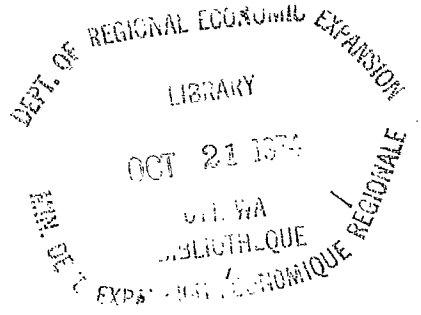
Canada. DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

Policy Review

Transportation in Western Canada



February, 1973

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TRANSPORTATION IN THE WEST

Perhaps no topic in the socio-economic or socio-political fields is as controversial in the West as is transportation. The controversy ranges from basic philosophical issues such as whether transportation is a developmental tool or a responsive sector to issues such as an oft stated desire to standardize (interprovincially) road construction criteria. Regulatory issues and institutional arrangements are equally in the forefront of discussion.

This brief report attempts to indicate the effectiveness of the present transportation system relative to recent growth and development of the west.[1] More often than not this 'effectiveness' is reflected in the attitudes and comments of senior officials in both the private and public sector. Throughout the transportation sector there is broad inter-face between provincial and federal areas of responsibility. Criticisms of the system, as it presently exists, are often directed by the provinces toward those areas of federal responsibility and, conversely, federal authorities have a tendency to lay the responsibility for many of the ills on areas of provincial concern. Unfortunately, this type of attitude is not too productive. A further complication is the interprovincial differences, at least in the post-war period. Very generally, the British Columbia and Alberta governments have viewed

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1 - It must be recognized that this is a preliminary statement and subject to future revision.

investment in transportation infrastructure as a developmental tool. This had some obvious successes in B.C. (the B.C.R. and the Ferry System, are examples) and has been less successful in Alberta. On the other hand, Saskatchewan and Manitoba have viewed transportation as a responsive sector -- a sector where infrastructure investment is made when demand -- economic or socio-political -- requires. One reflection of this is the quantity of mileage of farm access roads in the agricultural south and the dearth, until very recently, of northern access.

This paper is organized by discussing each mode -- rail, marine, road, air and pipeline -- in terms of (a) effectiveness and (b) opportunities following a brief general statement on provincial employment and expenditure. A section on intermodal considerations serves as a summary. Perhaps in no other sector is it as apparent that changes in legislation, institutional arrangements and policy issues -- so-called software items -- are far more important than additional investment in hardware -- infrastructure and rolling stock -- if one's aim is to increase effectiveness. Another feature of the sector is the rapidity of technological change with the built in danger of 'technological lock-ins'. By this, we mean adopting one innovation prior to the recognition that the implications of such adoption have far reaching effects and may 'lock' the system to long term commitments, through linkages, both forward and backward. One example are the types of technological changes developing in ocean shipping -- containers, LASH (lighter aboard ship) and larger bulks carriers -- and the implications such changes have

on shoreside facilities as well as investments in the rolling stock of other modes. Although detailed discussions of the foregoing are beyond the scope of this paper, the reader should bear them in mind.

General Considerations

Table 1 shows 1966 and 1970 employment, by province, in transportation, storage and communication, expenditures on transportation (mainly highways) as a percentage of gross general provincial expenditures and provincial per capita expenditures in the transport sector for 1971. It is apparent

TABLE 1

Employment, Provincial Expenditures on Roads as a % of Gross General Expenditures and Per Capita Provincial Expenditures

Province	Employment Trans '66	Stor & Comm '70	% of Prov Emp in Transport '70	Transp Expend as % of Gross Gen'l Expend % '71	Prov Trans. Expend Per Capita 1971
Manitoba	45,880	45,550	15.3%	7.7%	$50.15
Saskatchewan	26,620	25,140	13.3%	13.2%	89.21
Alberta	48,500	52,830	11.2%	8.1%	66.27
B.C.	73,450	83,760	12.7%	11.4%	72.76

that transport employment has declined absolutely from 1966 levels in Manitoba and Saskatchewan but that employment in that sector is still relatively higher than in the other western provinces

and above the 10.1% for the nation as a whole. Transportation expenditures by the provincial government are proportionately higher in Saskatchewan, reflecting the greater mileage of existing road. This is particularly apparent when per capita expenditures are reviewed and it is remembered that B.C. transportation expenditures include the British Columbia Ferry system in addition to highways. B.C.'s increased employment since 1966 reflects the increasing role of Vancouver as a Pacific entrepôt.

Railways - Western Canada

Role of the Mode

Railways have historically been the major transport mode of the west. In recent years, bus and air companies have captured major portions of the passenger movement and, to a lesser extent, trucking companies have captured some of the freight movement, particularly high value, time critical commodities moving over shorter distances (e.g. livestock, foodstuffs and some fabricated goods). But for bulk commodities, such as grains and ores and for long-haul general merchandise (increasingly in containers and piggy-back) the railroads have almost a monopolistic position. This position is aggravated by the fact that the two major railraods operate extensive complementary services in trucking and, to a lesser extent, in shipping. Table 2 provides some recent data on track mileage and loadings and unloadings, by province. It is apparent that Saskatchewan,

TABLE 2

TRACK MILEAGE -- 1970 & TONS OF REVENUE FREIGHT CARRIED

BY RAILWAYS IN CANADA - 1970 - 1971

Area	First Main Track Mileage	1970		1971	
		Loadings ('000 Tons)	Unloadings	Loadings ('000 Tons)	Unloadings
Manitoba	4,746	9,572	8,435	8,754	8,496
Saskatchewan	8,565	22,178	3,191	26,017	3,028
Alberta	6,245	20,075	8,509	22,628	8,285
British Columbia	4,370	21,482	26,983	25,104	33,330
West	23,926	73,307	47,118	82,503	53,139
Canada (Total)	43,983	207,740	193,054	211,965	194,662

* DBS - 52-205 - source

with twice the track mileage of B.C., handles only about 60% of the freight that B.C. does. Also, in both Saskatchewan and Alberta there is far more export of products than imports, a reflection of the economic base of these provincial economies.

In general terms, the railroads appear to have been effective and efficient in those areas where their administrations felt that a comparative advantage existed. Elsewhere, particularly in passenger movement and to a lesser extent in some commodity movements (e.g. potash), they have either not been responsive to changing demands or have lacked an innovative bent in generating increased use of their facilities. The reasons for these failures are multiple and complex, but some oft-repeated reasons include their monopoly position in many areas for a variety of commodities, the regulatory system under which they operate, their subsidiary interests in, for example, trucking and the nature of their ownership. There can be no question, however, that the orientation of the railways has been to accommodate and assist economic growth in traditional sectors. Conversely, with the exception of the British Columbia Railroad and the Northern Alberta Railroad, the railroads since the Second World War have not been oriented to economic development in terms of structural change (either sectoral or regional) or towards structural adjustment (either social mobility or de-isolation). The B.C.R. and N.A.R. were both designed as developmental routes, making resource areas more accessible to

processing markets. It might be noted in passing that the B.C.R. for several reasons (many of them fortuitous) has been much more successful than the N.A.R.

Rail -- Infrastructure

Present and planned track mileage is adequate to meet present and foreseen demands for commodity movements. Indeed, the major problem is past over-investment in the southern prairies, giving rise to the controversial branch-line abandonment schemes proposed by the railways and the Grains Group. The implications of such abandonment are far-reaching and touch economic, social, technical and political considerations. Oftentimes the multiplicity of studies and comments on studies have not taken adequate cognizance of dynamic changes that are occurring (albeit slowly) in the prairies. These include not only increasing farm size, but also the increasing diversification of the prairie economy (towards inclusion of livestock, oil crops and industrial crops), the improved quality and quantity of rural services -- electrification, schooling, buses and the rapidly changing mobility via roads because of provincial expenditures, increased car and truck ownership and increasing time available for travel purposes. These factors, in addition to the changing technology in grain handling and storage, add further complications to the issue of branch-line abandonment. How this issue will eventually be resolved is unknown, but it is certain that the three prairie provinces will continue to

consider this one of the major topics of discussion with the federal government regardless of which federal agency is involved.

Planned infrastructure investments include:

1) The Ashcroft-Clinton Cut-Off - linking the CNR and CPR with the BCR and thereby providing an alternative route to the coast during those infrequent periods when the Fraser Canyon is blocked because of weather conditions. (under study)

2) Branch line construction for forest products in the northwest of B.C. These routes would link with the C.N. mainline between Prince George and Prince Rupert. Three different lines are under study.

3) Extension of the B.C.R. to Dease Lake from Fort St. James. This route is under construction and completion is contemplated this year. Extension of this route into the Yukon is under study.

All of these proposals involve British Columbia only but the prairie provinces, particularly Saskatchewan have demonstrated support for the Clinton-Ashcroft cut-off (see Appendix S).

Rail -- Rolling Stock

Major changes in rolling stock of the railways have occurred in the past decade. Table 3 indicates some selected changes and, in part, suggests some of the changes that have occurred in commodity movements.

TABLE 3

SELECTED TYPES OF ROLLING STOCK IN OPERATION AS OF DECEMBER 31, 1960 AND 1970

	1960	1970
Passenger Cars	5,119	2,801
Freight Cars	191,553	188,737
i) Refrigerated	10,076	6,673
ii) Flat	12,645	18,043
iii) Gondola	20,310	20,975
iv) Hopper	15,578	24,496
v) Stock	4,917	2,827
vi) Box	111,217	101,746
Privately Owned Cars	5,031	16,211
i) Tank	4,999	14,957

The bulk of the privately owned cars are specialty vehicles for liquids, such as pulp and chemicals. These may, in fact, be lease-backs from subsidiary companies of the C.P.R. Decreases in passenger traffic as well as the decline in livestock and refrigerated goods are also apparent. The 50% increase in flat cars is an indication of the increase in containers and

piggy-back traffic. This is further borne out by the decrease in box cars. Total freight cars, including privately owned cars, increased during the decade. What is not as apparent, however, has been the increased capacity of individual cars (51.4 tons in 1960 vis-à-vis 58.2 tons in 1970). Also assisting in the efficiency increases are improved terminal facilities, increased speed, both on-line and at terminals and more efficient car usage.

The most significant trend is the increasing desire, by the railroads, for the major users to supply their own specialized rolling stock. The objective, obviously, is to minimize the investment risk to the railroads. No apparent critical issues are associated with rolling stock and no opportunities are immediately apparent in this sector.

Rail -- Policy Issues

The freight-rate issue is undoubtedly the single most controversial topic in the west and has been for several decades. The controversy revolves around the rates charged to deliver many processed goods from the industrial east to inland points in the west (and vice-versa), the relatively low rates charged on feed grains shipped to the east and rates on through-haul from central Canadian points to Vancouver and Prince Rupert*.

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* Prairie residents feel these rates are unreasonably low relative to the rates from Central Canada to prairie destinations. The railways counter-argument is that rates to Vancouver are lower because of ocean shipping competition.

Effectively, the present rate structure would appear to assist prairie manufacturers, so long as they did not try to get into Central Canadian markets. The reasoning here being that the relatively high rates on incoming products are akin to a protective tariff while the relatively high rates on out-going processed products similarly protects producers in Central Canada. In addition, western livestock producers complain that the low rates on the eastward movement of feed grains is, in effect a subsidy to eastern livestock producers.

