary; \$127 million for Edmonton; and \$46 million for Vancouver. These airports will invest the savings in expansion and improvement projects.

4. Claim Settlement - T1 and T2 at Pearson International Airport

On December 3, 1993, the Government cancelled T1T2 Limited Partnership contracts for the privatization of Terminals 1 and 2 at Lester B. Pearson International Airport. In September 1994, the T1T2 Limited Partnership brought suit against the Crown for breach of contract, seeking \$662 million in damages for loss of profits and pre-judgement interest and costs. After more than three years of legal proceedings, an out-of-court settlement was reached with the plaintiff. The settlement involved the reimbursement of \$45 million for direct out-of-pocket expenses incurred by the plaintiff plus \$15 million for interest and legal costs.

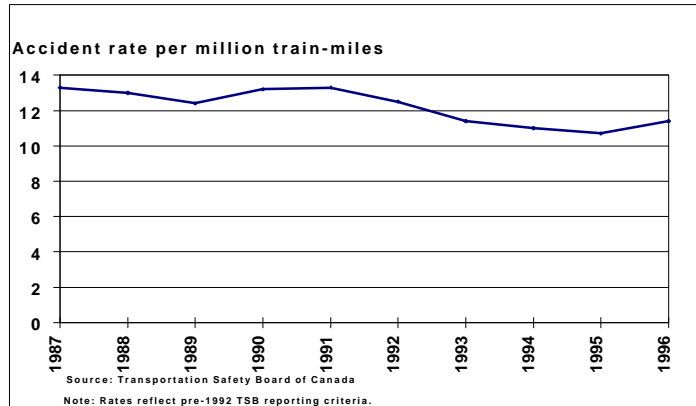
3.6 Surface

OBJECTIVE

Contribute to the enhancement of the safety of the Canadian public who use or are exposed to the surface transportation infrastructure.

1. Rail Safety

As illustrated in the side graph, Transport's regulatory monitoring programs, including inspections and consultative efforts, contributed to a steady 16.5% decline in the rate of accidents on Canadian railways from 1991 to 1994. The accident rate remained relatively stable during 1995 and then increased by 6.2% during 1996. This is attributable to increased main track derailments during the winter season, caused by severe cold temperatures and track washouts.



The performance data shown below illustrates actual program results for the areas of railway equipment monitoring and engineering. To improve the effectiveness of compliance activities, rail safety has been moving from an inspection-based approach to a more comprehensive monitoring program. In consultation with stakeholders, this move is expected to take place within the next five years.

	Actual 1992-93	Actual 1993-94	Actual 1994-95	Actual 1995-96	Planned 1996-97	Actual 1996-97
Equipment Monitoring:						
◊ Motive power units inspected	4,290	3,294	3,067	2,249	3,600	2,772
◊ Freight and passenger cars inspected, including cars carrying dangerous goods	39,615	41,656	37,567	30,204	35,000	33,498
Railway Engineering:						
◊ Detailed track inspections (miles)	7,781	9,869	9,638	7,969	6,500	9,065
◊ Detailed crossing inspections	3,526	3,068	2,647	1,992	3,000	2,540

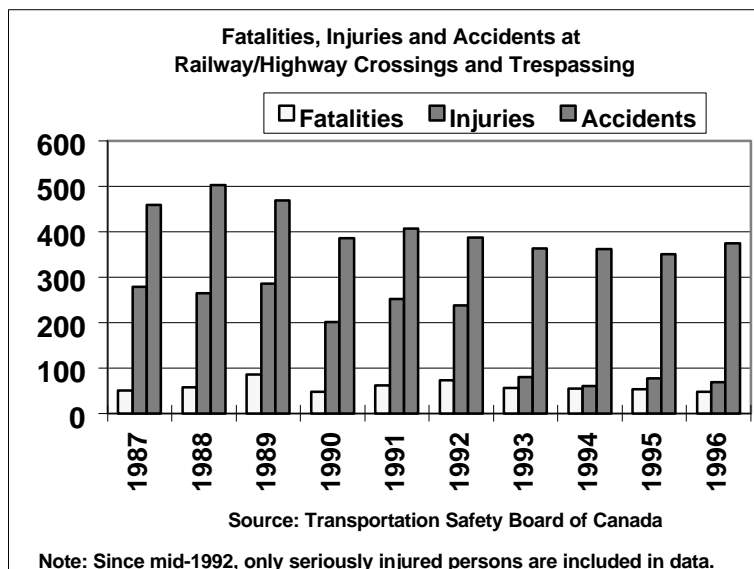
Source: Collected data submitted by Regional Inspectors

The 1996-97 actual inspections were slightly lower than planned due to a reallocation of resources to other safety priorities.

Railway/highway grade crossings. In October 1995, the Department began a national effort, in cooperation with industry, interest groups, provinces and municipalities, to develop a ten-year plan to reduce the number of fatalities, injuries and accidents resulting from railway/highway grade crossings and trespassing. Work on this program continues – a consultation process was established in 1996-97 to address five major areas: education; enforcement; research; engineering; and the legislative framework. Joint efforts are now underway to achieve the identified goal of reducing grade crossing and trespassing fatalities by 50% within ten years.

