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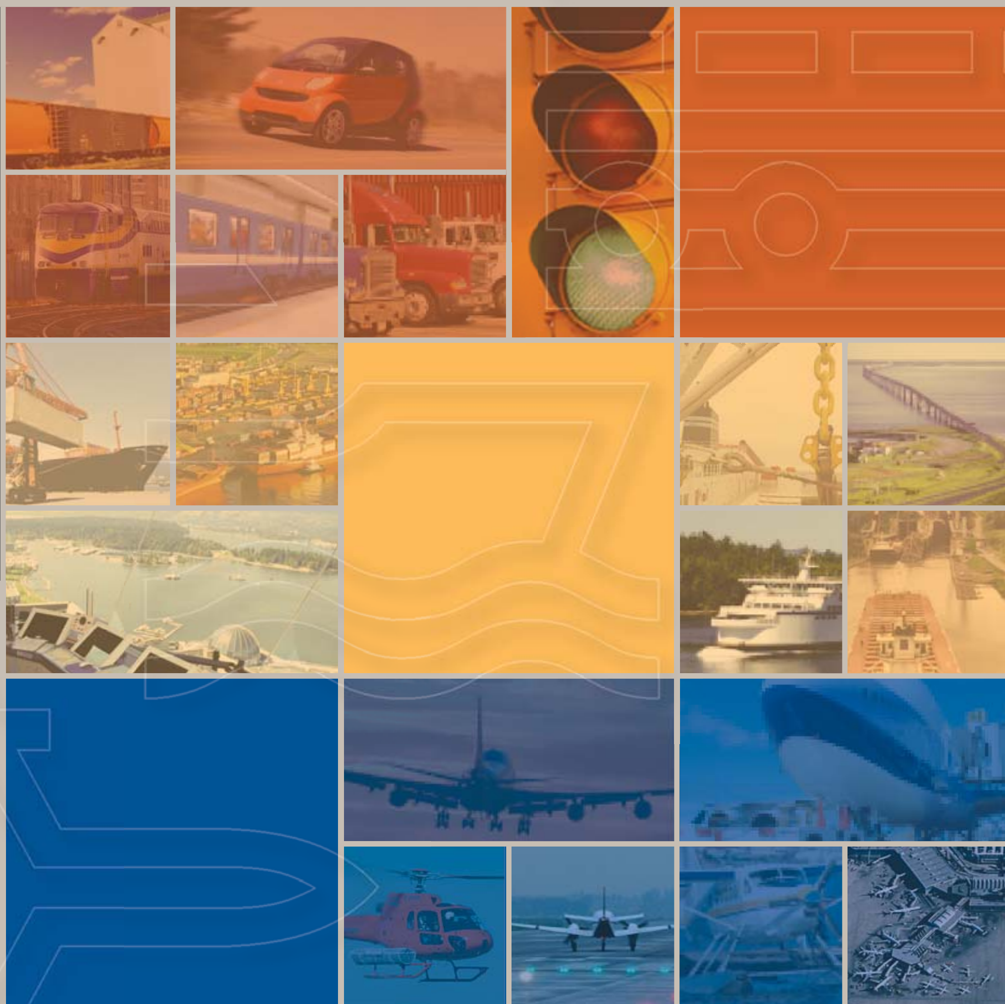

Transportation in Canada 2007

An Overview

Transport Canada Transports Canada

Canada

Transportation in Canada 2007

An Overview

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Minister of Transport,
Infrastructure and Communities

Ministre des Transports,
de l'Infrastructure et des Collectivités

Ottawa, Canada K1A 0N5

16 MAY MAI 2008

Her Excellency the Right Honourable Michaëlle Jean, C.C., C.M.M., C.O.M., C.D.
Governor General of Canada
Rideau Hall
1 Sussex Drive
Ottawa ON K1A 0A1

Excellency:

It is with great pleasure that I submit to your attention the first overview report on the state of transportation in Canada. This report is produced in conformity with the statutory requirements outlined in Section 52 of the *Canada Transportation Act (CTA)*. Section 52 of the CTA, amended in June 2007, calls for a brief overview of the state of transportation in Canada and for an expanded comprehensive review every five years. This overview report is thus the first of the former.

The year 2007 had its share of challenges with Canada's transportation system having to adapt to higher energy prices and changing trade patterns in a global economy while responding favorably to calls for a more sustainable transportation system.

The report presents selected highlights and developments across the main four modes of transportation and across four key domains using the most recent information available. In conjunction with its companion statistical addendum, it also allows for a better understanding of the evolution of transportation demand and of the transportation system in response to changing needs and market conditions.

This overview report on the state of the Canadian transportation system and its statistical addendum provide relevant information for policy development, planning and program management.

Yours truly,

Lawrence Cannon

The Honourable Lawrence Cannon, P.C., M.P.

The 2007 Overview Report presents a brief overview of the state of transportation in Canada using the most current information available.