In this controversy it must be remembered that the shear number of rates (by product classes and by origins and destinations) means that almost any point can be proven if one selects their examples with some care. The method of approaching the question may be to consider whether the present rate structure is effective in formenting economic development in the west. Here, the general weight of opinion is that no, it has not, despite the fact that it does assist certain prairie industries. The 'tariff'-like role of rates has not been particularly successful because in many instances potential manufacturers can not survive on the basis of the limited prairie market. That is, they need low rates to move processed goods eastward so that they can take advantage of economies of scale, etc.

It has been suggested that the transport sector could greatly assist in developing the west through the judicious use of regulatory action insofar as the freight rates are concerned.

One immediate danger, however, and far too often ignored, is whether any development that occurred in the west as a result of a modified rate structure would in fact be new industry (investment, employment, etc.) or merely a transfer from other locations.

There is no question that DREE will continually be queried about freight rates and asked to comment on the merits of present and proposed changes in rates. To respond effectively, a careful review of the possibilities of using freight rates to bring about structural change in the prairie economy needs to be carried out. Recent actions of the railroad, including changes in rolling stock, and the use of unit trains and containers, suggests that they are becoming more and more specialized and that an increasing portion of transport costs will accrue to the trucking companies, either as prime mover or the link to both producer and consumer through use of piggy-back or containers.

MARINE - Western Canada

Role of the Mode

Except for the port of Churchill, Manitoba, only British Columbia is involved directly in this sector. Because of the nature of their economies, however, the prairie provinces are deeply concerned with port developments as they influence

their overseas markets (see Appendix S). Ocean shipping, as noted earlier, is undergoing rather major technological changes -- increased ship size, more specialized vessels, containerization, and lighter aboard ship. Hence, major shoreside facilities are being constructed. At the same time, increasing pressure from environmentalists in forcing a much more critical review of locational factors and therefore some present port sites are being re-designed and bulk cargo handling facilities removed to areas where the least change will occur.

Of the eleven national harbours, three (Vancouver, Prince Rupert and Churchill) are located in the west. The following material will discuss these ports separately because these three are of major importance to the Prairies and, indeed, the nation as a whole. Several other B.C. ports, including Victoria, Nanaimo, Port Alberni, Kitimat and Howe Sound are discussed very briefly at the end of this section. Obviously these and other, smaller, ports are of extreme importance to B.C. but in part they are highly specialized and serve an often localized area or else, they serve essentially as bridges on the highway system. In the latter group are the several ports of the B.C. Ferry System (e.g. Schwartz Bay, Tsawwassen, Horseshoe Bay).

One point may be noted. The planning in the port sector of the transport system and the ensuing implementation phase have been influenced greatly by expectations of what would

occur in overseas markets -- particularly Japan. Therefore, if one reads port planning reports through approximately 1970 that include demand projections, it is apparent that, at least in the short-run they were over-optimistic. This is largely because no one could or did foresee the Japanese economic recession. This has resulted in some slow down in construction of facilities. In addition, the rapid increase in the use of containers was apparently not adequately foreseen by Canadian planners in the shipping field. This combined with a number of other factors to be pointed out below, has left Vancouver at a considerable competitive disadvantage vis-à-vis Seattle.

National Harbours

In 1972, Prince Rupert became the eleventh National Harbour. Following a massive fire in June, a $9 million deep-sea, general cargo wharf was recommended. One attraction of Prince Rupert as a national port is that it is approximately two sailing days closer to Japanese ports than Vancouver. Table 4 shows the tonnages handled for the first nine months at the three western National Harbours. Declines in Vancouver were

TABLE 4

TONNAGE HANDLED, JAN. 1 - SEPT. 30, 1971 AND 1972
(in weight tons of 2,000 lbs.)

	1971	1972
Churchill	612,739	555,997
Prince Rupert	1,036,146	1,126,072
Vancouver	27,013,604	26,217,517
Total - West	28,662,489	27,899,586
Total - Canada (Nat'l Harbours)	68,466,006	70,348,978

largely due to work stoppages. Churchill maintained a high level of activity despite the most severe ice and weather conditions experienced in many years.

Other data indicates that there was a 33% increase in foreign containerized cargo between 1971 and 1972 in the seven national harbours equipped to handle containers but a decrease of 9% in Vancouver. While this difference is partly explained by the aforementioned labour disputes, other factors have also contributed to Vancouver's decline. First, the present fifteen acre facility at Centennial Pier is wholly inadequate. A seventy-seven acre facility is planned for further up Burrard Inlet and this should be in partial operation in 1974. Secondly, certain shipping conferences exercise discriminatory practices against Vancouver that result in diversion of cargo to Seattle for transhipment. These practices generally revolve around the absorption of wharfage and service costs between shipping line and consignee.* Thirdly, clauses in the labour contracts of the longshoremen include "stuffing" and "unstuffing" containers that result in higher costs to consignees in Vancouver that receive goods through Vancouver's port. Table 5 indicates transborder movements of containers between Seattle and Vancouver for selected months in 1971. Apparently

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* This subject is dealt with in a paper by Emam Khan and Briau L. Hauff *"An Analysis of Certain Cargo Handling Differentials and their Impact -- Vancouver and Seattle". Nov., 1972. Available in the files of Western Region Planning.

TABLE 5

TRANSBORDER CONTAINER MOVEMENTS

Selected Months - 1971

Vancouver - Seattle

	Converted to 20ft Equivalents	
	Northbound (ex Seattle)	Southbound (ex Vancouver)
April	634	859
June	774	1,001
Sept*	1,636	2,366
Nov	1,069	1,150

* During Sept., 1971, there was a strike in U.S. West Coast Ports.

further increases occurred in 1972. Whether the new facility will overcome the other difficulties of Vancouver as a container point is a very real question.

Other port facilities foreseen for the Vancouver area include expansion of the bulk handling facilities at Point Roberts (largely coal and sulphur), construction of an 87 acre general cargo terminal on the North Shore, and additional container facilities in New Westminister. The foregoing are indicative of the type of infrastructure investment planned for the Lower Mainland area of B.C.

In brief, with the possible exception of container facilities, the National Harbours of the west appear a dynamic sector that is able to generate the investments needed in infrastructure.

The problems of greatest concern to the west as a whole vis-à-vis ports are all related to the effectiveness of moving goods out of the ports efficiently and these, historically, have revolved around labour-management relations. Again, as in other aspects of the transportation sector, the problems have their solution in the very difficult 'tion' group -- negotiation, coordination, arbitration, regulation and in short, institutions.

Before considering other B.C. ports, it seems appropriate at this time to note one area of controversy between the province and the federal government because it concerns one of the national harbours (Prince Rupert) and its future. To encourage use of the B.C.R., the provincial government is seeking to establish a large bulk handling facility on Howe Sound. The major issue is a $250 million coal handling contract. The competition, at present, is between Prince Rupert, a new National Harbour serviced by the C.N.R. and Britannia Beach (seven miles south of Squamish) on Howe Sound, serviced by the B.C.R. If all of the coal were going to Japan, Prince Rupert would be the immediate logical choice, but approximately 60% will move to the United Kingdom and the remainder to Japan.

Another factor is frequency and duration of closures on the rail routes to the ports. Prince Rupert - Prince George route has historically had prolonged winter closures. Environmental concerns, the factor that resulted in rejection of the Squamish site will similarly influence the decision. Attitudinal changes, concerning the export of non-renewable resources, may also force British Columbia to seek royalties at a prohibitive level -- the Premier has already indicated that the previously negotiated twenty-five cents per ton is no longer acceptable. The Prince Rupert-Britannia Beach controversy will be a major issue in B.C. in the coming months.

Other B.C. Ports

In addition to the three national harbours in the west, there are eighty other B.C. ports, not including ferry terminals, that are involved in coastwise and international trade. Of these eighty ports, thirty-two were involved in both international and coastal shipping. The balance were involved exclusively in coastwise shipping. Appendix 1 lists these ports and indicates their 1970 loadings and unloadings for both coastal and international freight and identifies major commodities involved in coastwise transport. The smaller ports are all highly specialized and are used for resource movement and fossil fuels. More recent figures for these ports are not yet available. The 1970 shipping year on the West Coast was marked by a recovery from 1969 levels, in part because the

longshore labour disputes of 1969 were resolved. Coastal shipping declined in 1970, however, because of reduced log movement resulting from labour disputes in the tow boat (tug) industry. Preliminary figures for 1972 indicate that once more labour disputes, in this instance in the logging industry, curtailed coastal barging of logs and pulpwood as well as log-towing operations.

Marine Transport - Issues and Opportunities

The physical facilities in this sector, both shore-side infrastructure and vessels are either adequate or else plans are underway for necessary expansion and improvement (e.g. container facilities) and existing public and private agencies have a demonstrated capability to develop the needed infrastructure. One possible exception may be west coast grain storage and handling facilities but this needs rather more thorough investigation than has been possible to this time.

Major issues involve labour disputes, environmental concerns, particularly at bulk cargo handling sites and inter-modal considerations, particularly rail-ship interfaces. The relatively poor competitive situation of Vancouver vis-à-vis Seattle in attracting container traffic is rapidly emerging as one of the most critical issues. It is doubtful if, all other things equal, a new container handling facility in Vancouver will overcome Seattle's competitive edge.

HIGHWAYS - WESTERN CANADA

Role of Mode

Highway Transportation dominates the field of passenger transportation in Canada. It is estimated that 89% of all travel in Canada takes place by automobile. By choice, people have made it amply clear that for intercity travel, over distances of up to 500 miles, they have a strong preference for automobiles. As with most forms of personal travel, highway travel is a product of increasing levels of living; more automobiles purchased and more miles driven as incomes rise. With respect to regional bus travel (about 3% of total travel at present) with continuing discontinuances of trains this will be the only commercial surface mode and its role seems secure. Highway freight has developed rapidly over the past decade and in the total Canadian context has an 8-9% share of the market. Most commercial trucking business consists of hauling manufactured products in relatively small quantities; relatively light non-bulk traffic and small transport units in relation to other modes. Trucking is related to the secondary manufacturing and consumer goods sectors with its inherent ability to provide flexible, rapid, reliable service.

Jurisdictional Factors

Construction and maintenance of highways in Canada have been traditionally the responsibility of the Provincial

Governments.[1] Until 1949, federal involvement was limited largely to roads in the North, in the National Parks and similar areas where Federal Government has the sole responsibility. Significant federal involvement in highways commenced in 1949 with the passing of the Trans-Canada Highway Act. With the enactment of the Act, Federal Government acknowledged that the provision of adequate high standard national highways, in addition to the province oriented highway systems, was of national interest.

Single purpose initiatives such as the Trans-Canada Highway, and Roads to Resources have now been terminated. Nevertheless, federal commitments on highways expanded to about $150 M per year by 1971, involving major program initiatives by four federal departments - Department of Regional Economic Expansion, Ministry of Transport, Indian Affairs and Northern Development Department, and Department of Public Works. These expenditures on highways have been, in general, oriented towards providing the necessary infrastructure to the attainment of larger governmental goals.

The Department of Regional Economic Expansion expended some $75 M in 1971 on highways, which are considered as essential infrastructural elements for regional economic expansion. This program is directly concerned with the reduction of economic disparities in Canada.

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1 - Appendix 2 indicates division of responsibilities in the four western provinces.