In 1996-97, the Grade Crossing Improvement Contribution Program funded the installation of \$7.5 million of safety measures, including automatic warning devices at rail/road intersections.

Transport also continued to support Operation Lifesaver, a joint education program with the Railway Association of Canada, to increase public awareness of safety programs and the dangers of railway/highway crossings and trespassing. The Department contributes \$200,000 annually towards this program.



2. Transport Dangerous Goods (TDG)

Generally, the number of reportable accidents has been taken as an indicator of program performance. Reportable accidents are those for which:

- ◇ there has been an accidental release of dangerous goods exceeding a regulated limit;
- ◇ a death or injury has occurred; or
- ◇ significant damage has been sustained because goods have not been properly contained.

Since 1985, the number of reportable accidents has decreased, partly as a result of the Transportation of Dangerous Goods Regulations, inspections and information services. There are approximately 27 million annual shipments of dangerous goods. Of these, only 307 resulted in reportable accidents in 1996.

Reportable Accidents and Associated Deaths: 1987-1996

Year	1987	1988	1989	1990	1991	1992	1993 ¹	1994 ¹	1995	1996 ²
Accidents	509	490	561	396	439	394	242	290	336 ³	307
Total Deaths	9	20	17	15	14	8	31 ⁴	13	7	5
Deaths due to dangerous goods	0	6	3	0	1	0	20	0	0	1

¹ The data may have been affected by a change in the processing of reports and other factors.

² Some 1996 reports were not fully processed at the time of printing.

³ The figure printed in our previous Performance Report (356) was incorrect.

⁴ One event accounted for 20 deaths.

Annual deaths due to dangerous goods are low, however, they obviously remain a cause for concern. The goal is to reduce, and possibly eliminate, all potential danger through activities such as improving standards related to road cargo tanks, rail tank cars and inter-modal containers. In most instances, as depicted above, the deaths reported in association with reportable accidents result from the traffic accident itself, not the presence of dangerous goods.

In January 1997, the TDG directorate introduced an accident evaluation system based on a concept created by industry (ICI Canada). The system, which serves as an additional

indicator of program performance, provides accident profiles. Twenty questions are asked in relation to each accident, the questions being centred on the consequences of the accident. Every "yes" answer is worth a point, thus the gravity of an accident ranges from zero to twenty. Although it is still too premature to determine trends, other countries are showing interest in this application.

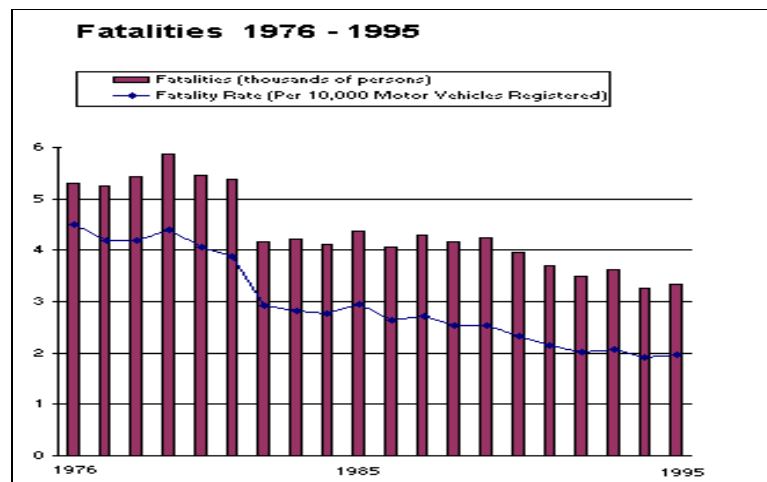
Canadian Transport Emergency Centre (CANUTEC). CANUTEC provides a bilingual 24 hour-a-day chemical and regulatory information and communication service. The advisors are professional chemists experienced in interpreting scientific and technical information, and providing advice in emergency situations involving dangerous goods during transportation. CANUTEC receives approximately 30,000 calls per year, most for regulatory information but many from people facing a threat to public safety. CANUTEC receives calls from: emergency response personnel – police and fire-fighters – at the scene of transportation accidents; concerned parents whose children have ingested cleaning compounds; and employers whose staff have been accidentally exposed to chemicals.

Did You Know?

Japanese authorities contacted CANUTEC to obtain information regarding SARIN after the terrorist attack in their subway system.

3. Road Safety

The road system accounts for approximately 95% of all transportation fatalities. Federal programs such as regulation, research, compliance, education, and accident investigation have collectively contributed to a steady reduction in the traffic fatality rate. As illustrated in the side graph, the fatality rate is down from a 1985 rate of 2.94 per 10,000 registered motor vehicles to 1.96 in 1995.