The Minister of Transport has a statutory responsibility to table in Parliament each year, a brief overview of the state of transportation in Canada and every five years, an expanded and more comprehensive review. This responsibility derives from Section 52 of the *Canada Transportation Act* (1996), as amended in June 2007, with Section 52 (1) calling for an Industry Overview in the following terms:

> *“Each year before the end of May, the Minister shall, using the most current information available, prepare and lay before both Houses of Parliament a report providing a brief overview of the state of transportation in Canada.”*

And Section 52(2) calling for an Industry Review every five years in the following manner:

> *“Every five years, the report referred to in subsection (1) shall be expanded to a comprehensive review of the state of transportation in Canada which shall include:*
>
> *(a) the financial performance of each mode of transportation and its contribution to the Canadian economy;*
>
> *(b) the extent to which carriers and modes of transportation were provided resources, facilities and services at public expense;*
>
> *(c) the extent to which carriers and modes of transportation received compensation, indirectly and directly, for the resources, facilities and services that were required to be provided as an imposed public duty;*
>
> *(c.1) the long term outlook and trends in transportation in Canada; and*
>
> *(d) any other transportation matters that the Minister considers appropriate.”*

This Overview is the first such report submitted by the Minister since the amended Section 52 of the *Canada Transportation Act* came into force. In producing the report, Transport Canada used the most current data and information, however 2007 data was not always available. While the scope of the report goes beyond federal transportation responsibilities, limited attention was paid to urban and intermodal transportation matters. The Overview report with its companion addendum nevertheless offers broad coverage of Canada’s transportation system.

Selected highlights from 2007 are presented for each of the four modes of transportation (road, rail, marine and air) and across four domains:

- transportation and the economy;
- government spending on transportation;
- safety and security in transportation; and
- transportation and the environment.

This Overview offers a glimpse of the year's key events and noticeable trends and is supplemented with a companion addendum which offers further detail on a large number of areas including: employment, trade and tourism, the energy consumed in transportation and, accident and incidents statistics by mode.

Addendum tables and figures also cover transportation infrastructure, as well as the industry structure, activity levels and performance, making for a complete and informative picture. Readers interested in detailed or time series information are invited to consult both this year's addendum as well as all reports and addendum tabled since 1996 on Transport Canada's Web site at **www.tc.gc.ca**.

In one way or another, transportation plays a vital and essential role in all social and economic activities — opening markets to natural resources, agricultural products and manufactured goods; supporting our service industries; helping us overcome the challenges posed by topography and geography; linking our cities and communities and reducing the distances that separate Canadians. It is inexorably intertwined and interdependent with the economic and social fabric of our society.

But transportation needs evolve over time as conditions change. We must keep in mind that demand for transportation services originates from all sectors of the economy. In other words, transportation demand is a derived demand. Changes in economic activity, especially at regional or sectoral levels, affect transportation demands as do changes in trade patterns and activities. All of these can force adjustments to the supply of transportation services and the infrastructure necessary to accommodate trade-driven change.

Most data presented in this report and addendum comes from organizations other than Transport Canada and these sources bear the onus for data validation. Transport Canada has devoted proper care and attention to data quality — and its limitations — when producing this report, and footnotes are employed as needed to flag potential issues with supplied data. Where issues were identified, they were drawn to the attention of the information source. Given the constraint of the statutory deadlines under which this report is produced, these issues were not pursued further if the validity of the information was confirmed. In this report, it is only exceptionally that attempts to circumvent data limitations by estimating were made. The final point to signal to the reader is that the Overview report does not attempt to present a prospective view of Canada's transportation system.

- In 2007, the Canadian economy grew 2.7 per cent, a slightly slower rate than in 2006.
- Consumer expenditures were a major force in the economy, increasing by 4.7 per cent, the highest increase since 1985.
- During the course of the year, both the price of crude oil and the value of the Canadian dollar rose to new highs.
- The Canadian dollar reached a high of US$1.103 on November 7, 2007. The average value of the Canadian dollar against the U.S. dollar increased by 5.5 per cent in 2007.
- The consumer price index (CPI) increased by 2.2 per cent in 2007. Energy prices and shelter costs rose by 2.3 and 3.4 per cent, respectively, while transportation prices rose 1.6 per cent.
- In real terms, personal disposable income per capita increased by 3.0 per cent in 2007.
- The average number of persons employed in Canada increased by 2.3 per cent.
- All provinces and territories experienced economic growth in 2007. Newfoundland and Labrador witnessed by far the strongest growth, while the western provinces fared better than the other eastern provinces and the central provinces.
- Canada's merchandise trade surplus fell in 2007, as imports grew 2.8 per cent to $415.7 billion while exports grew 2.1 per cent to $465.4 billion. Exports to the United States fell 1.6 per cent but rose by 16 per cent to other countries.
- In terms of value, trucking accounted for 59 per cent of trade with the United States, rail 17 per cent, pipeline 14 per cent, air six per cent and marine four per cent.
- Around 76 per cent of Canada–U.S. trade (in value terms) carried by trucks took place at six border crossing points: Windsor/Ambassador Bridge, Fort Erie and Sarnia, in Ontario, Lacolle in Quebec, Emerson in Manitoba and Pacific Highway in British Columbia.
- In 2007, Canada's trade with countries other than the United States totalled $278 billion. Imports were more significant than exports, and marine and air transportation were the two dominant modes in terms of both value and volume.
- Of Canada's top 20 trade partners, China and India had a two-digit average annual growth rate in their trade with Canada from 1997 to 2007. Six other countries had a similar two-digit average growth rate in either their exports or their imports with Canada over the same period.
- In 2007, China ranked second ($38.3 billion) and third ($9.3 billion), respectively, in terms of Canada's total imports and exports.