The Ministry of Transport has the second largest commitment to highway related programs, some $48 M in 1971. The direct commitments to highways is very small. Most of the allocations are for the Eastern Ferry Services, the Railway Grade Crossing Fund, and to National Harbour Crossings, which result from constitutional responsibilities and intergovernmental agreements.

Indian Affairs and Northern Development Department expended some $16 M on highways in 1971, mainly serving Indian and Eskimo Lands, providing roads in the North and within the National Parks. These highway expenditures are made in the fulfillment of federal program objectives related to Northern Development, National Parks and the constitutional responsibilities relating to the Indians and Eskimos.

The Department of Public Works responsibilities include the Alaska Highway, the Canadian portion of International Bridges, and the reconstruction of Gaspe Highway. The program expenditures are related to international agreements and interprovincial arrangements.

Federal involvement in highways has evolved from single purpose oriented initiatives into the programs which support other federal goals, such as reduction of economic disparities, national sovereignty and unity, social de-isolation, fulfillment of constitutional arrangements etc. These commitments reflect a substantial change in federal posture in the last decade. An estimate of federal expenditures in the west

would indicate a figure of between 20 and 25% of the $150 million total.

Federal highway policy is now under review with several alternative policy structures under consideration.

Provincial Expenditures on Highways

The tables show the expenditures and revenues of provincial expenditures in Western Canada.

ESTIMATED EXPENDITURES OF PROVINCIAL GOVERNMENTS ON HIGHWAYS, ROADS AND BRIDGES

Fiscal Year 1968-69

(thousands of dollars)

Province	Construction		Maintenance			Administration*	Total direct expenditures	Grants payable	Total gross expenditures	Rebates	Total net expenditures
	Roads	Bridges	Roads		Bridges						
			Regular	Winter							
British Columbia	72,800	17,200	23,500	3,500	3,000	2,900	122,900	nil	122,900	2,250	120,650
Alberta	34,969	9,480	7,800	3,000	545	4,733	60,527	32,632	93,159	1,540	91,619
Saskatchewan	37,921	1,370	9,484	1,725	50	5,801	56,351	14,336	70,687	122	70,565
Manitoba	25,750	—	7,650	2,150	—	4,130	39,680	5,150	44,830	—	44,830

PROVINCIAL REVENUES FROM USER TAXES

(thousands of dollars)

Province	Fiscal Year			
	1968-69 (Estimates)	1967-68 (Estimates)	1966-67 (Actual)	1965-66 (Actual)
Motor Fuel Taxes				
British Columbia	68,000	61,500	61,158	55,756
Alberta	70,000	50,000	46,032	43,114
Saskatchewan	46,200	36,900	34,134	30,015
Manitoba*	40,500	38,267	40,443	39,430
Licenses and Permits				
British Columbia	31,000	29,000	26,085	24,857
Alberta	22,000	19,000	17,131	15,751
Saskatchewan	14,100	11,500	10,018	9,509
Manitoba*	15,000	13,807	10,601	12,048

The tables show road facilities which exist to 1968 by classification.

RURAL ROAD MILEAGES IN CANADA, 1968

	Paved	Gravel, stone	Graded earth	Unimproved earth	Total
British Columbia					
Freeways	101	—	—	—	101
Arterials	3,178	539	46	—	3,763
Collector	945	1,026	36	—	2,007
Other highways	1,979	10,292	6,676	—	18,947
TOTAL	6,203	11,857	6,758	—	24,818
Alberta					
Freeways	97	—	—	—	97
Arterials	3,328	588	—	—	3,916
Collectors	1,347	1,272	—	—	2,619
Locals	382	54,328	12,603	19,906	87,219
TOTAL	5,154	56,188	12,603	19,906	93,851
Saskatchewan					
Expressways	88	—	—	—	88
Arterials	4,256	262	9	—	4,527
Collectors	1,808	3,620	53	—	5,481
Locals	344	46,829	67,533	—	114,706
TOTAL	6,496	50,711	67,595	—	124,802
Manitoba					
Freeways	128	17	—	—	145
Arterials	3,217	526	—	—	3,743
Collectors	540	6,806	—	—	7,346
Locals	—	15,089	13,170	6,768	35,027
TOTAL	3,885	22,438	13,170	6,768	46,261

FREEWAYS AND MULTI-LANE RURAL ARTERIAL DIVIDED ROADS

Province	Miles of freeway in operation	Multi-lane rural arterial divided roads; controlled access	Total
British Columbia	101	2	103
Alberta	97	186	283
Saskatchewan	88	—	88
Manitoba	128	—	128

Some points of note are the large expenditures and amount of roads in Saskatchewan in relation to population and the relatively small but expensive system in B.C.

Considerable activity is planned by the provincial governments in this sector over the period 1972-77 on primary, secondary and access roads.*

British Columbia	-	$539 million 587 miles
Alberta	-	$205 million 547 miles
Saskatchewan	-	$ 99 million 368 miles
Manitoba	-	$117 million 174 miles

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* These data are confidential and for DREE internal use only.

Accessibility

One important measure of highway service is accessibility by quality of road. In this context one can first examine the places in Western Canada without road service.

The nodes without roads, their characteristics, present transport access and potential highway connections are shown in Table 6. Although some nodes are shown without transport access this is not the case, rather the existing service by water or

TABLE 6.

NODES WITHOUT ROADS

	Name of Node	Population	CHARACTERISTIC: Recreation Area: National Park	Recreation Area: Provincial Park	Recreation Area: National Hist. Site	Recreation Area: Recreational Area	Resource Area: Mining-Metallic	Resource Area: Mining-Non Metallic	Resource Area: Forestry	Resource Area: Power	Resource Area: Fishing	Transport Terminal: Airport	Transport Terminal: Port	Transport Terminal: Railroad Station	Transport Terminal: Inter Prov. Ferry Term.	Transport Terminal: International Highway	Transport Terminal: Internat. Water Cross.	Transport Terminal: Defence Base	Highway Likely To Be Constructed By 1982	Rail	Water	AIR: Land	AIR: Water	AIR: Heliport	Highway Likely To Be Constructed By 1982 (Mileage)	Highway Not Likely To Be Constructed By 1982 (Mileage)	Construction Cost (Dollar Millions)	Remarks
	Hamber			X																						15	3.0	To Hwy 23
	Iskut						X																					Not Located
B	Kitsault	343					X														X		L			20	5.0	To Stewart
C	Nootka				X																X					-	-	Not Practical Located On I.
O	Ocean Falls	1,085										X	X								X	L				115	29.0	To Bella Coola
L	Punchaakut Lake									X																25	6.3	To Hwy 97
U	Raging River						X																			20	5.0	To Hwy 97
M	Susherna									X											X					30	7.5	To Hwy 16
B	Swanfibre	408								X			X													15	3.0	To Hwy 99
I	Fort Chipewyan	1,032																	X		X	2,4,7 L 4,7	4.7		200 or 155		12.0 or 9.5	
A	Uranium City	1,867					X												X		X	4,7	4.7		92		5.5	To Chipewyan
ALTA-	*Rabbit Lake						X												X		X				150		9.0	To Hwy 2
SA-	+Berens River	942																			X		L			70	3.5	To Little Grand Rapids
SK.	Bernic Lake						X																			20	1.0	To Little Grand Rapids
M	Black Island							X											X							95	4.8	Not Practical
A	Brochet	822																					L			95	4.8	To Lynn Lake
N	Churchill - Fort																			X	X	1,2,3 4,6,7	1,2,3 7,5,9			170	10.5	To Gillam
I	Churchill	3,337		X								X	X	X												130	6.5	To Ste. Theresa Pt.
T	Cross Lake	1,917																				9 L	L			80	4.0	To Ste. Theresa Pt.
O	Garden Hill	1,288																								55	2.8	To Split Lake
BA	Gillam	1,791								X				X												80	4.0	To Fox, Thetwas Pt.
	God's Lake Area	1,143																		X		2,3 4 L 7,9				40	2.0	To Hwy 6
S	Jenpeg									X															50		2.5	To Flin Flon
	*Kississing Lake									X															65		3.3	To Extension of Hwy 391
A	+Leaf Rapids										X								X				U			65	3.3	To Hwy 304
	Little Grand Rapids	723																							Nil	0	-	Existing Connection to
	+Lynn Lake	3,676					X					X		X									L					Leaf Rapids (Hwy 391)
	*Mitchell Lake									X										X		2,3,4 5,7	3,4 7,5		15		0.8	To Hwy 10
	Moore Lake	750																	X			L				55	2.0	To Hwy 10
	*Nelson House	1,504																							35		1.8	To Hwy 391
	Oxford House	880																	X				L			105	5.3	To Ste. Theresa Pt.
	+Pukatawagan	967												X									L			90	4.5	To Kississing
	Sutton Lake							X												X						15	0.8	To Leaf Rapids
	+ Ste. Theresa Point	951																								150	7.5	To Little Grand Rapids
	Split Lake	799												X									L			80	4.0	To Thompson
	York Factory				X															X						100	5.0	To Gillam

Legend: * Highway likely to be constructed by 1982
+ Internal road network not connected to Main Highway System

Legend: L - Licensed
U - Unlicensed
1,2,3 - Class of Service (See text.)

air transport is not sufficiently regular to merit a "serviced" classification.

From the table is is evident that accessibility is not a major problem; where economically feasible, road connections will be provided to all nodes. Nodes without roads generally appear in coastal B.C., where road access is not economically feasible or NE and Northern Manitoba where such connections are not economically justifiable. In such cases alternative access by water and/or air is provided.

To evaluate accessibility by quality of road both provincial road systems and the recent highway systems study by MOT which defines a national system were examined.

British Columbia has a system based on topography of the river valleys and it is weak in terms of EW connectors, strong in NS links. Important centres of population are connected. The southern part of the province has an irregular grid system with considerable spacing between arterials. Improvements planned for the Alaska Highway and the Stewart-Cassiar road should adequately serve the sparsely developed northern areas. B.C. ferries provide important links in terms of Vancouver Island and northern coastal areas. Limited water services are provided to the Central Coast.

Alberta has a well developed system of E-W major roads in the south with perhaps some lack of N-S major connections but the usual good prairie area grid of gravel roads.

With improvements planned for the future to connect to Fort Chipewyan an adequate northern system will exist.

Saskatchewan has an extremely good grid - radial system of major roads in the south, reflecting its heavy highway expenditures. The north is lacking in road service in terms of a basic system.

Manitoba has an extremely good grid system in the S-W populated area and a basic northern system. The N-W area of the province is lacking in terms of a basic road system and if development is identified in this area additional roads would be warranted; they do not appear to be justified at the present time.

The highway system in Western Canada is generally quite good and is, if anything, over-built for demand. The significant traffic volume areas at present (5-15,000 vehicles per day) are near Winnipeg and Regina (TCH), between Edmonton and Calgary and between Vancouver and the B.C. Okanagan area, basically all divided facilities. The TCH between major cities carries 2-5,000 vehicles per day dropping to 500 - 2,000 between Alberta and Saskatchewan. Projections for 1982 indicate heavy movement in the Vancouver-Calgary-Edmonton triangle and some growth of present volumes in the primary system.

Intercity Trucking

The trucking industry in Canada has grown from what used to be essentially a short-haul transport service to become a transport medium providing its wide range of services over an equally wide range of distances.