Vision 2001. In October 1996, Transport Canada made the commitment to work with provinces and territories, municipalities, enforcement agencies, motor vehicle manufacturers, road designers, safety councils, bus and trucking associations, and other interests to make Canada's roads the safest in the world by the year 2001. Canada currently ranks seventh overall in road safety. Transport Canada is contributing research, data and program resources to this effort. Of particular concern are seat-belt use and air bag performance.

Seat belt survey. In June 1996, Transport Canada surveyed seat-belt use by the occupants of 94,000 vehicles. The survey, conducted at 240 locations across the country, found that the national rate of seat-belt use was 92% for drivers and 90% for all occupants of passenger cars. In surveys conducted in 1994, seat-belt use for all occupants was only 88%. Transport Canada is a partner with the provinces, territories, police services and other road safety agencies in the National Occupant Restraint Program, which aims to

increase the proper use of seat belts and child restraints in Canada. Since 1989, the increased use of seat belts in Canada has resulted in an estimated:

- ◇ 2,400 lives saved;
- ◇ 55,000 injuries avoided; and
- ◇ \$3 billion savings in social and health costs.

Air bags. Transport Canada and the U.S. National Highway Traffic Safety Administration began a program of research co-operation on “smart” air bags and improved test dummy design. This program is part of ongoing research into occupant crash protection to support the development of vehicle safety regulations. From 1994 to 1996, Transport Canada studied more than 400 collisions involving deployed air bags and belted and unbelted vehicle occupants – and found that air bags were responsible for the death of two adults and one child. Due to the speed at which these bags must inflate to be effective, small people and children are particularly vulnerable. In September 1996, Transport wrote to 19 vehicle manufacturers asking them to work with the Department on an urgent basis to improve air bag performance. The industry responded in November by indicating its intention to proceed with less aggressive air bags. Transport Canada has also consulted the industry and provinces and territories to obtain their cooperation and support for a national program of deactivation. Consultations on this subject will continue.

Motor Vehicle Safety Standards. In September 1996, Transport Canada announced a proposed amendment to the Motor Vehicle Safety Standards that will improve mirror systems on school buses operating in Canada. This amendment will ensure that mirror systems provide the driver with a continuous view of the areas in front and to the sides of the bus. In addition, proposed wording clarifications to the current regulation will harmonize Canada’s mirror reflectivity requirements with those of the United States. The amendment should be finalized in the fall of 1997.

Did You Know?

In 1996, Chrysler Canada recalled 41,400 vehicles as a direct result of an intensive Transport Canada investigation into defective anti-lock braking system (ABS) components. The investigation of other manufacturers’ ABS systems continues.

The following chart shows key performance indicators regarding compliance tests, defect and accident investigations and number of units recalled for road safety.

	Actual 1992-93	Actual 1993-94	Actual 1994-95	Actual 1995-96	Actual 1996-97
Compliance tests (vehicle, tires, child restraints)	112	97	100	368	314
Defect investigations	836	722	935	1,684	1,226
Number of accidents investigated	311	317	314	237	263
Units recalled (vehicle, tires, child restraints)	2.05 million	1.0 million	0.7 million	2.34 million	1.0 million

3.7 Departmental Administration

OBJECTIVE

Provide overall direction, management and services in support of modal components and Crown Corporations of Transport Canada to contribute to the development and delivery of a safe and efficient national transportation system.

1. Security and Emergency Planning

Withdrawal of the RCMP from international airports. Transport Canada began working with airport operators, the Royal Canadian Mounted Police and local police forces to prepare for the RCMP's planned withdrawal of protective policing and security services from international airports. Transport Canada's goal is to ensure that alternative arrangements are in place that provide for a continued high level of aviation security. Effective April 1, 1997, RCMP services were withdrawn from Vancouver, Calgary, Edmonton, Winnipeg and Ottawa International Airports. Transport has negotiated contribution agreements totalling \$19 million with most of the airport authorities to provide transitional funding as well as RCMP surplus assets. As at July 1997, just over \$12 million had been transferred to local airport authorities.

Airport security screening equipment. Transport Canada also began work in 1996 to transfer responsibility, from the federal government to the air carrier industry, for the acquisition and maintenance of airport security screening equipment. As part of this initiative, an agreement was approved to reimburse Air Transport Security Corp., a not-for-profit organization, up to \$950,000 in the event that negotiations failed. An agreement was also reached on the aviation security regulatory framework to maintain the high standards of screening equipment performance after the transfer.

2. Administrative and Functional Review (Overhead Study)

In 1993, the Department conducted an internal review of its administrative and functional (overhead) activities. The review concluded that spending in administrative areas could be reduced by \$50 million and 1,000 full-time equivalents by the year 1997-98 by:

- ◇ significantly streamlining processes and systems and exploiting the capability of new information systems; and
- ◇ reducing or eliminating overlap, duplication and parallel systems.

It must be noted that the administrative and functional review – along with the direct monitoring of results – was somewhat overtaken by major changes stemming from the government's Program Review initiative. Those changes, including the transfer of the Canadian Coast Guard, air navigation system, and a significant number of airports, had a significant organizational impact and necessitated a major restructuring of the remaining Department. As a result, a national resource requirements review was undertaken in 1996-97 to allocate the Department's limited resources according to the needs of the new organization while, at the same time, continuing efforts to minimize overhead.