- Tourism expenditures, including expenditures on transportation, increased by 5.7 per cent in 2007. Transportation expenditures rose by 9.2 per cent. In 2007, overall international travel to and from Canada was unchanged: the number of U.S. residents visiting Canada fell but both the number of foreign visitors other than from the United States and the number of Canadians travelling to the United States and to other countries rose.
- Transportation energy use (excluding pipelines) decreased by 0.3 per cent in 2006. Air used 1.2 per cent less energy in 2006 than in 2005, while rail used 3.1 per cent more and road transportation 0.2 per cent more. Sales of marine fuels in Canada decreased by 10.5 per cent in 2006, while pipeline energy use decreased by 3.9 per cent.
- In 2007, the annual average price of crude oil per barrel increased by 9.2 per cent when measured in U.S. dollars. However, mostly due to the increase in the value of the Canadian dollar, the price of Canadian oil in Edmonton rose only by 5.1 per cent.
- The retail prices of road gasoline and diesel rose by 4.3 and 3.1 per cent, respectively, between 2006 and 2007, while the price of jet fuel rose by 5.0 per cent. The price of marine bunker rose by 9.8 per cent (estimated). The average cost of diesel to rail companies is not available for 2007; in 2006 this price rose by 14.3 per cent.
- Freight rail continued its pattern of productivity gains, with strong total factor productivity growth in 2006. Air transportation saw a slight decline in productivity after two years of very strong growth. Public transit and VIA Rail productivity growth was virtually flat in 2006. Carrier prices in all industries were up once again, mainly due to carrier attempts to pass on fuel cost increases.
- In 2007, commercial transportation services accounted for 4.0 per cent of Canada's value-added Gross Domestic Product (GDP).
- In Manitoba, Saskatchewan and British Columbia, commercial transportation represented 5.4 per cent to 6.7 per cent of the provincial GDP. Ontario and Quebec accounted for nearly 57 per cent of the total national commercial transportation activity.
- Investment in transportation accounted for 2.8 per cent of Canada's GDP in 2007.
- Personal expenditures on transportation represented 8.5 per cent of final domestic demand in Canada in 2007.

Note: See tables and figures EC1 to EC76 in the Addendum for additional figures on trade, tourism, employment, energy, and performance in transportation.

- In fiscal year 2006/07, all levels of government combined spent $24.8 billion on transportation net of transfers, $1.3 billion more than in 2005/06. Federal government expenditures increased by $275 million to $3.6 billion and are expected to increase by $116 million to $3.7 billion. Provincial/territorial government expenditures fell by $689 million to $10.8 billion and local government expenditures increased by $1.7 billion to $10.4 billion.
- In 2006/07, all government levels collected $15.9 billion in permit and licence fees and fuel taxes from transport users, 1.6 per cent more than the previous year. Fuel taxes from transport increased by 0.9 per cent to $11.7 billion. Federal transport revenues other than from fuel taxes increased by 1.6 per cent to $818 million. Provincial and territorial licences and fees totalled $3.4 billion, up 4.3 per cent from 2005/06.
- In 2007/08, direct federal transport expenses are expected to increase by 4.1 per cent to $2.3 billion. Expenditures relating to operations are expected to increase by 2.6 per cent to $1.1 billion, while expenditures relating to safety, security and policy activities are expected to increase by 4.4 per cent to $1.0 billion. Transport Canada is expected to account for 39.1 per cent of the total 2007/08 estimated direct transport expenses, Fisheries and Oceans 30.5 per cent and other federal departments and agencies another 30.4 per cent.
- In 2007/08, total direct federal subsidies, grants and contributions are expected to grow 1.9 per cent to $1,460 million, or $28 million more than in 2006/07. The highway mode is expected to receive the largest subsidy with $892 million, followed by the rail mode with $264 million, the marine mode with $179 million, the air mode with $51 million and transit with $22 million. Transport Canada is expected to account for $702 million of the subsidies, grants and contributions to be paid, while Infrastructure Canada is expected to account for $732 million.
- Of the $24.8 billion spent by all levels of government in 2006/07, $17.6 billion was spent on roads, $3.7 billion on public transit, $1.3 billion on marine, $891 million on air, $240 million on rail and $1.1 billion on multimodal and other expenses. Federal and provincial governments spent $2.5 billion on air, marine and rail transportation.
- Provincial, territorial and local governments spent $21.2 billion on transportation in 2006/07, 5.2 per cent more than in 2005/06. About 78 per cent of this total was directed at highways and roads.