The growth of the highway carrier has largely been a product of the development of highways and improvements in vehicle design. These two influences are inter-related. Progress of highway building could not be reflected in the efficiency of transport operations unless it were paralleled by progress in equipment design. Conversely, progress in equipment design was useful only if progress in highway provision made the application possible. Although there was an exploitable demand for trucking services between central and western Canada as early as 1945, conditions at that time were not deemed to be suitable. Poor road conditions and heavy, unreliable equipment made the potential payload too small and the service unreliable. Highway trucking performed only 3.3% of the Canadian transport service.

Progress in highway design and construction has been paralleled, and to a large extent induced, by progress in the introduction of new transport equipment. Better highways are now capable of accommodating larger and heavier equipment. At the same time, through design improvement, the new equipment shows a better payload to gross weight, as well as greater use of cubic volume.

As with other industries, the costs of operation in the trucking industry are increasing steadily, particularly the cost of the input labour. Today, labour is said to account for 50 to 55% of all trucking costs. During the four years 1965-69, wage and fringe benefits in the trucking industry increased 85%. This meant that labour was responsible for a 40 to 43% increase in the total costs of trucking over those four years. This substantial burden was ultimately reflected in rate increases. Truckload rates increased by 23%; less than truckload by 90%; and minimum charges by 120%.

Coupled with the increase in vehicle size has been the trend for longer truck hauls seen in average length-of-haul figures. Because of the considerable amount of very short movements, these averages tend to obscure the amount of long-haul traffic. Nevertheless, increases in the averages reflect another important trend in the industry.

An overall average in 1957 shows the length of haul of for-hire trucks as 37 miles; in 1961 as 75 miles; and in 1966 in excess of 100 miles. But for inter-provincial and international traffic, the average in 1957 stood at 400 miles; in 1961 at 600 miles; and in 1966 at over 700 miles.

Motor vehicle undertakings engaged in provincial or inter-provincial transportation have operated under permits or licenses granted by the individual provinces in which the

movement takes place. Under the Motor Vehicle Transport Act of 1954, the provinces were authorized to issue licenses to inter-provincial motor vehicles undertakings upon like terms and conditions and in a like manner as for local provincial undertakings.

Under provincial regulation, considerable variation exists with respect to the requirements for and the character of licenses. Although Part III of the 1967 Act, proclaimed on 15 May 1970, brings inter-provincial highway operations under federal control, the variations will probably continue to be of some importance. More important for the long run is the jurisdictional division finally determined between federal and provincial authorities.

The varying operative conditions for the trucking industry, created by difference in legislative provisions among the provinces, arise mainly out of licensing provisions affecting two aspects of services: commodity coverage and service requirements.

In terms of Western Canada north-south linkages inter-national trade is of relatively little importance. Rather trade seems to occur on an east-west axis with any north-south movements being made to supply or connect cities in Canada. The Winnipeg and Brandon routes to the U.S. are not major demand corridors mainly because there are no

population concentrations of sufficient size to the south to create any demand. The northern route to Thompson and Flin Flon is serviced by several small local companies. However, completion of the Thompson-Winnipeg Highway could increase trade between the two centres. Saskatchewan's northwest to southeast axis (Prince Albert to Estevan) serves as a link between the major centres in Saskatchewan that are not served by the Trans-Canada Highway. Alberta's north-south corridor joins Edmonton-Red Deer-Calgary and Lethbridge. In British Columbia a north-south link connects Prince Rupert and Kitimat with Prince George, Kamloops and Vancouver. In each case although traffic is fairly high in these corridors (as evidenced by the operation of several large transport companies) there is relatively little international transfer.

In terms of east-west corridors the transportation markets are between major population centres. Between Calgary and Regina the major route is Lethbridge-Swift Current-Moose Jaw; 30 carriers vs 9 on the direct TCH route. The Edmonton, Saskatoon Corridor includes these two cities and a number of towns, the largest of which is North Battleford, Saskatchewan. Thirty freight carriers operate on the corridor; 11 of these are intra-provincial undertakings - seven in Alberta and four in Saskatchewan. Upon preliminary inspection, the Alberta motor industry structure under conditions of free entry would seem to offer comparable shipper service to Saskatchewan with the latter's practice of restricted entry and protection of

local carriers. It would also seem that under Alberta's scheme of free entry, the inter-provincial carriers and others concentrate on city-to-city movements, leaving service to smaller towns for the intra-provincial operator - a process perhaps more appropriate to their respective scale and economies of operation. On the Saskatchewan portion of the corridor a different pattern can be seen. Tightly written authorities limit the motor carriers to definite "pick-up - set-down" privileges. The intra-provincial corridor (157 miles) linking Regina and Saskatoon has 13 smaller towns, each of less than 500 population. No major towns lies along the corridor, though Davidson seems to be the major breakpoint for intra-provincial work. Twenty-nine carriers operate over this corridor; five of these are strictly intra-provincial undertakings, and 24 others are extra-provincial. The Regina, Saskatchewan - Winnipeg, Manitoba Corridor following the TCH also links the major towns of Brandon and Portage la Prairie; this latter portion of the corridor is also part of the Saskatoon-Winnipeg corridor. Twenty-two federal carriers operate on the Regina-Winnipeg corridor. The Saskatoon-Brandon-Winnipeg corridor over Highway 4 serves one other major town, Yorkton, a junction point for Regina traffic south.

The trucking system in Western Canada is generally good in terms of coverage, availability and reliability of service. The major problem area would appear to be the different regulations between provinces on weights, and sizes of units,

control of entry and rates-route regulations. For example, a trucker operating between B.C. and Alberta must purchase a separate license for each province yet these provinces individually have reciprocity agreements between numerous U.S. states. British Columbia has good weight limits, tight regulations in general with rate filings. North of Highway 16 (Prince Rupert area) there is no regulations of trucking. With the opening of the Stewart-Cassiar road scheduled truck service will exist. Alberta has no regulations and operates under a free enterprise system. The development in North Alberta of combination bus-trucks (Brucks) to small communities is interesting, as is the operation of triples in the Edmonton-Calgary corridor. Saskatchewan has weight limits, tight entry and rate control. Manitoba has high weight limits (Ontario formula) extremely tight entry, rate and route control (monoply situations in some routes). Except during spring, weight restrictions are generally not a problem.

This somewhat chaotic situation has been studied in Canada by a federal-provincial council with recommendations for co-operative federal-provincial regulation. These recommendations are being considered by the governments and regulatory bodies concerned.

Intercity Bus[1]

Because of the proliferation of competing companies and somewhat unruly competition, regulation of the bus industry was introduced in most provinces in the 1920's. A common regulatory feature required a finding of public convenience and necessity for the grant of a license for operation. The effect commonly was the licensing of only one operator over the same highway route.

From these beginnings, the bus industry in Canada expanded rapidly, particularly during World War II when rationing of gasoline severely restricted travel by private automobile. The industry reached its peak in 1949, when 145 million passengers were carried. This achievement was four times greater than the combined counts of passengers carried on all Canadian railways and airlines during the same year.

The strengths of the intercity bus industry lie in various of its features. Present motor coaches are fast, comfortable, and air-conditioned. Long-distance buses have toilets, reclining seats, and carry all the luggage needed by intercity travellers. Passengers can often pick up a long-distance bus near their suburban homes instead of from a downtown bus terminal. Buses will also stop when entering their destination city and let passengers off in the suburbs.

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1 - Appendix 3 describes provincial bus systems in more detail.

Co-operation among carriers has resulted in schedules being co-ordinated to the point that it is possible for a passenger to travel continuously by motor coach right across Canada without experiencing any undue delays at connecting points.

Improvements in existing highways coupled with the recent construction of controlled access or express highways have enabled motor coach companies to reduce time in transit and make their services more attractive. As an example, a trip by motor coach from Montreal to Toronto took approximately 12 hours in 1940 to cover the 354 miles. Today, an express trip takes six and one-half hours.

One final factor stressed by the industry is that long-distance bus fares are highly competitive with rail transport; they are generally lower, making this the least expensive mode of travel.

In spite of the fact that buses have become sophisticated in the scheduled service aspects of their operations, the intercity passenger market is extremely competitive, and the industry has developed other sources of revenue in order to remain financially healthy.

One rapidly expanding and very important source of this revenue is package express, developed in the 1950's. Today, for example, it is not uncommon for an intercity

passenger bus to begin its journey with over a ton of parcel express. In fact, the smaller bus companies often find that packages express revenues turn what might otherwise be a marginal operation into a profitable business.

The private automobile is so predominant in domestic passenger travel that it leaves all other modes competing for about 15% of the total market. Buses account for about one-fifth of this commercial remnant.

To carry this traffic, there are approximately 850 bus companies operating in Canada. A small percentage of these carry over 90% of the intercity traffic. In addition, the Canadian bus industry has a marked regional structure. Each province is dominated by one or two bus companies and even in Quebec and Ontario, where large numbers of carriers still remain, a few dominate.

The largest single operator in Canada in terms of route mileage, areas served, and revenues, is Greyhound Lines of Canada Limited. This company is an exception to the regional structure of the industry as it is a trans-continental operator. The company also owns several subsidiary bus companies throughout Canada. With head offices in Calgary, Alberta, the company operates westward into British Columbia and eastward to Ontario with charter operations all over Canada and into the United States. The extent of Greyhound's operations can be appreciated when it is realized that in 1969 the company logged 529 million passenger-miles with gross

revenues of approximately $38 million.

Effectiveness of Present System, Problems and Major Issues

The process of transportation planning being an analytical one of systems analysis, projections, deficiency analysis and planning-programming it is barely credible in this brief overview to discuss system effectiveness.

Trucking services in Western Csnada appear to be adequate in terms of coverage, frequency, efficiency and cost. The major issue with respect to trucking appears to be the federal-provincial regulatory mix which is eventually determined and commonality of regulation.

Bus service in Western Canada appears to be adequate. No major issues or problem areas are apparent although bus accessibility to and between smaller centres should be assured to provide good rural public transit, accessibility for non-auto owners, ensuring economic and social interaction. Both trucking and bus services will develop further, with availability of highways, into any locations where demand warrants.

Highway systems in Western Canada appear to be adequate and may possibly be over-built at present. A good primary system of arterial TCH standard facilities exists in the west. B.C.'s concentrated spatial pattern in the south leads to higher quality facility requirements as opposed to the dispersed prairie grid pattern. Some problems exist in the S. Alberta-

B.C. border area. NW B.C. improvements underway have led to Alberta requesting similar improvements. The TCH Yellowhead route is rapidly being improved to a good standard. Paving of the Alaska Higheay occurs as justified. Saskatchewan's northern system is being improved as is Manitoba's. Provinces desire the flows to move through their own major centres and this causes some inter-provincial problems in the north. There are some highway environmental issues in relation to Wood Buffalo National Park. The effects of grain rationalization on the highway network in the Prairies may cause problems when decisions are reached in this matter.

Issues with respect to highways involve resource exploitation, upgrading of existing city-pair linkages and social de-isolation roads.

Opportunities

While rural arterial investment does generate benefits to a region by reducing vehicle operating and accident costs as well as contributing towards the reduction of transportation cost as an input to the manufacturing or distribution process, the hypothesis that this investment does contribute a significant benefit to regional development beyond that of an alternative, non-transportation investment has never been completely tested in Canada.