By the end of 1996-97, Transport's overhead reductions had produced total estimated savings of \$43 million and 780 full-time equivalents.

4.0 Supplementary Information

Appendix 1 - Financial Summary Tables

1.1 Authorities and Expenditures by Vote

Vote (\$ millions)		1996-97 Main Estimates	1996-97 Actuals
	Budgetary		
1	Operating expenditures	410.7	434.1
5	Capital expenditures	449.3	273.1
10	Grants and Contributions	406.5	414.4
15	Payments to the Jacques Cartier and Champlain Bridges Inc.	31.9	27.9
20	Payments to Marine Atlantic Inc.	87.2	97.2
25	Payments to VIA Rail Canada Inc.	248.5	235.8
30	Payments to the St. Lawrence Seaway Authority for the Valleyfield Bridge	2.0	--
35	Payments to the Canada Ports Corporation	1.5	2.5
37A	Forgiveness of Debt - Saint John Port and Prince Rupert Port	--	23.1
38B	Forgiveness of Debt - Quebec Port Corporation	--	6.3
(S)	Minister of Transport - Salary and motor car allowance	0.1	0.1
(S)	Termination of tolls - Victoria Bridge	6.7	4.2
(S)	Contribution to employee benefit plans	96.6	100.3
(S)	Collection agency fees	--	0.1
(S)	Payment to NAV CANADA	--	291.7
(S)	Refund of amounts credited to revenues in previous years	--	1.2
(S)	Spending of proceeds from the disposal of surplus Crown assets	--	2.1
Total Transport		1,741.0	1,913.9

Due to rounding, columns may not add to totals shown.

Explanation of Change. Actual cost of Transport's 1996-97 program was \$172.9 million higher than projected in Main Estimates due to the following major items:

Increases:

- \$292 million - transitional period payments to NAV CANADA
- \$137 million - extraordinary salaries and wages
- \$60 million - Pearson T1-T2 claim settlement
- \$29 million - forgiveness of debt
- \$12 million - ANS commercialization costs
- \$11 million - Transport Route Canada Inc.
- \$4 million - grants in lieu of taxes
- \$4 million - additional employee benefit costs
- \$3 million - lease amendments with the GTAA
- \$3 million - withdrawal of the RCMP from Pearson International Airport

Decreases:

- \$238 million - unrealized ATT post-ANS transfer
- \$126 million - future costs related to the Labrador Ferry Services buy-out
- \$30 million - future costs to replace the M.V. LUCY MAUD MONTGOMERY ferry

1.2 Revenues to the Consolidated Revenue Fund (CRF)

Activity	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total Planned 1996-97	Actual 1996-97
<i>(\$ millions)</i>					
Policy and Coordination					
Return on investment	27.1	24.3	23.1	20.0	7.9
Proceeds from sales	--	--	--	--	13.7
Refund of previous years' expenditures	--	--	--	--	4.6
Adjustments	1.4	2.1	2.1	--	6.6
	28.5	26.5	25.2	20.0	32.8
Marine					
Return on investment	0.0	0.0	0.0	--	0.0
Proceeds from sales	4.3	0.0	6.9	--	1.0
Refund of previous years' expenditures	--	--	--	--	0.2
Miscellaneous revenue	--	--	--	--	0.6
Adjustments	6.8	11.4	--	--	0.1
	11.1	11.5	6.9	--	1.9
Aviation					
Refund of previous years' expenditures	--	--	--	--	0.1
Miscellaneous revenue	--	--	--	--	0.0
Adjustments	2.1	1.4	2.2	--	0.4
	2.1	1.4	2.2	--	0.5
Air Navigation System					
Proceeds from sales	--	--	--	--	1,500.0
Refund of previous years' expenditures	--	--	--	--	0.3
Air Transportation Tax ¹	--	--	--	688.9	737.2
Adjustments	--	--	--	--	0.4
	--	--	--	688.9	2,237.9
Airports					
Proceeds from sales	--	--	--	--	1.4
Refund of previous years' expenditures	--	--	--	--	0.7
Miscellaneous revenue	--	--	--	--	0.1
Adjustments	1.0	1.9	0.9	--	0.5
	1.0	1.9	0.9	--	2.6
Surface					
Refund of previous years' expenditures	--	--	--	--	0.1
Adjustments	0.3	0.1	0.1	--	1.5
	0.3	0.1	0.1	--	1.7
Departmental Administration					
Return on investment	--	--	--	--	0.3
Proceeds on disposal of Crown assets	--	--	2.6	--	1.1
Refund of previous years' expenditures	--	--	--	--	1.1
Privileges, licenses and hopper car leases ²	4.9	7.0	8.9	8.0	--
Miscellaneous revenue	--	--	--	--	10.5
GST (total department)	--	--	--	--	31.2
Adjustments	7.4	14.5	5.0	--	2.0
	12.3	21.5	16.5	8.0	46.3
Total Revenues to the CRF	55.4	62.9	51.7	716.9	2,323.8

Due to rounding, columns may not add to totals shown.