Note: See tables G1 to G7 in the Addendum for additional government spending figures.

Transportation Safety and Security

- In 2007, Transport Canada maintained its regulatory and safety oversight responsibilities, implemented a number of improvement initiatives and continued to implement Safety Management Systems in the air, rail and marine industries as stipulated in *Moving Forward – Changing the Safety and Security Management*.

Transportation Safety

- In 2007, there were 7.1 per cent more aviation accidents (255) than in 2006 (238). The 2007 accident rate (preliminary data) was 5.8 per cent per 100,000 hours flown, which is almost identical to the 2006 rate of 5.7 but below the 2002 – 2006 five-year average of 6.2. There were 42 air fatalities in 2007 compared with 47 in 2006.
- A record low was set in 2007, for the fourth consecutive year, in the number of Canadian vessel shipping accidents and accidents aboard ship (392). This is 9.4 per cent below the 2002 – 2006 average. The 2007 marine accident rate (preliminary data) was 3.7 (Canadian vessels, excluding fishing, of over 15 gross tons), compared with the previous five-year average of 3.9. For the third consecutive year, related marine fatalities recorded a low at 12, well below the previous five-year average of 21.4.
- There were 3.5 per cent fewer reported rail accidents in 2007 (1,330) than in 2006 (1,378). There were also fewer rail fatalities, 86 in 2007 compared with 94 in 2006.
- The latest available statistics for road casualty collisions (2006) show little change from 2005 (-2.2 per cent), while the number of fatalities decreased 0.4 per cent and injuries dropped 2.5 per cent. There were 2,889 road fatalities in 2006 compared with 2,905 in 2005. Transport Canada's national surveys of rural seat belt use in 2006, combined with the results of the urban seat belt use survey in 2007, reveal that 92.5 per cent of occupants of light-duty vehicles buckle up and 93.8 per cent of passenger car drivers use seat belts. While these results are very positive, the most recent national crash data (2006) are less promising, as 37 per cent of fatally injured occupants were not wearing seat belts at the time of the crash. During 2005, 30 per cent of all traffic-related deaths on public roads involved a drinking driver. Of the fatally injured drivers tested for alcohol in 2005, 36 per cent had a positive Blood Alcohol Concentration (BAC). Of this 36 per cent, 31 per cent were over the legal driving limit of .08 milligrams of alcohol per 100 millilitres of blood.
- In the context of approximately 30 million shipments of dangerous goods a year, there were 421 accidents involving the transportation of dangerous goods in 2007. This was up from 385 in 2006, a 9.4 per cent increase. However, few accidents that involve dangerous goods are actually caused by the goods themselves. Accidents occurred during the loading or unloading phase at transportation facilities twice as often as during transport. In 2007, only 16 injuries were directly attributable to the dangerous goods themselves.

- The Marine Safety Program implemented the *Canada Shipping Act, 2001*, which came into effect on July 1, 2007, and revised its first set of regulations and standards. The CSA 2001 will help the marine community operate in a manner that is safer, more efficient and environmentally sound, as well as be responsive to the needs of Canadians in a global economy.
- In 2007, the Minister appointed an independent panel to review the *Railway Safety Act* in order to further improve railway safety in Canada.
- In October 2007, the U.S. Pipeline and Hazardous Materials Administration revised its regulations to recognize most tanks and containers manufactured in accordance with Transport Canada's Transportation of Dangerous Goods Regulations as equivalent to American tanks and containers. This modification will allow Canadian manufacturers better access to the U.S. market.

Transportation Security

- Transportation security continued to be strengthened in Canada in 2007 through various enhancements and initiatives. Transport Canada continued to take action with other federal departments, other countries and international organizations, labour organizations, industry and other stakeholders.
- Important aviation security initiatives included the implementation of the Passenger Protect Program, which prevents persons who pose an immediate threat to aviation security from boarding a commercial aircraft.
- In 2007, under the Marine Security Contribution Program, more than $12 million in funding was approved for over 100 marine security enhancement projects. This brings the total approved funding to date to more than $108 million for more than 1,100 marine security enhancement projects.
- Transport Canada pursued Phase 1 of the Marine Transportation Security Clearance Program involving three ports (Vancouver, Montreal and Halifax) and the St. Lawrence Seaway Control Centres.
- In 2007, under the Transit-Secure Contribution Program, more than $41 million in funding was approved for 83 transit security enhancement projects. This brings the total approved funding to date to more than $77 million for a total of 139 transit security enhancement projects.
- Transport Canada (TC) and the Railway Association of Canada (RAC) signed a new and updated agreement to strengthen the security of Canada's major passenger, freight and commuter railways. This complements the security measures being implemented for transit operations through the Transit-Secure program.

Note: See tables and figures S1 to S24 in the Addendum for additional transportation safety and security figures.