Application of traditional highway needs analysis to a ranking of competitive investment strategies becomes a sterile approach without a satisfactory method of weighting the goals of the policy-maker. Also, the assertion that either user savings or highway user taxes eventually recapture the capital cost of the investment becomes irrelevant if one attempts to test the contribution of highway investment to regional development. Converting this goal into an objective function implies that only those investments which render a selected region more attractive to industrial location or the stimulation of commerce should be undertaken. In this sense, a proposed spectrum of infrastructure investments must be ranked in order of their respective pay-offs toward this goal. Within this package or bundle of services and facilities, roads would merit investment only insofar as erasing of a deficit position in transportation need would lower the total production-distribution cost function.

Application of cost-benefit analysis in this case would only identify all system deficits and backlog work; this satisfies welfare and equity considerations and perhaps aids the nebulous goal of national unity through alleviation of perceived regional disparities, but the alleviation of any backlog transportation demands will not guarantee contribution to a region's ability to induce industrial expansion. Similarly, substantial reduction in transport costs may be achievable but the impact of these savings upon increased or more efficient use of resources may be negligible.

Therefore, the analysis of alternative investment projects, of which transportation infrastructure is but one sub-set of investment candidates, must rest upon the spatial relationships involved in economic, political and social linkages between population concentrations and their supporting activities.

In the Western Region transport functions related to regional economic development can be generally thought of in terms of the following:

1. Resource Exploitation

   This would include only those development roads which link actual or potential production sites with Market or Processing activities (forestry and mineral development mainly).

2. Improvement of Existing City - Pair Linkages

   Candidates for investment could cover one of several needs; i.e., increasing of capacity, reduction of spatial costs of commodity and people movement, provision of all-weather access to markets, and channelization of industrial (secondary or tertiary) activity.

3. Area Penetration or Regional Exploitation Routes

   This category of transportation need is more difficult to define since its objectives may include not only

the channelization of resource-based activity and private and public investment but also the reduction in transport cost differentials in reaching processing or distribution centres. Other needs may also become prominent in the investigation of priorities such as the alleviation of dust problems, the need to offer an alternative to existing air or water services, and the opening of an area for year-round access.

4. Social De-Isolation Roads

This category of need - if this is indeed a planning objective follows to some degree the calculus of an area penetration road. In such a case, however, the alternative services available may bear more importance especially when little economic potential exists beyond the social and political benefits accruing to the isolated community. Provision of mobility and increased potential for interaction with an exposure to the economic climate and the attendant attitudes of the national "mainstream" may be the only scale on which to weigh the cost-effectivensss of the option when compared with air or water access.

AIR - WESTERN CANADA

Role of Mode

Air transportation, both cargo and passenger, is the fastest growing mode of transport in Canada. From 1960-68

air-passenger miles grew from 2.2 billion to about 5.8 billion. Air freight has shown a similarly impressive growth rate although it still remains an insignificant portion (o.1%) of the total freight ton miles (40 million in 1960, 170 million in 1968). Air is rapidly becoming the dominant commercial carrier for passengers. As personal incomes rise, a greater proportion of the population will travel by air for personal or recreational reasons. Complementing the effects of external economic factors on air travel are airline productivity improvements, allowing the relative cost of air travel to decrease. Air is, of course, the most important mode from the viewpoint of inter-city business travel.

Ground Facilities

A very expensive and continuing commitment for the federal government is the provision of adequate ground facilities to handle increased passenger volumes and more sophisticated aircraft. Related to this is the problem of private flying (69% of all aircraft in 1967), planning accommodation, regulatory and safety problems.

The number of licensed airports in Western Canada by ownership are as follows:

TABLE 7

	B.C.	Alta.	Sask.	Man.
Licensed airports operated by MOT	27	7	4	4
Licensed airports operated by Municipality	29	30	18	8
Licensed airports operated privately	70	21	30	40
TOTAL	126	58	52	52

In addition, an equivalent number of unlicensed aerodromes exist operated by government, the military, or the private sector.

Civil airports in Canada have been categorized for identification and administrative purposes into eight classes, namely "Mainline", "Auxiliary", "Satellite", "Local", "Development", "Remote", "Seaplane" and "Heliport". MOT assumes direct responsibility for the capital cost of field development on "Mainline", "Auxiliary" and "Satellite" airports and is prepared to provide financial assistance toward the development or improvement of "Local" airports. In addition, in certain circumstances, contributions may be provided for the development of "Remote" airports. Seaplane facilities and heliports are regarded as airports and the extent to which MOT develops or assists with the development of such facilities is dependent

upon the classification into which they fall, e.g., Mainline, Local or Remote. (See Appendix 4 for definitions and route maps).

The major airports in Western Canada, their usage and immediate needs are shown in Table 8 (see attached map for zones). Needs shown are approximate only, based on planning information, but would generally be financeable within present departmental programs of the Ministry of Transport.

Air Services

The maps in Appendix 3 show the extent of air services and major demand patterns in Western Canada. Additional information was examined regarding the total pattern of services including Class 3 carriers.

Air Canada, the major national carrier, a Crown Corporation operates fairly extensive service between the major centres and provides transcontinental service.

C.P. Air operates a partial transcontinental service and is limited by national policy to 25% of Air Canada's seat miles; beginning and ending in Vancouver. C.P. Air, based in Vancouver, operates fairly profitable services to B.C. points and Whitehorse, increasing level of service as requirements increase, not generally seeking system expansion.

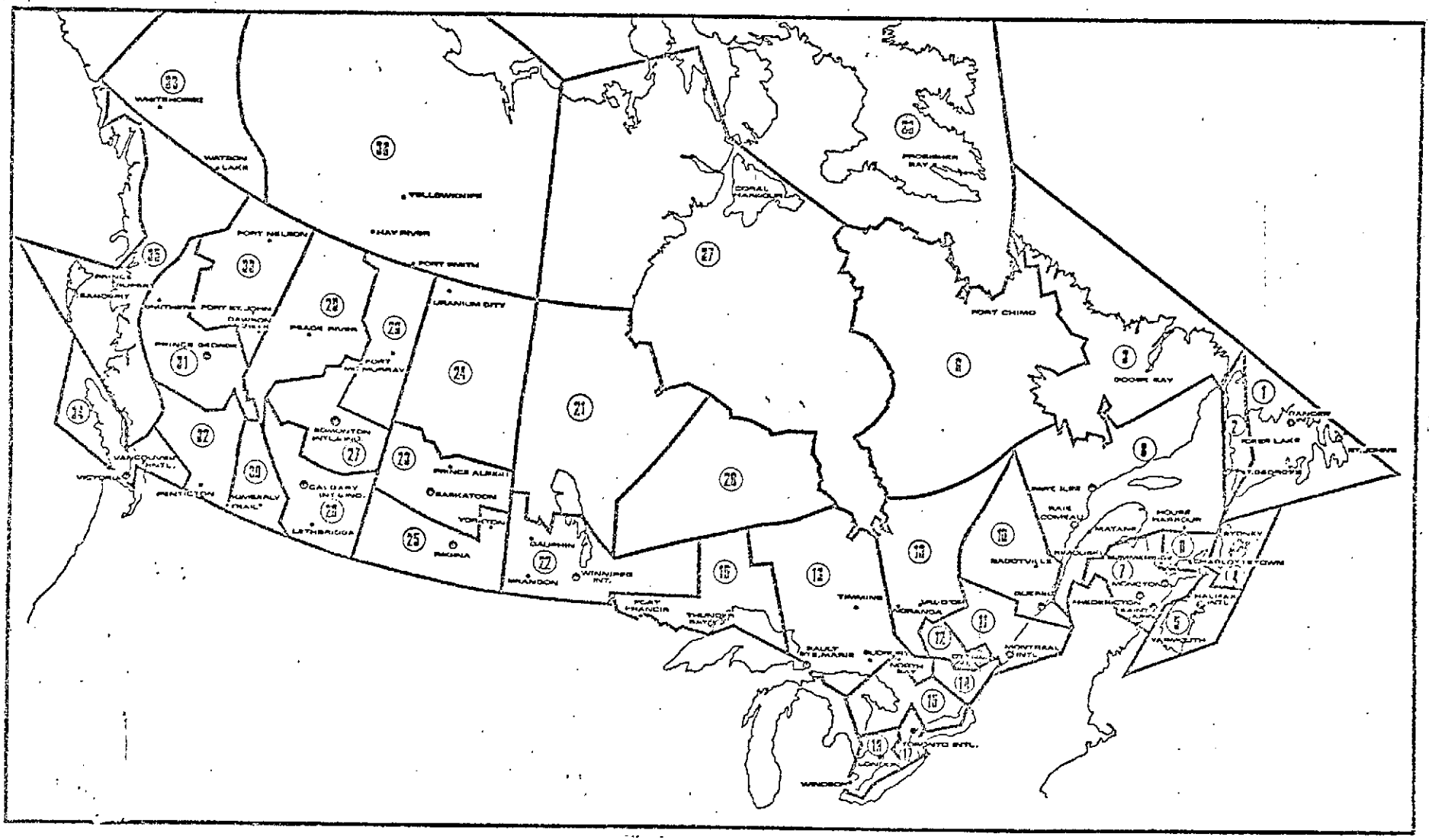
Table 8

Airports in Western Canada*

Zone	Area	Facilities	Enplaned Pass. 1968 and 1976 ('000)	Cargo and Mail 1968 and 1976 ('000 tons)	* Order of Magnitude Immediate Needs to 1976 ($ M)
21	Northern Manitoba	6 MF	45 98	1.1 5.4	5-10
22	Southern Manitoba	1 MI 4 MF 1 GA	528 931	19.3 88.3	15-20
23	Central Sask.	1 MT 2 MF	98 212	2.1 9.1	5-10
24	Northern Sask.	6 MF	7 18	1.1 5.2	10-15
25	Southern Sask.	1 MT 1 MF	116 227	2.9 12.9	0-5
26	N.E. Alberta	2 MF 1 GA	12 25	0.3 1.4	0-5
27	Edmonton Area	1 MI 1 MT 1 MF 1 GA	384 877	13.2 48.1	20-25
28	Southern Alberta	1 MI 2 MF 1 GA	363 1,110	8.2 36.0	20-25
29	N.W. Alberta	5 MF	27 59	1.2 6.1	5-10
30	S.E. Brit. Col.	2 MF	30 66	0.3 1.2	0-5
31	Central Brit. Col.	4 MF	48 112	0.8 3.4	5-10
32	Okanagan Brit. Col.	4 MF 1 GA	61 140	0.5 1.8	10-15
33	N.E. Brit. Col.	3 MF	46 105	0.6 2.9	5-10
34	Vancouver Area and Island	2 MI 6 MF 4 GA	1,124 2,354	37.0 190.0	50-60
35	N.W. Brit. Col.	5 MF	71 154	1.8 9.0	5-10

MI - Mainline International
MF - Mainline Feeder
MT - Mainline Trunk
GA - General Aviation

* This table contains confidential data and is for internal use only.



* This map is from a confidential report and is for DREE internal use only.

Pacific Western Airlines and subsidiary B.C. airlines operate a number of services such as the profitable Edmonton-Calgary airbus, numerous profitable northern services, intercity linkages in B.C. and Alberta. Generally, the shorter and smaller routes are found non-economic and larger routes are sought; some degree of subsidization may exist between the profitable northern routes and southern services.