1. Starting in 1996-97, the Air Transportation Tax is being credited to the CRF as part of the transition of the Air Navigation System to NAV CANADA.
2. 1993-94 and 1994-95 actual revenues include amounts relating to the Western Grain Transportation Agency, which became part of Transport Canada in 1995-96.

1.3 Revenues to the Vote

Activity	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total Planned 1996-97	Actual 1996-97
<i>(\$ millions)</i>					
Policy and Coordination					
Miscellaneous	0.1	0.0	0.0	--	0.0
Marine					
Wharfage and harbour dues	7.7	9.0	11.3	16.1	18.7
Ship safety and registration tariffs	2.9	3.7	5.5	6.8	7.1
Miscellaneous	5.7	3.2	4.2	--	--
All other ¹	13.5	8.0	--	--	--
	29.8	23.9	21.0	22.9	25.7
Aviation					
Sales, rentals and licences	0.8	1.4	5.4	11.6	6.5
Other service fees	0.2	0.1	1.7	--	0.2
Regulatory approvals	0.3	0.4	0.6	0.5	0.5
Recovery from Canadian Coast Guard: helicopters and telecommunications	13.6	13.8	13.1	14.3	14.5
Recovery from National Defence: maintenance of executive fleet	--	2.5	6.1	7.4	8.2
Recovery from air navigation system: aircraft services and flight training	--	--	--	6.7	7.0
Other recoveries	--	1.2	1.3	1.2	1.6
	14.9	19.5	28.2	41.6	38.5
Air Navigation System					
Air Transportation Tax ²	530.0	588.8	682.7	--	--
International en route fees (overflight)	39.5	36.2	67.9	207.3	176.6
Sales, rentals and licences	1.4	1.4	--	1.6	0.8
Provision of training ³	--	--	--	21.5	10.1
Recovery from Atmospheric Environment Service: electronics maintenance/weather observation	0.2	0.1	0.1	--	--
Recovery from Canadian Coast Guard: helicopters and telecommunications	0.3	0.3	--	0.4	--
Other service fees	4.2	0.9	--	0.8	2.3
Miscellaneous	--	0.4	--	0.2	0.2
	575.6	628.2	750.7	231.8	190.0
Airports					
Rentals	58.7	52.9	44.7	42.9	41.2
Concessions	76.3	90.0	98.7	83.6	81.5
Landing fees	76.4	85.1	91.9	79.3	84.8
General terminal fees	40.4	44.8	54.8	44.6	45.1
Lease payments	19.6	17.1	65.6	44.6	64.6
Local Airport Authority chattel receipts	8.5	1.7	--	--	--
Recovery for air navigation system: accommodation and maintenance	0.0	0.0	0.1	--	0.1
Recovery for environmental services program: weather services	0.2	0.2	0.1	--	0.0
Recovery from RCMP	0.7	0.5	0.5	--	0.5
Miscellaneous recoveries from other government departments	0.2	--	--	0.6	--
Miscellaneous	10.3	10.9	11.5	9.2	6.9
	291.3	303.3	367.9	304.9	324.6

(continued on following page)

Activity	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total Planned 1996-97	Actual 1996-97
<i>(\$ millions)</i>					
Surface					
Motor Vehicle Test Centre	0.3	0.9	0.6	0.3	0.3
Departmental Administration					
Training and computer services	17.1	26.5	30.0	9.4	8.3
Total Revenues to the Vote	929.1	1,002.3	1,198.5	610.9	587.4

Due to rounding, columns may not add to totals shown.

1. Includes all actual revenues relating to the Canadian Coast Guard, which was transferred to the Department of Fisheries and Oceans effective April 1, 1995.
2. Starting in 1996-97, the Air Transportation Tax is being credited to the Consolidated Revenue Fund as part of the transition of the Air Navigation System to NAV CANADA.
3. 1993-94, 1994-95 and 1995-96 revenues are included in Departmental Administration.

1.4 Capital Expenditures by Activity

Activity	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total Planned 1996-97	Actual 1996-97
<i>(\$ millions)</i>					
Policy and Coordination	12.5	1.0	0.6	2.9	0.3
Marine	167.8	108.1	0.0	24.4	13.1
Aviation	25.2	10.9	34.9	16.5	6.3
Air Navigation System	209.8	206.6	85.9	257.5	114.1
Airports	135.8	146.0	135.7	135.1	121.3
Surface	2.5	3.1	3.5	2.4	3.5
Departmental Administration	38.8	37.9	23.8	10.5	14.5
Total Capital Expenditures	592.4	513.6	284.3	449.3	273.1

Due to rounding, columns may not add to totals shown.