Transportation and the Environment

- The transportation sector, directly comparable with the agriculture sector, emits in excess of 70 kilograms (kg) of CO_2 per gigajoule of energy compared to the average 58 kg across all sectors, reflecting the sector's reliance on traditional fossil fuels such as gasoline and diesel.
- Transportation is the second largest source of greenhouse gas (GHG) emissions in Canada representing 27 per cent of total GHG emissions. From 1990 to 2005, this figure grew by 33 per cent, from 150 megatonnes (Mt) to 200 Mt.
- Passenger GHG emissions continue to grow. From1990 to 2005, GHG emissions from passenger vehicles increased by 10 per cent, as passenger-kilometres increased by 30 per cent during the same period.
- Freight GHG emissions continue to grow despite significant improvements in fuel efficiency. GHG emissions from on-road freight transport increased by 92 per cent between 1990 and 2005 from 31 to 59 Mt. During this time, road freight activity, measured in tonnes-kilometres, increased by 160 per cent indicating improvements in fuel efficiency when compared with the increase in freight GHG emissions. In the past five years, the aviation sector has accounted for the largest growth in GHG emissions in the non-road transportation sector. GHG emissions from aviation have increased by 35 per cent from 14 Mt in 1990 to 18 Mt in 2005.
- While GHG emissions from the transportation sector continue to increase, air pollution emissions, such as fine particulate matter, sulphur oxides, nitrogen oxides and volatile organic compounds, have shown a steady decline due to regulatory initiatives and stock turnover.
- In February 2007, the Federal Government's ecoTRANSPORT Strategy was announced with over $100 million in funding towards new initiatives in clean transportation to be spent over the next four years (ecoTECHNOLOGY – $31 million, ecoMOBILITY – $10 million and ecoFREIGHT – $61 million).
- Over the course of 2007, Transport Canada showcased leading-edge technology vehicles at events informing a large number of Canadians about the environmental benefits technology can bring about.
- Together, the ecoFREIGHT program, the Freight Technology Demonstration Fund and Freight Technology Incentives Program received 109 applications for the first round of funding that was scheduled November 1, 2007 from organizations and technology providers involved in freight transportation.
- The EcoMobility program will provide financial support to municipalities and regional transportation authorities for transportation demand management projects such as carpool ridematching systems, cycling safety education, social marketing and travel planning. The program also builds professional capacity to implement travel behavior change initiatives through training, research and information disemmination.

- In Budget 2007, the federal government introduced a Vehicle Efficiency Incentive (VEI) initiative. It included a rebate for highly fuel-efficient vehicles (the ecoAUTO rebate program) and a new excise tax on fuel inefficient vehicles (the Green Levy). Both initiatives are designed to promote the purchase of fuel efficient vehicles in Canada. The ecoAUTO Rebate Program, administered by Transport Canada, provides a cash incentive to encourage Canadians to buy or lease fuel-efficient vehicles. It offers rebates from $1,000 to $2,000 to people who purchase or enter a long-term lease (12 months or more) for a new fuel-efficient vehicle.
- In April 2007, the federal government released *Turning the Corner*, a new action plan to reduce greenhouse gas (GHG) and other air pollutants. The plan sets an ambitious goal to reduce GHG emissions by 20 per cent from 2006 levels by 2020. To meet this target, the Government of Canada will impose mandatory regulations including motor vehicle fuel efficiency and rail and air emissions regulations for 2011. Transport Canada will also be looking at introducing regulations for the marine and air sectors based on work now in progress at both the International Maritime Organization and the International Civil Aviation Organization (ICAO).
- At its 36th Assembly in September 2007, ICAO implemented a plan of action to address aircraft emissions. Guidance material for emissions charges and emissions trading, based on member countries' mutual consent, has been developed and approved. ICAO has also created a new high level Group on International Aviation and Climate Change (GIACC) to look at proposing a program of action by Fall 2009. Transport Canada is an active member of this new group.
- Transport Canada and the industry are also working together to address environmental issues through voluntary arrangements. In May 2007, Transport Canada, Environment Canada and the Rail Association of Canada signed a Memorandum of Understanding setting out emission level targets for the industry by 2010.

Note: See figures EN1 to EN5 in the Addendum for additional information.