Transair and its subsidiary Midwest operating out of Winnipeg, have experienced financial difficulties, offer services to Thompson, The Pas, Churchill, etc. Fares are higher than Air Canada due to short haul subsidization by the national carrier.

Numerous other carriers offer unit toll and charter services in Western Canada as well.

An overall examination of the pattern of services indicates B.C. has generally good service and Manitoba as well. Gaps appear in Alberta and Saskatchewan; however, this is probably a function of better road accessibility over short distances in these areas.

Effectiveness of Present System

An examination of facilities and services in Western Canada, in a very brief overview, does not point out major crucial areas of deficiency. Due to its history of spatial development, low construction cost (prairies), long haul air

transport characteristics, Western Canada appears to have a generally effective air mode and this mode does not appear to be a major blockage to economic development; adequate systems will probably develop within the framework of government policy.

Major Issues and Problems

No major crucial issues or problem areas were identified in this brief overview. Some points which should be mentioned are:

1. Calgary has been pressing for more international services to Texas, Colorado, Alaska;

2. Winnipeg has been pressing for more international services to Chicago, Alaska;

3. Alberta and B.C. have been investigating provincial regional airlines, but this does not appear to be due to extreme lack of satisfaction with present services;

4. Other issues common to all airport development; access problems, urban conflicts over environmental issues, etc.

5. The provision of additional air services in some western provinces is currently being examined. In particular, pressure is mounting to provide improved air links between major centres and communities in both northern regions of the Province and in the Arctic. Saskatchewan is currently examining the question of improved air

passenger and air freight service in the northern region.

6. The movement of passengers and freight between Edmonton and Calgary and between Edmonton and points in Northern Canada has placed some pressure on the airport facilities in Edmonton (Industrial Airport). An increase in the air traffic through this facility (particularly jet traffic) is not considered desirable by local home owners. The alternative available airport, Edmonton International Airport offers capacity for growth in air traffic, but it has the disadvantage of being somewhat remote from Edmonton.

Opportunities

Opportunities in this sector appear to be lean, but some points which come to mind are:

1. Financial participation in local airports with MOT on a departmental objectives matching basis where MOT cannot justify airport assistance on transport savings.

2. V/STOL facilities in remote locations where these can be constructed cheaper than conventional airports.

3. Due to the MOT cost recovery policies gradually being phased in, there may be more need in future for expenditures justifiable on the basis of regional development.

4. Regional development policies should not consider the air transport sector uniquely, but any initiatives in this sector should be related to other development; transport being a service function.

Pipelines

Of the elements of the existing transportation system in the west, less controversy surrounds the pipeline system than any other element. It appears to meet all the requirements of effectiveness and efficiency of operation and service. Appendix 5 has maps of the oil line system as of 1969.

Proposed pipelines, particularly the Mackenzie Valley route and, to a lesser extent, the very preliminary comments that have surrounded the possibility of a route from the Arctic Islands (Resolute) down through eastern Keewatin to Churchill and thence southwestward to Dauphin and on to Brandon and then east, are encountering more controversy, both from environmentalists and from people concerned with the contemporary northern life style. The outcome of the environmental studies will be a major factor in determining if pipelines are a go or no-go solution to oil and gas movement from the north. Other alternatives that are or have been considered include large freighter aircraft and special rail development. At the present time it still appears as if pipelines are the most feasible solution. No other major opportunities appear imminent in pipeline movement. It may be noted that the railways,

particularly C.P.R. are investing heavily in solids pipeline research.

Transportation West -- An Intermodal Summary

The foregoing has attempted to describe briefly present conditions in western transportation, identify certain of the issues and problems and suggest opportunities that might be initiated to foment socio-economic development. It is apparent from the foregoing that opportunities are almost exclusively in the institutional area -- that issues between provinces and private enterprise, between provinces and federal agencies, between labour and private enterprise, and between different types of private enterprise give rise to regulatory and co-ordination opportunities for whomsoever is bold enough to move. Rail freight rates emerge as the major issue at least insofar as the prairies are concerned. Labour - management disputes, not exclusively in transportation, emerge as a major problem in B.C. In the North, resource access and social de-isolation are critical concerns. Inter-provincial concerns focus on reciprocal running rights (for public utility carriers). Within the transportation sector itself, intermodal problems appear dominant. This, in part, is because the rate of technological change in, for example, air, road, rail and sea have been quite different in the post-war period. Therefore, bottlenecks have occurred, particularly on the rail side as changes in that field have largely been responsive to the more innovative sea and road sectors. In short, the railroads have

found themselves attempting, in some instances, to catch-up with changes in other modes. In other instances, particularly passenger traffic the attempt has almost been to turn this over to other modes -- air, intercity bus lines and the private car. Some assistance has been provided through considerable public expenditures, highways and ground facilities for aircraft.

Only in the field of rail freight rates is it possible at this time to identify a strategy that might be used to assist development in the west. The strategy suggested is the following:

i) identify manufacturing and agro-business opportunities in which the prairies have an identifiable comparative advantage over other Canadian areas;

ii) determine existing freight rates for both outputs and inputs to logical markets and sources;

iii) using sensitivity analysis, identify a freight rate level that makes the prairie producers competitive (obviously, compare this to present rates);

iv) carry out an impact analysis i.e., what are the employment gains or losses for different regions? what capital transfers are generated?

v) if an acceptable position is reached, negotiations would be carried out to permit a reduction of rates for prairie producers or an increase in rates of raw materials that presently move out of the region.

It is obvious that, given the number of freight rates -- real and theoretical -- presently existing in Canada, an across the board approach to freight rate changes is unrealistic. But the foregoing might assist in identifying potential investment opportunities.

APPENDIX 1

Western Ports - Loadings and Unloadings
International and Coastwise
1970
('000 Tons)

Ports	INTERNATIONAL		COASTWISE		
	Loadings	Unloadings	Loadings	Unloadings	Comments*
Manitoba					
Churchill	742	41	24	40	Fuel Oil
British Columbia					
Alert Bay			.4	12	Fuel Oil
Andy's Bay			10	94	Logs
Bamberton	9	5	213	13	Cement
Beaver Cove			495	13	Logs
Bedwell Sound			30	.5	Logs
Beecher Bay			65	15	Logs
Bella Coola			190	6	Logs
Blind Bay			123	49	Logs
Blubber Bay	548	-	48	.8	Limestone
Brittania Beach	55	-	827	497	Sand & Gravel
Campbell River	272	121	249	1,642	Pulpwood
Centre Bay			344	314	Logs (Both)
Chemainus	528	21	199	174	Forest Products (Both
Clam Bay			5	13	Logs
Clio Bay			91	-	Logs
Coal Harbour			.5	16	Logs
Courtenay	4	-	228	30	Logs
Cowichan Bay	26	-	12	75	Lumber--Timber
Crofton	888	5	42	1,179	Pulpwood
Esquimalt	4		52	221	Logs
Fair Harbour			165	1	Logs
Furry Creek			62	-	Sand & Gravel
Gold River	120	25	182	290	Pulpwood
Gowland Harbour			-	8	Logs
Hastings Arm	9		15	-	Sand & Gravel
Jervis Inlet			45	57	Logs
Jedway	30				
Kimsquit			47	.6	Logs
Kitkatla			-	.1	Fuel Oil
Kitimat	112	408	334	91	Logs
Knight Inlet			148	1	Logs
Ladysmith	166		741	98	Logs
Lake Bay			20	-	Logs
Lt. Espinosa			101	.2	Logs
Long Bay			38	14	Logs
Loughborough Inl.			27	5	Limestone
Mahatta River			125	1	Logs
Malksope Inlet			144	2	Logs
Marble Bay	647		80	-	Limestone

Ports	INTERNATIONAL		COASTWISE		
	Loadings	Unloadings	Loadings	Unloadings	Comments*
Marpole			1	5	
Menzies Bay			37	-	Logs
Moresby Camp			71	.1	Logs
Namu			7	5	Fish
Nanaimo	983	54	168	1,287	
New Westminister	1,167	163	1,798	1,436	Pulpwood
N. Arm-Fraser R.	2		71	231	Logs
Ocean Falls	63	64	158	119	Logs
Port Alberni	945	8	43	500	Logs
Port Hardy			4	25	
Port Harvey			23	32	Logs
Port Mellon	6	9	29	979	Pulpwood
Port McNeill	91		15	11	Logs
Port Renfrew			3	3	Fuel Oil
Powell River	348	132	573	730	
Prince Rupert	702	159	80	427	
Quatsino	66	103	370	142	Logs
Rugged Island			22	21	Logs (Both)
Roberts Bank	405			-	
Saanichton			13		Logs
Sand Point			119	21	Logs
Sarita River			192	2	Logs
Shannon Bay			201	-	Logs
Siwash			-	49	Fuel Oil
Skidegate			87	3	Logs
Smith Inlet			-	1	Fuel Oil
Sooke	161	2	129	1	Pulpwood
South Bay			162	-	Logs
Squamish	34	11	264	75	Lumber & Timber
Tasu	1,199		-	9	Fuel Oil
Tahsis	176		9	134	Logs
Teakeame Arm			171	118	Logs
Texada	533		6	1	Slag
Toquart			147	10	Logs
Ucuelet			292	4	Limestone
Vananda	259		292	4	Limestone
Vancouver	15,358	1,910	5,204	4,046	
Vanguard			126	271	Logs
Victoria	1,116	82	292	582	
Watson Island			-	62	Inorganic Chemicals
West Bay			8	216	Logs
Zeballos			28	1	Logs
Others	14	46	1,741	1,741	Logs
B.C. Total	27,053	3,326	18,191	18,187	

*Comments--indicate major commodities, either loaded or unloaded, whichever is greater, that accounted for over 50% of tonnage in that category (loaded or unloaded).

APPENDIX 2

Highway Jurisdictional Factors, By Province

British Columbia

Almost all rural roads in the province are the complete responsibility of the province. Therefore, except for some 1,400 miles of local rural roads, only urban municipalities have jurisdiction over local roads.

Local roads in urban areas are under municipal jurisdiction and receive provincial assistance for construction, repair and improvements of roads and streets based on population of municipalities. Furthermore, smaller cities and other urban municipalities receive grants for "secondary highways" from the provincial Department of Highways. Generally, provincial roads and highways passing through urban areas are constructed and maintained by the Department of Highways.

Alberta

Roads in the province are classified in three main categories: primary, secondary and local.

Primary roads are fully under provincial jurisdiction i.e., they are built, maintained and administered by the province.

Secondary roads are under municipal jurisdiction (maintenance and administration), cost of construction except costs of acquisition of right-of-way, lighting, traffic signs and signals.

Local roads are under full municipal jurisdiction, i.e., they are built, maintained and administered by municipalities.

Saskatchewan

Roads in the province may be classified under four categories: provincial highways, provincial roads, grid roads and local roads.

Provincial highways and provincial roads are under full provincial administration of the provincial Department of Highways and Transportation which is responsible for construction, maintenance and administration of the provincial system.

... 2

Grid roads, established in 1955 as main market road system, are under rural municipal jurisdiction and receive financial assistance from the Provincial Municipal Road Assistance Authority.

Local roads in urban areas are under municipal jurisdiction and receive financial assistance from the Department of Highways and Transportation for designated roads and streets. Local roads in rural areas are under full municipal jurisdiction, i.e., they are built, maintained and administered by municipalities.