1.5 Loans by Activity

This table reflects the outstanding balances on loans owed to Transport Canada as at March 31, 1997

Activity	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total Planned 1996-97	Actual 1996-97
(\$ millions)					
Policy and Coordination					
<i>Canada Ports Corporation:</i>					
Saint John ¹	18.1	18.1	18.1	18.1	--
Prince Rupert ²	16.2	15.8	15.3	14.8	10.0
Belledune	0.6	0.5	0.4	0.4	0.4
Montreal	4.7	4.1	3.5	2.9	2.9
Vancouver	2.7	2.4	2.1	1.7	1.7
	42.2	40.9	39.4	37.9	15.0
Interport Loan Fund ³	50.0	50.0	50.0	50.0	43.7
Saint John Harbour Bridge Authority	29.4	29.0	28.6	28.2	28.6
Canadian National Railway Company ⁴	99.6	80.7	--	--	--
	221.2	200.6	118.1	116.1	87.3
Marine					
Loan to Hamilton Harbour Commission	0.3	0.3	0.2	0.2	0.2
Total Loans	221.6	200.8	118.3	116.3	87.5

Due to rounding, columns may not add to totals shown.

1. In July 1996, Transport Canada and the New Brunswick Department of Transportation forgave \$18.1 million and \$19.7 million, respectively, in outstanding debts owed to them by the Saint John Port Corporation. Most of the Corporation's debt was incurred developing the Rodney Terminal facility, the objective of which was to solidify the container market at Saint John. Unfortunately, subsequent developments in international shipping – including the decision by container lines to consolidate their operations at fewer ports – left the terminal without enough container customers to adequately service the port's overall debt.
2. In February 1997, Transport forgave \$4.8 million of the total outstanding debt it was owed by the Prince Rupert Port Corporation, to ensure the Corporation starts out on a solid financial footing as a locally managed and operated port under the terms of the National Marine Policy. The Corporation's ability to meet its debt obligations has been hampered in recent years by a decline in shipments of grain and coal – two major commodities traditionally handled by the port.
3. In January 1997, the federal government waived a \$6.3 million debt owed by the Port of Quebec to enable the port to be more commercially viable and allow it to renovate its facilities.
4. The Canadian National Railway Company completely repaid its loan on December 31, 1995.

1.6 Transfer Payments by Activity

Activity	Actual 1993-94	Actual 1994-95	Actual 1995-96	Total Planned 1996-97	Actual 1996-97
<i>(\$ millions)</i>					
GRANTS					
Policy and Coordination	18.4	53.8	40.3	27.0	26.8
Marine	0.0	0.0	10.1	--	13.0
Aviation	0.0	0.0	0.0	--	--
Airports	1.0	--	--	--	--
Departmental Administration	0.0	0.0	0.0	--	--
Total Grants	19.5	53.8	50.4	27.0	39.8
CONTRIBUTIONS					
Policy and Coordination ¹	239.3	249.3	299.7	334.4	330.6
Marine ²	1.5	1.8	--	--	0.1
Aviation	0.1	0.0	--	--	0.2
Air Navigation System	0.1	0.2	0.3	0.4	--
Airports ³	42.1	25.0	35.2	40.7	329.9
Surface	9.8	8.2	8.5	7.7	7.6
Departmental Administration ⁴	2.4	2.3	1.9	3.1	2.1
Total Contributions	295.4	286.7	345.5	386.2	670.4
Total Transfer Payments	314.9	340.5	395.9	413.2	710.2

Due to rounding, columns may not add to totals shown.

1. Includes statutory payments to CN in respect of Victoria Bridge.
2. 1993-94 and 1994-95 actual expenditures include amounts relating to the Canadian Coast Guard, which was transferred to the Department of Fisheries and Oceans effective April 1, 1995.
3. Includes statutory payments to NAV CANADA in respect of transitional period payments.
4. 1993-94 and 1994-95 actual expenditures include amounts for the Western Grain Transportation Agency, which became part of Transport Canada in 1995-96.

1.7 Statutory Payments by Activity

Activity (\$ millions)	Actual 1993-94	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Actual 1996-97
Policy and Coordination					
Employee benefit plans	2.4	2.5	2.0	1.9	2.2
Victoria Bridge - Termination of tolls	4.3	2.7	5.0	6.7	4.2
CN commercialization	--	--	1,101.0	--	--
	6.7	5.2	1,108.1	8.6	6.4
Marine					
Employee benefit plans	36.0	37.0	5.4	3.7	4.5
Aviation					
Employee benefit plans	58.5	58.8	60.2	13.4	14.4
Air Navigation System					
Employee benefit plans ¹	--	--	--	55.5	50.6
Airports					
Employee benefit plans	16.2	16.1	16.8	13.5	16.9
Payment to NAV CANADA	--	--	--	--	291.7
	16.2	16.1	16.8	13.5	308.5
Surface					
Employee benefit plans	2.8	2.8	3.0	3.1	3.3
Departmental Administration					
Employee benefit plans	14.4	14.2	13.2	6.4	8.4
Collection agency fees	0.0	0.0	0.0	--	0.1
Refunds of amounts credited to revenues in previous years	0.2	0.2	0.4	--	1.2
Spending of proceeds from the disposal of Crown assets	5.1	8.2	2.6	--	2.1
Court awards	0.4	--	--	--	--
Minister's salary and car allowance	0.1	0.1	0.1	0.1	0.1
	20.1	22.7	16.2	6.5	11.8
Total Statutory Payments	140.2	142.6	1,209.6	104.3	399.5

Due to rounding, columns may not add to totals shown.