- In June 2007, amendments to the *Canada Transportation Act*, contained in Bill C-11, 1) granted new authority to resolve disputes related to railway noise and vibrations and to adjudicate disputes between the freight railways and commuter rail operators and VIA Rail for access to track and facilities; 2) extended the line transfer and abandonment provisions to sidings and spurs in urban areas; and 3) extended the merger and acquisition provisions for air carriers to all modes of transportation.
- In October 2007, the government announced funding for VIA Rail Canada totaling $691.9 million over the next five years. Capital investments of $516 million will sustain the existing network by: 1) rebuilding locomotives and passenger cars; 2) upgrading track infrastructure in the Quebec City-Windsor Corridor to improve on-time performance, reduce trip times and add frequencies; 3) installing signaling and improving highway crossing protection, and 4) upgrading stations and other corporate facilities (mostly in the Corridor).
- Over the next five years, the remaining $175.9 million will be allocated to cover operating shortfalls above the $169 million reference level. Once the capital investment program is completed in 2012, operating funding requirements will return to the $169 million level.
- There are 13 commuter rail lines in total in Montreal, Toronto and Vancouver. Commuter trains handled 58.6 million passengers in 2006, an increase of 4 per cent over the 2005 level.
- An unprecedented collaborative effort among a dozen public and private sector stakeholders as part of the Asia-Pacific Gateway and Corridor Initiative resulted in the June 2007 announcement of a $360 million package of road and rail improvements for the Roberts Bank Rail corridor in the Vancouver Lower Mainland.
- In 2007/08, the Government of Canada signed an agreement for a total investment of more than $75 million to restore the infrastructure of shortline railways in Quebec.
- Keewatin Railway and Tshiuetin Rail, the only First Nations-owned railways in the world, continue to provide access to remote communities in Manitoba, Quebec, Newfoundland and Labrador and received $8 million in funding from the federal government in 2007/08.
- In 2007, Canadian National (CN) and Canadian Pacific Railway (CPR) collectively spent over $2.5 billion on capital programs for track, signals, sidings, locomotives and railcars.
- The Government of Canada signed new operating agreements with CN and CPR in 2007 that ensure the federal fleet of hopper cars remains available to carry western Canadian grain. Both CN and CPR are refurbishing and upgrading the fleet to ensure continued safe and efficient operations.

- Canadian National acquired the Athabasca Northern Railway in Northern Alberta. CN has now repurchased all the shortlines that it had formerly sold in Alberta.
- In 2007, CN and CPR both continued to expand in the United States. CN is finalizing its purchase of the Elgin, Joliet and Eastern Railroad near Chicago and CPR is finalizing its purchase of the Dakota, Minnesota and Eastern Railroad near the Powder River Basin in Wyoming.
- In 2006 the railway industry in Canada employed 34,150 people, approximately 13,500 less than 10 years previously.
- Nearly 60 shortline and regional railways operate in Canada. In 2006, they accounted for 23 percent of the total kilometres of track and $655 million in revenues.
- Rail intermodal traffic continued to experience strong growth with an average annual growth rate (AAGR) of 4.9 per cent from 1997-2006. Marine imports drove this growth with an AAGR of 7.9 per cent.
- From 1997 – 2006, rail sector revenue growth was at a strong AAGR of 3.1 per cent though CN and CP saw an AAGR of about 3.5 per cent during the same period. A decline in shortline revenue growth was due largely to the transfer of some major shortlines and regional railways to Class I control in recent years. Class I railways now account for over 93 per cent of rail sector revenues.

Note: See tables and figures RA1 to RA35 in the Addendum for additional figures in rail transportation.

Road Transportation

- On January 1, 2007, new federal Commercial Vehicle Driver's Hours of Service Regulations came into force. The regulations pertain to trucks with a gross vehicle weight in excess of 4,500 kilograms and buses with a seating capacity of 10 or more (including the driver) operated by extraprovincial undertakings. The main objective of the new regulations is to reduce the risk of fatigue-related commercial vehicle collisions by giving drivers the chance to get extra rest.
- The provinces and territories were to introduce similar regulations for motor carriers within their jurisdiction. The objective of this was to ensure a nationally consistent set of regulations governing hours of service across Canada.
- The bus industry reported a generally positive year in 2007. Although the bus industry felt the impact of higher costs, notably energy prices, the rise in the Canadian dollar had some positive benefits, making southbound charters more attractive to Canadian travellers. The larger scheduled operators also report robust business.
- Although Canadian economic indicators were generally positive in 2007, the trucking industry was buffeted by a combination of economic factors, including high energy costs, the rising Canadian dollar, and stagnant or declining transborder traffic. However, while the industry may be subject to some stresses, there were 30 per cent fewer bankruptcies in 2007 than over the 2000 – 2007 period and the trucking share of the transportation GDP was still showing positive growth in October 2007.
- On the other hand, truck activity at border crossings was down 2.8 per cent in 2007. Traffic at the Windsor–Ambassador Bridge, Canada's largest crossing, was down 5.4 per cent and 14 of the 20 largest border crossings recorded less truck traffic than in 2006.
- Increasingly, large-scale trucking in Canada is integrated into larger, international freight supply chains and logistics arms are becoming the norm for the larger operators. In 2007, the World Bank published an international Logistics Performance Index, in which Canada placed tenth, with the best score in the Western Hemisphere.
- Seven Canadian carriers were among the top 100 in Canada and the United States in 2007 as listed by *Transport Topics*.
- In June 2007, amendments to the *Canada Transportation Act* established provisions allowing the Minister to review proposed mergers and acquisitions of transportation undertakings under federal jurisdiction. The review process is complementary to the *Competition Act* and will capture the larger transactions in the truck and bus sector.