Manitoba

Roads in the province may be classified under three categories: provincial trunk highways, provincial roads and local roads; the first two are under provincial jurisdiction while the third ones are municipal responsibility.

In 1965, an additional 4,000 miles of municipal rural roads were added to the system of provincial roads; these roads are being constructed, maintained and administered by the highways department of the province. In exchange there are no road grants to rural municipalities.

Local roads in urban areas are under municipal jurisdiction and receive financial assistance from the provincial Department of Highways for designated roads and streets.

In general, provincial trunk highways and provincial roads are under local jurisdiction in incorporated cities, towns and villages, which receive provincial subsidy for construction and management.

APPENDIX 3

Bus Systems in the West

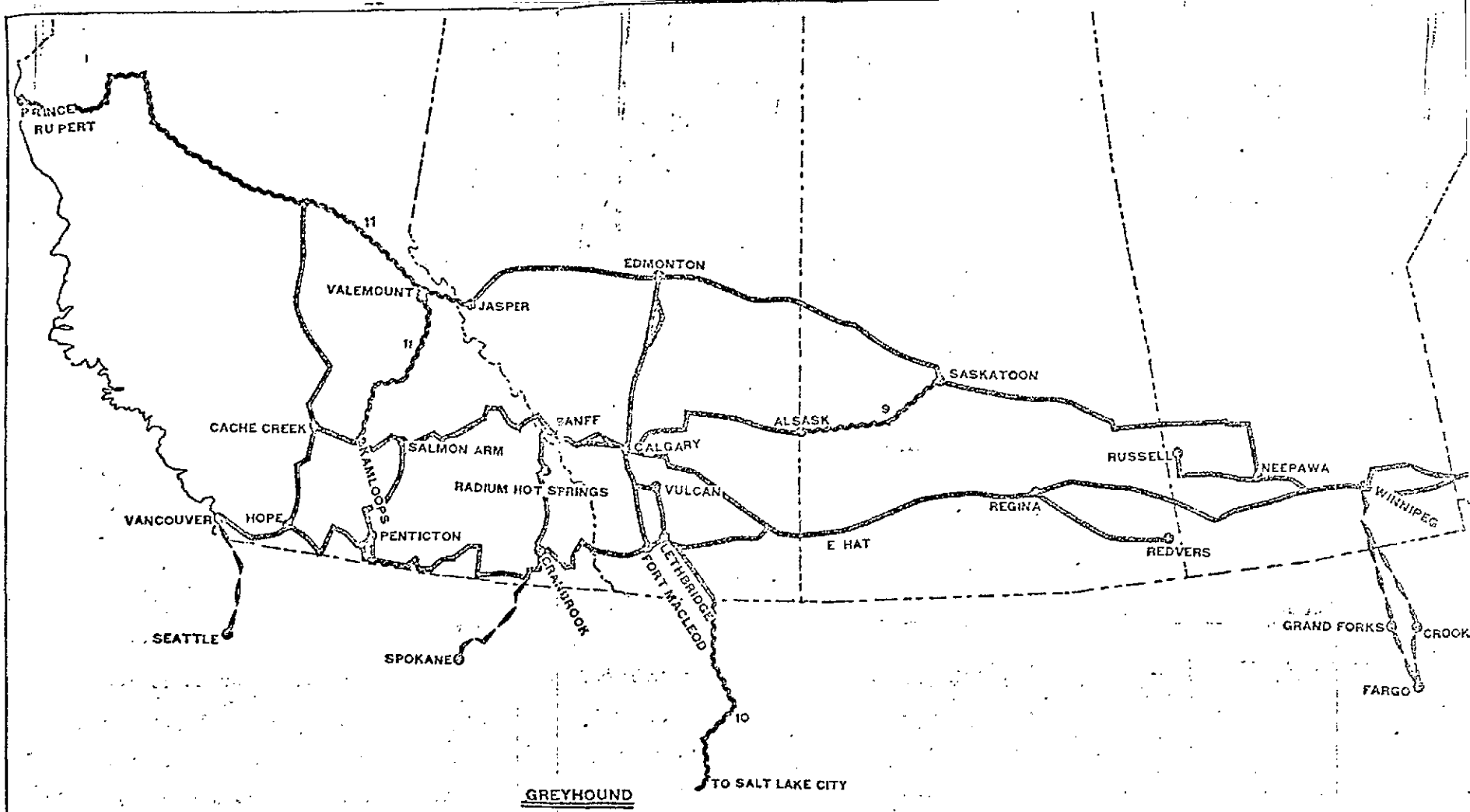
The attached maps partially show the extent of bus systems in Western Canada in 1968-69.

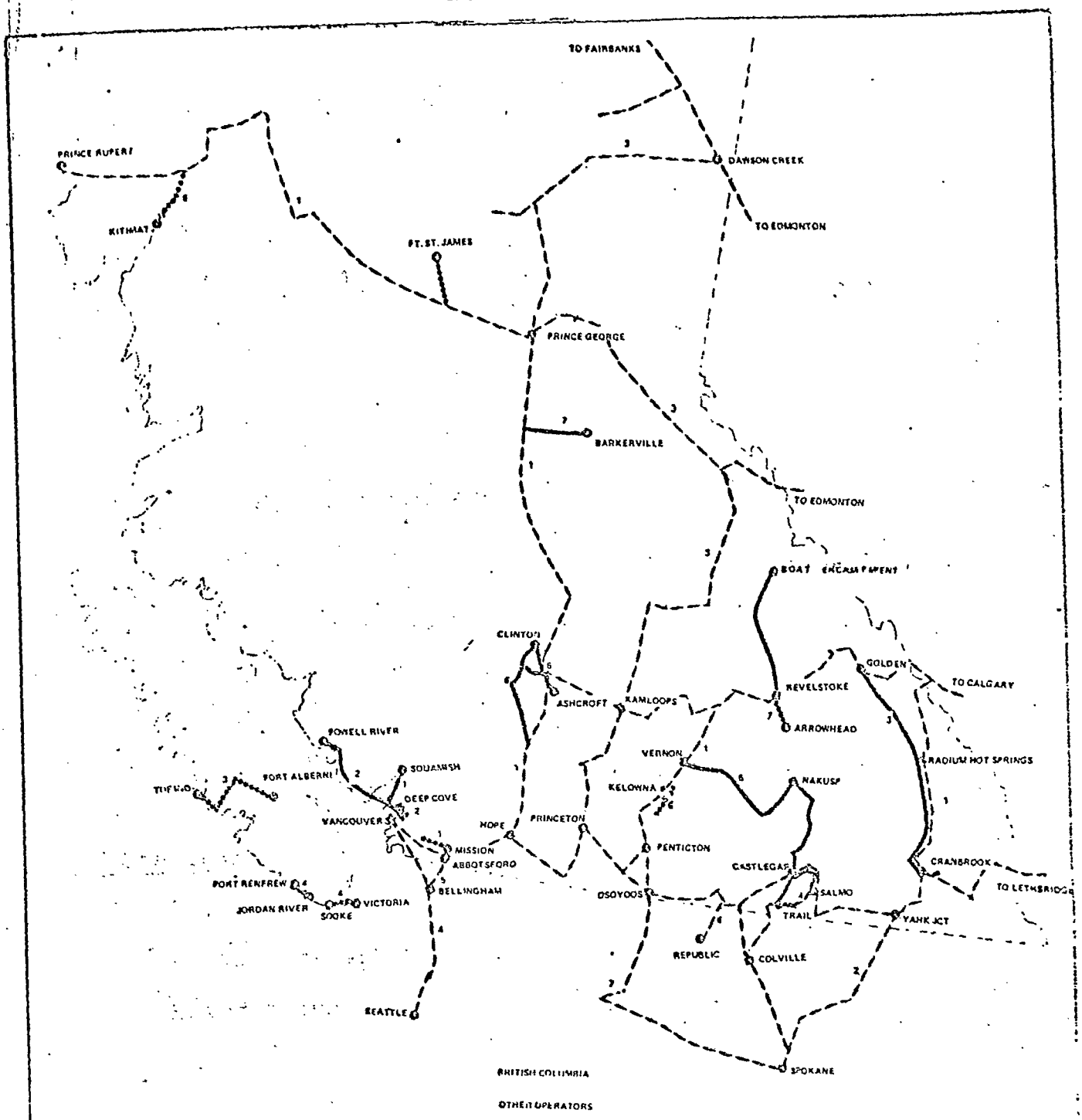
The structure of the bus industry in British Columbia is one of the most complex in Canada with a pattern of major operators' routes focussed on Vancouver super-imposed upon a number of outer suburban operations in the Greater Vancouver area and many local services in the valleys of the interior. Vancouver Island has its own network, with one major carrier - Vancouver Island Coach Lines - and several small rural operators. The mountainous nature of the province with the natural route-ways running north-south while much of the travel is east-west accounts for the relatively large number of large operators and for the isolation of many small carriers. In all, there are 93 bus operators in the province: 65 who conduct only intra-provincial operations, 15 who carry on both intra-provincial and extra-provincial operations and 13 who conduct only extra-provincial services.

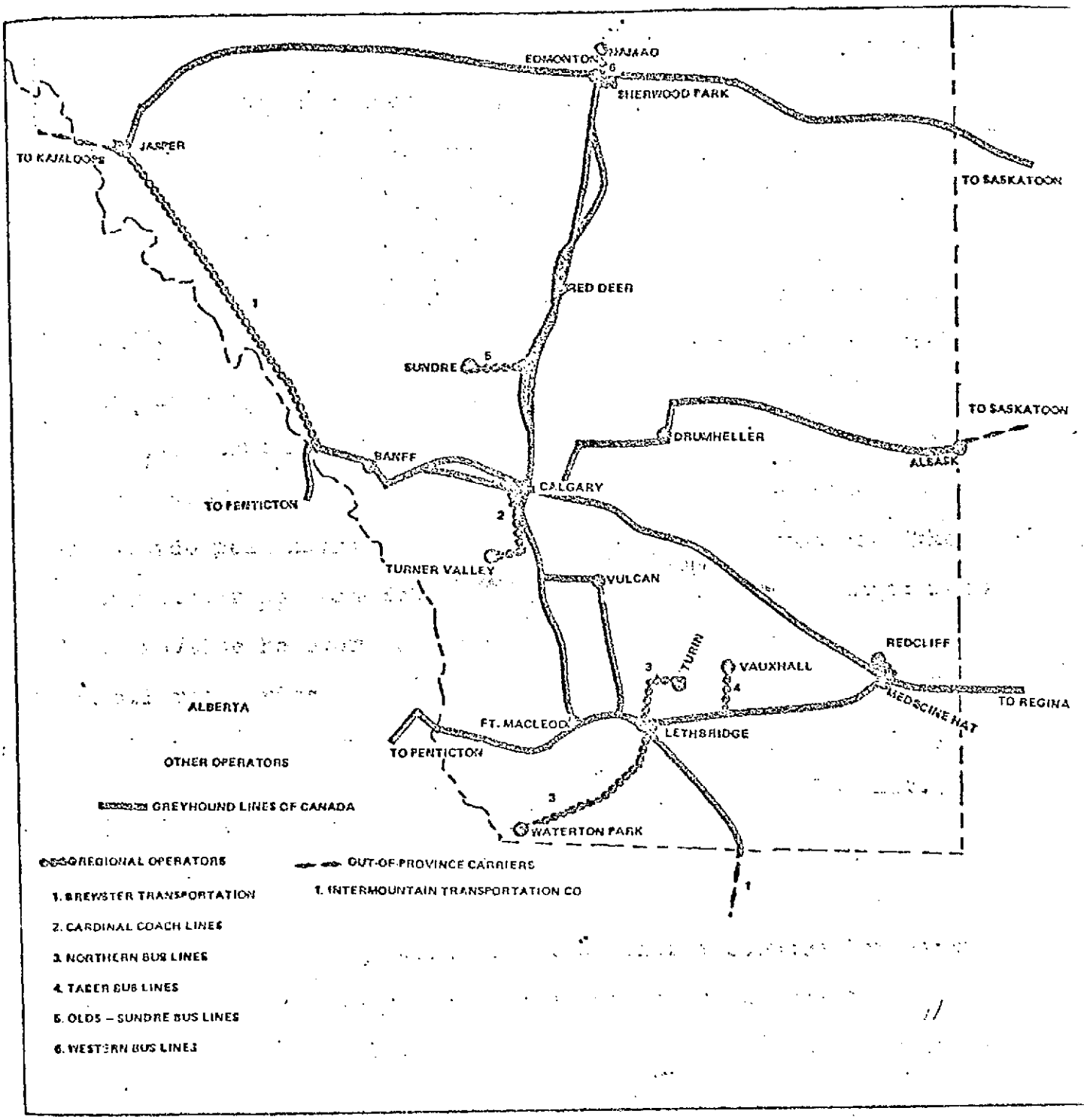
Most of the regular route bus services in Alberta are provided by two large extra-provincial carriers: Greyhound Lines of Canada Limited and the Coachways System. Both are Class I operators with extra-provincial regular-route and charter services. Because Coachways has taken over so many small operators in Alberta there are very few of the latter still operating in the province; there are no other extra-provincial regular-route carriers, although Saskatchewan Transportation Company does work into Calgary on a pool service (with Greyhound) from Saskatoon.