1. 1993-94, 1994-95 and 1995-96 amounts are included in Aviation.

Appendix 2 - Statutes Administered by the Minister of Transport

The Minister has sole responsibility to Parliament for the following Acts:

<i>Aeronautics, an Act respecting Regulations made pursuant to s. 5</i>	1969-70, c. 45
<i>Airport Transfer (Miscellaneous Matters) Act</i>	1992, c. 5; 1992, C. 42
<i>Blue Water Bridge Authority Act</i>	1964-65, c. 6; 1988, c. 59
<i>Buffalo and Fort Erie Public Bridge Company Act</i>	1995, c. 14
<i>Canada Ports Corporation Act</i>	1985, c. C-9
<i>Canada Shipping Act</i>	1985, c. S-9; 1993, c. 36
<i>Canada Transportation Act</i>	1996, c. C-10
<i>Canadian National Montreal Terminals Act</i>	1929, c. 12
<i>Canadian National Toronto Terminals Act</i>	1960, c. 26
<i>CN Commercialization Act</i>	1995, c. 24
<i>Canadian Pacific Railway (1881) Act</i>	1881, c. 1
<i>Carriage by Air Act</i>	1985, c. C-26
<i>Carriage of Goods by Water Act</i>	1993, c. 21
<i>Civil Air Navigation Services Commercialization Act</i>	1996, c. 20
<i>Coasting Trade Act</i>	1992, c. 31
<i>Hamilton Harbour Commissioners Act</i>	1912, c. 98; 1951, c. 17
<i>Harbour Commissions Act</i>	1985, c. H-1
<i>Intercolonial and Prince Edward Island Railways Employees' Provident Fund Act</i>	1906-07, c. 22
<i>International Rapids Power Development</i>	1952, c. 157
<i>Marine Atlantic Inc. Acquisition Authorization Act</i>	1986, c. 36
<i>Marine Insurance Act</i>	1993, c. 22
<i>Marine Transportation Security Act</i>	1994, c. 40
<i>Maritime Code Act</i>	1977-78, c. 41
<i>Meaford Harbour Act</i>	1866, c. 78; 1907-08, c. 46
<i>Montreal Port Warden Act</i>	1873, c. 11; 1882, c. 45; 1980-81-82-83, c. 8
<i>Motor Vehicle Fuel Consumption Standards Act</i>	1985, c. M-9
<i>Motor Vehicle Safety Act</i>	1993, c. 16
<i>Motor Vehicle Transport Act, 1987</i>	R.S., c. 29 (3 rd Supp.) 1985, c. M-12.01
<i>National Transcontinental Railway Act</i>	1903, c. 71
<i>Navigable Waters Protection Act</i>	1985, c. N-22
<i>Northern Transportation Company Limited Disposal Authorization Act</i>	1985, c. 35; 1988, c. 38
<i>Ontario Harbours Agreement Act</i>	1963, c. 39
<i>Pilotage Act</i>	1985, c. P-14
<i>Public Harbours and Port Facilities Act</i>	1985, c. P-29
<i>Quebec Port Warden Act</i>	1871, c. 33; 1873, c. 11; 1980-81-82-83, c. 8;
<i>Railway Relocation and Crossing Act</i>	R.S. 1985, c. R-4
<i>Railway Safety Act</i>	S.C., c. 32 (4 th Supp.) 1985, c. R-42; 1994, c. 15
<i>Safe Containers Convention Act</i>	1985, c. S-1
<i>St. Lawrence Seaway Authority Act</i>	1985, c. S-2
<i>Shipping Conferences Exemption Act, 1987</i>	S.C., c. 17 (3 rd Supp.) 1985, c. S-10.01
<i>Toronto Harbour Commissioners Act, 1911</i>	1911, c. 26
<i>Toronto Harbour Commissioners' Act, 1985</i>	1986, c. 10

<i>Department of Transport Act</i>	1985, c. T-18
<i>Transportation of Dangerous Goods Act, (1992)</i>	1992, c. 34
<i>United States Wreckers Act</i>	1985, c. U-3
<i>War Risks, Marine and Aviation Act</i>	1970, c. W-3
<i>Winnipeg Terminals Act</i>	1907, c. 52; 1914, c. 57

The Minister shares responsibility to Parliament for the following Acts:

<i>Aeronautics Act</i> (Minister of National Defence)	1985, c. A-2; 1992, c. 4
<i>Arctic Waters Pollution Prevention Act</i> (Minister of Indian Affairs and Northern Development; and Minister of Natural Resources)	1985, c. A-12
<i>Bills of Lading Act</i> (Minister of Justice and Attorney General of Canada)	1985, c. B-5
<i>Excise Tax Act</i> (Minister of Finance – Part I; and Minister of National Revenue – Parts II-VII)	1985, c. E-15; 1992, c. 29
<i>Government Property Traffic Act</i> (Minister of Public Works and Government Services)	1985, c. G-6
<i>National Energy Board Act</i> (Minister of Natural Resources)	1985, c. N-7
<i>Non-Smokers' Health Act</i> (Minister of Human Resources Development)	S.C., c. 15 (4 th Supp.) 1985, c. N-23.6
<i>Ste-Foy-St-Nicolas Bridge Act</i> (Minister of Public Works and Government Services)	1964-65, c. 16

Appendix 3 - Want More Information?