- There were some notable foreign investments in the bus sector in 2007. In March, Transdev Canada Inc., the Canadian subsidiary of French-based Transdev SA, acquired the Quebec-based bus operator Limocar. In October, First Group PLC of Aberdeen Scotland completed the acquisition of Laidlaw International Inc., an American corporation with extensive bus operations in both Canada and the United States. The newly created North American entity operates as First Group America. The acquisition included Laidlaw's school bus operations in Canada and Greyhound Canada and related companies, making First Group the largest presence in the Canadian bus industry.
- On the trucking side, although there were foreign investments, these were mostly small scale and in the energy sector. Several of the large Canadian companies reported acquisitions in 2007 but the level of activity was lower than in previous years.
- The motor vehicle fleet for 2006 was divided between 18.5 million cars/light trucks/vans and over 600,000 heavy trucks (gross weight at least 4.5 tonnes). The light vehicle fleet was driven nearly 300 billion kilometres while heavy trucks were driven nearly 30 billion kilometres.
- Car traffic at Canada–U.S. border crossings in 2007 was 3.2 per cent lower than in 2006, as 12 of the 20 largest crossings and the seven largest crossings had lower volumes.

Note: See tables and figures RO1 to RO28 in the Addendum for additional figures in road transportation.

Marine Transportation

- On November 16, 2007, proposed amendments to the *Canada Marine Act* (CMA) were introduced in Parliament as Bill C-23. These amendments and complementary policy initiatives are intended to strengthen the operating framework for Canada Port Authorities (CPA), promote the development of marine infrastructure and foster a more flexible financial environment for CPAs.
- In Montreal (June 2007), Canada hosted the first meeting of the International Oil Pollution Compensation Funds (IOPC Funds) ever held outside of London, U.K. The IOPC Funds is an international organization that has existed for over 25 years and that provides compensation for incidents of oil spills from tankers.
- Regulations were issued under the CMA in August 2007 to ensure continued stability of container trucking operations at Vancouver and Fraser River port authority facilities. A review of the regulations is required to be conducted within two years.
- On December 22, 2007, the Government of Canada issued a certificate of amalgamation to combine the three British Columbia Lower Mainland port authorities of Vancouver, Fraser River and North Fraser, effective January 1, 2008, and continue them as the Vancouver Fraser Port Authority. The amalgamation was a key policy measure under the Asia-Pacific Gateway & Corridor Initiative to maximize port efficiencies and optimize port planning.
- The federal government announced a long-term strategy on February 6, 2007, for the revitalization of Marine Atlantic Inc.'s (MAI's) ferry services. Phase I of this strategy included $318.3 million in additional funding and a plan to seek a replacement charter vessel. The second phase of the strategy involves the execution of MAI's Fleet Renewal Plan.
- On November 26, 2007, Canada and the United States released the Great Lakes St. Lawrence Seaway Study, which examined the infrastructure, economic and environmental issues related to commercial navigation on the waterway.
- In September 2007, the Prince Rupert Port Authority opened Phase 1 of the Fairview Container Terminal — a 50-acre facility with an annual capacity of 500,000 TEUs (twenty-foot equivalent units).
- In 2007, Ridley Terminals Inc. (RTI), a Crown corporation operating bulk commodity facilities at the Port of Prince Rupert, realized significant growth with total tonnage handled of 5.1 million tonnes, up from 2.8 million tonnes in 2006. As a result of this improved performance, no federal contributions were made to RTI in 2007.
- Transport Canada participated in the Quebec Shortsea Shipping Roundtable and hosted a workshop on shortsea opportunities in British Columbia. Both were part of continuing efforts to promote shortsea shipping as a means of increasing the efficiency of the transportation system.

- In 2007, the St. Lawrence Seaway handled an estimated 43 million tonnes, down approximately 9 per cent from 2006.
- In fiscal year 2006/07, the St. Lawrence Seaway generated $85.2 million in revenues from tolls and other sources, up from $76 million in 2005/06. Seaway operating expenses were $63.7 million, up from $60.4 million. Expenditures for asset renewal totalled $35.5 million.
- In 2006, the 19 CPAs handled 254 million tonnes of cargo, up from 249 million tonnes in 2005 and accounting for 53 per cent of Canada's total port traffic.
- In 2006, marine freight traffic was estimated at 408.4 million tonnes, up 2.0 per cent from 2005. This total is made up of 70.0 million tonnes related to domestic flows, 129.5 million tonnes in transborder traffic and 208.9 million tonnes in other international traffic.
- Marine transportation services handled $143.7 billion in international trade in 2006, $75.0 billion in imports and $68.7 billion in exports.
- Preliminary estimates indicate that international cruise ship traffic in 2007 increased at Vancouver as well as at three eastern ports: Halifax, Quebec City, and Saint John.
- In 2006, the operating revenues of the 19 CPAs totalled $338 million, up 7.7 per cent from 2005, while operating expenses fell by $14.3 million. The port authorities spent $167 million on capital projects, $55 million more than in 2005. Fifteen CPAs reported positive net incomes, ranging from $0.07 million to $29.6 million, while four CPAs reported net losses, ranging from $0.2 million to $4.6 million.
- The Port Divestiture Program was recently extended to March 31, 2012. Before the Program began in 1996, Transport Canada controlled and administered 549 public ports and port facilities. Of these, 472 ports have been removed from Transport Canada's inventory through transfers to other federal departments, provincial governments and local interests, and 26 sites have either been demolished or have had Transport Canada's interest terminated.
- Of the 77 sites remaining under Transport Canada control, 51 are regional/local ports and 26 are remote ports.

Note: See tables M1 to M29 in the Addendum for additional figures in marine transportation.

Air Transportation

- The year 2007 saw strong demand for air services. A robust Canadian dollar helped soften the impact of increases in U.S. dollar denominated expenses — particularly fuel. Canada's airports made investments to improve aviation safety and competitiveness.
- In terms of the international environment, Canada concluded "Open Skies"-type international air services agreements with Iceland, Ireland, New Zealand and Barbados. Expanded agreements were also reached with Japan, Kuwait, Jordan, Singapore and Mexico. Negotiations for a comprehensive air services agreement with the European Union began at the end of 2007.
- Pursuant to Canada's bilateral air services agreements, several Canadian air carriers announced new or expanded international air services, including Air Canada (Mexico, U.K., Spain and Germany), Skyservice (Jamaica, Mexico), Sunwing (Mexico, Antigua and Barbuda, St. Lucia), Air Transat (Mexico, Switzerland), and WestJet (Mexico, St. Lucia, Dominican Republic).
- Legislation to amend the *Aeronautics Act* was re-introduced in the House of Commons. The proposed changes will update the Act to reflect the needs of the aviation community with respect to the continuously evolving aviation operations environment. The proposed changes are expected to advance aviation safety.
- As to Infrastructure, Airports across Canada received an estimated $43.6 million to fund 33 new projects under the federal Airports Capital Assistance Program (ACAP) in 2007. Apart from ACAP funding, more than $3.5 million was allocated to repairing and improving the safety standards at airports serving remote communities, including Eastmain and Wemindji in Northern Quebec, and Wabush and Makkovik in Newfoundland and Labrador.
- Passenger traffic at Canadian airports increased 6.8 per cent in 2006, to a total in excess of 100 million enplaned and deplaned passengers.
- Airport Improvement Fee revenues increased by 6.1 per cent to a total of $535 million in 2006.
- In terms of industry developments, air services across Canada were dominated by WestJet and Air Canada while other air carriers operated in regional or specialized niches.
- Air passenger traffic in 2007 was estimated at 104.2 million enplaned and deplaned passengers. Domestic air passenger traffic increased by 3.6 per cent, transborder passenger traffic increased by 1.1 per cent, and other international traffic increased by 4.2 per cent.
- Carriers providing year-round scheduled or charter air services in northern Canada included: First Air, Canadian North, Air North, Air Canada Jazz, Aklak Air, Kenn Borek Air, Buffalo Airways, Arctic Sunwest, Air Tindi, and North-Wright Airways.

- Air Canada introduced 12 new domestic air services and nine new international air services, increasing its domestic capacity, as measured in available seat-kilometres, by 2.3 per cent, and its system capacity by 2.8 per cent.
- WestJet introduced nine new non-stop air services, increased its domestic capacity by 13.6 per cent, and its system capacity by 17.4 per cent.
- U.K.-based flyglobespan and Astraeus Airlines, India-based Jet Airways, Oasis Hong Kong Airlines, Emirates Airlines from the United Arab Emirates, U.S.-based Frontier Airlines and Air New Zealand all began serving Canada.
- Air Canada’s year-long service to the U.K. from St. John's became seasonal in 2007, as did Malev’s service between Toronto and Budapest and Czech Airlines’s flights to Prague. Harmony Airways and Peace Air both ceased operating during 2007.
- Carriers such as Cargojet Canada, Kelowna Flightcraft and Morningstar Air Express provided all-cargo air services for Canada Post, courier companies, freight forwarders and consolidators and shippers.
- Canada’s trade in air cargo services increased with other countries by 6.4 per cent. From a value basis, aircraft, gold and telephone equipment were the three most important commodities exported by air from Canada, while pharmaceutical products, aircrafts and computers were the three most valuable imported commodities.
- The 95 Canadian airports with a NAV Canada tower or flight service station reported 6.1 million movements in 2007, a 6.9 per cent increase over the previous year. Itinerant movements were up 3.6 per cent while local movements were up 15.6 per cent. A burgeoning flight school helped the Greater Moncton International Airport see its movements increase by 61 per cent in a year, the largest increase among those 95 airports.
- General Aviation enjoyed a 3.6 per cent increase in itinerant movements at airports with a NAV Canada tower or flight service station and a 15.6 per cent increase in local movements. General Aviation was thus responsible for 48.9 per cent of all movements at these airports, compared to 47.3 per cent a year earlier.

Note: See tables A1 to A25 in the Addendum for additional figures in air transportation.

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