Additional information on some of the subjects discussed in this document is available in separate reports. The following is a list of these reports and the addresses at which they can be obtained. A small charge may be involved.

CROWN CORPORATIONS

VIA Rail Canada Incorporated
2, Place Ville Marie
Montréal, Québec
H3B 2G6

St. Lawrence Seaway Authority
14th Floor, Room 1400
360 Albert Street
Ottawa, Ontario
K1R 7X7

Canada Ports Corporation
99 Metcalfe Street
Ottawa, Ontario
K1A 0N6

Marine Atlantic Incorporated
100 Cameron Street
Moncton, New Brunswick
E1C 5Y6

Atlantic Pilotage Authority
Purdy's Wharf, Tower 1
Suite 1402, 1959 Upper Water Street
Halifax, Nova Scotia
B3J 3N2

Laurentian Pilotage Authority
715 Victoria Place
6th Floor
Montréal, Québec
H2Y 2H7

Great Lakes Pilotage Authority Ltd.
P.O. Box 95
Cornwall, Ontario
K6H 5R9

Pacific Pilotage Authority
300-1199 West Hastings Street
Vancouver, British Columbia
V6E 4G9

Canarctic Shipping Company Limited
150 Metcalfe Street
19th Floor, P.O. Box 39
Ottawa, Ontario
K2P 1P1

LOCAL AIRPORT AUTHORITIES

Aéroports de Montreal
1100 René-Lévesque Blvd. West
Suite 2100
Montréal, Québec
H3B 4X8
Telephone: (514) 394-7213
Fax: (514) 394-7356

Vancouver International Airport Authority
P.O. Box 23750, Airport Postal Outlet
Richmond, British Columbia
V7B 1Y7
Telephone: (604) 276-6500
Fax: (604) 276-7755

Calgary Airport Authority
Calgary International Airport
2000 Airport Road N.E.
Calgary, Alberta
T2E 6W5
Telephone: (403) 735-1200
Fax: (403) 735-1281

Edmonton Regional Airport Authority
P.O. Box 9860
Edmonton, Alberta
T5J 2T2
Telephone: (403) 890-8900
Fax: (403) 890-8446

Greater Toronto Airport Authority
Lester B. Pearson International Airport
P.O. Box 6031 - Toronto AMI
Mississauga, Ontario
L5P 1B2
Telephone: (905) 676-3344
Fax: (905) 676-3339

OTHER DEPARTMENTS

The following publications are available from:

Canada Communications Group
Publishing Centre
Ottawa, Ontario
K1A 0S9

- ◆ Canadian Transportation Agency Part III
- ◆ Civil Aviation Tribunal Part III
- ◆ Department of Fisheries and Oceans Part III, Performance Report, and Report on Plans and Priorities
- ◆ Transport Canada National Airports Policy (TP 12163)

TRANSPORT CANADA REPORTS

The following departmental reports are available from:

Transport Canada
Place de Ville, Tower C
330 Sparks Street
Ottawa, Ontario
K1A 0N8

Policy Group:

- ◆ Federal Highways - Special Infrastructure Project Reports
e-Mail: stambrd@tc.gc.ca
- ◆ Program Evaluation reports
telephone: 993-4123

Programs and Divestiture Group:

- ◆ Monthly Report of Airports Transferred
- ◆ Port Programs and Divestiture – Annual Report on Financial Operations

Safety and Security Group:

- ◆ Road Safety and Motor Vehicle Regulation Directorate – Annual Report
- ◆ Canadian Motor Vehicle Traffic Collision Statistics (TP 3322)

General road safety information and vehicle importation telephone line:
1-800-333-0371

Vehicle defects:
1-800-333-0510

A number of marine safety publications relating to marine products, practices and standards, and a CD-ROM containing a consolidation of Transport Canada's Acts and Regulations and list of marine safety publications, are available from:

Safety and Security Group
Marine Safety Directorate

AVAILABLE ON THE INTERNET @ www.tc.gc.ca

Transportation in Canada – 1996 Annual Report

Aircraft Services – list of Transport Canada aircraft and their prime use

Civil Aviation – publications and regulations

CANUTEC – North American emergency guidebook and statistics

Transport of Dangerous Goods – regulations and how to comment on the update of regulations currently under revision

Marine Safety – short publications list

Research and Development – science and technology plan, and publications

Road Safety – how to obtain information on vehicle standards, importation, defects, recalls, fuel consumption guide, and Acts

Rail Safety publications

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