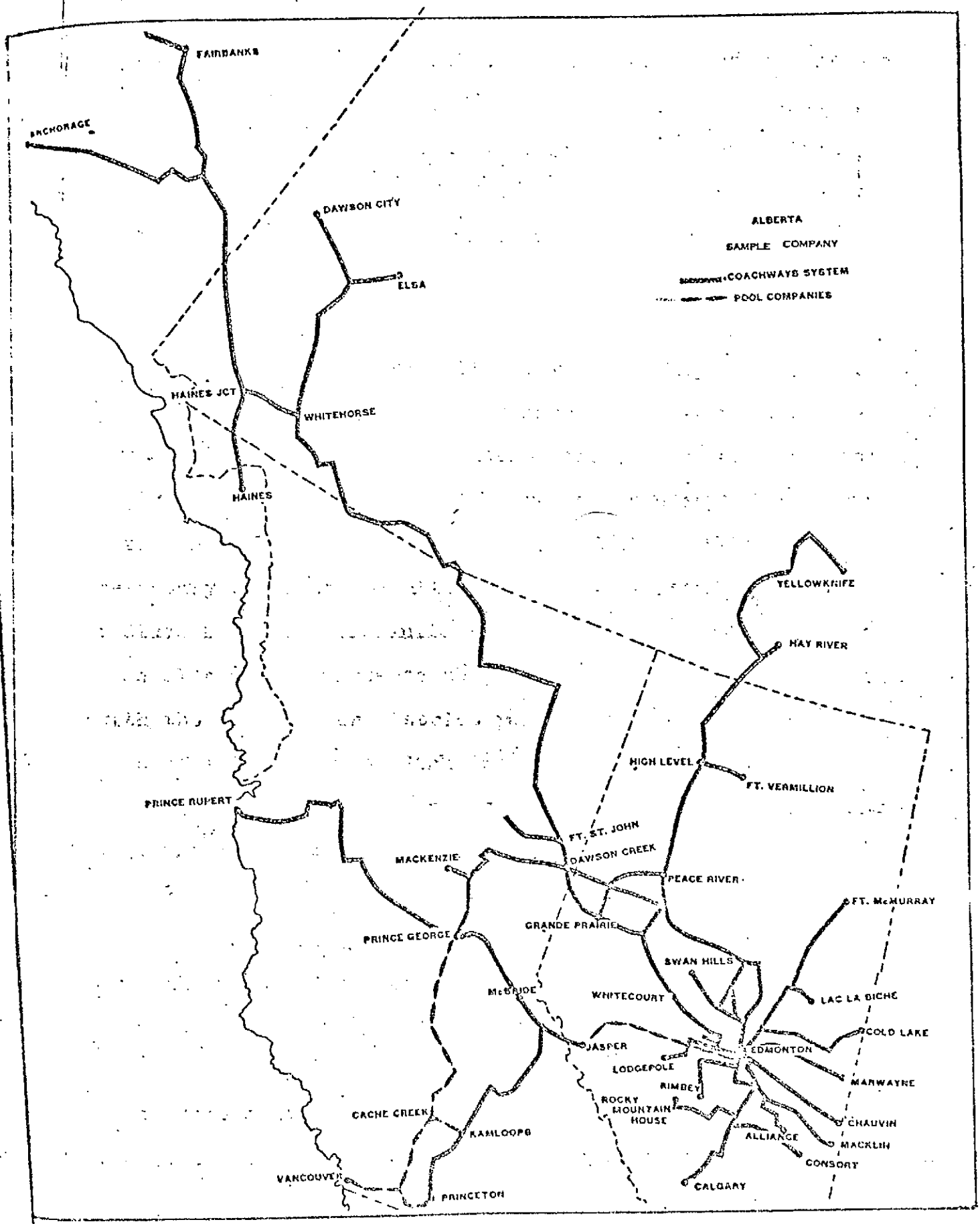
Twenty-three companies provide bus services in Saskatchewan. Operations are dominated by the Provincial Crown Corporation and the Saskatchewan Transportation Company. The only other Class I carrier in Saskatchewan is Greyhound which operates the through trans-province services. Of the remaining carriers eight are small regional companies, and the rest are local operators.

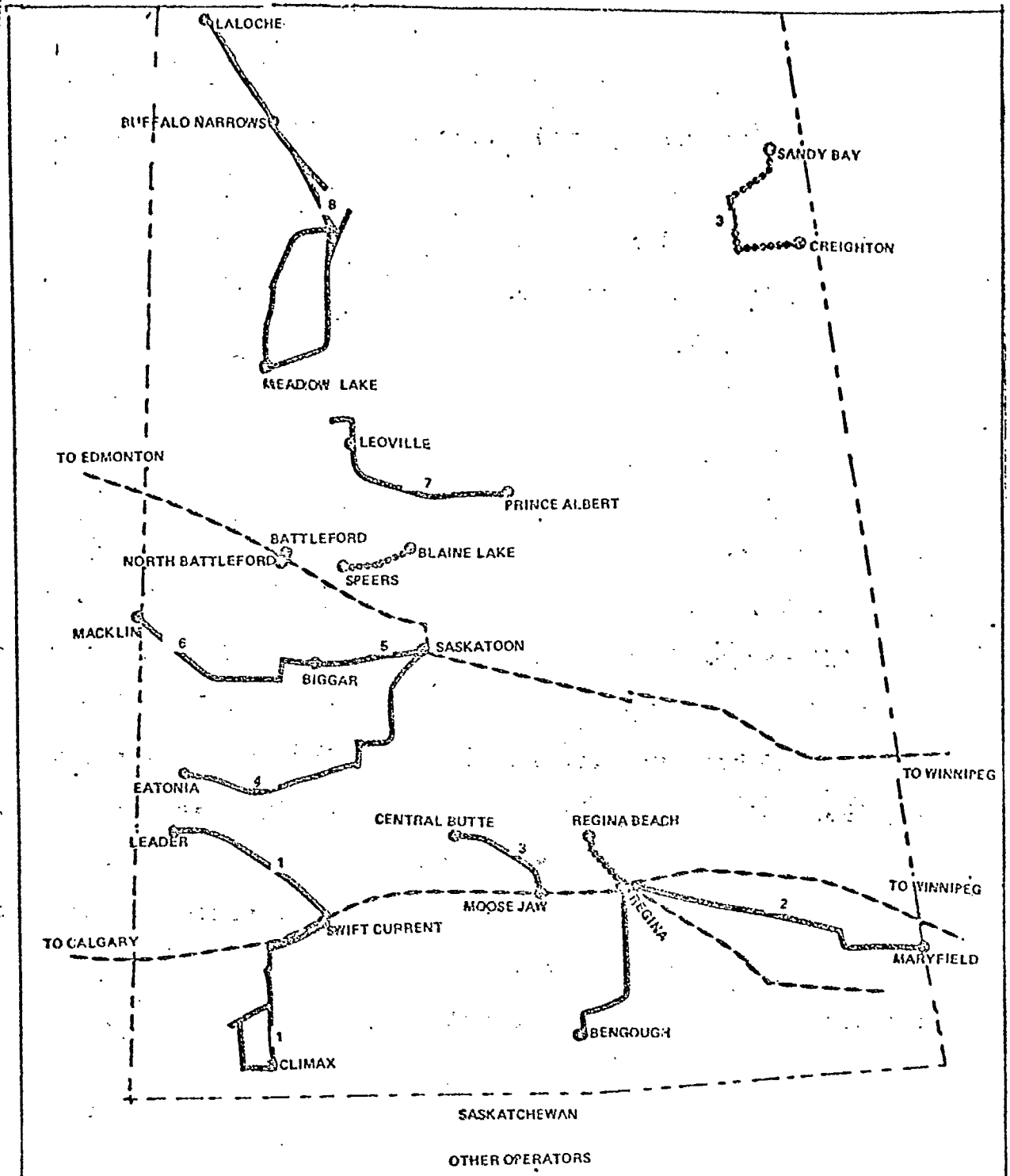
There are 23 bus lines offering service in Manitoba, three of them from outside the province. Three large companies dominate the province - Greyhound, Grey Goose and Manitoba Motor Transit - with most services centred on Winnipeg. These operations are supplemented by a number of smaller carriers operating outer suburban trips from Winnipeg, and the pattern of Manitoba's bus routes is completed by services from smaller towns, e.g., The Pas, Churchill.


PRINCE RUPERT
11
EDMONTON
VALEMOUNT
JASPER
11
SASKATOON
CACHE CREEK
BANFF
ALSASK
9
SALMON ARM
CALGARY
RUSSELL
NEEPAWA
KAMLOOPS
RADIUM HOT SPRINGS
VULCAN
WINNIPEG
VANCOUVER
HOPE
PENTICTON
REGINA
E HAT
REDVERS
LETHBRIDGE
FORT MACLEOD
CRANBROOK
SEATTLE
GRAND FORKS
CROOK
SPOKANE
FARGO
10
TO SALT LAKE CITY
GREYHOUND
POOL COMPANIES
GREYHOUND LINES OF CANADA
EASTERN CANADIAN GREYHOUND LINES
GREYHOUND LINES EAST & WEST
7. THE CANADA COACH LINES, LTD.
8. ONTARIO NORTHLAND TRANSPORTATION COMMISSION
9. SASKATCHEWAN TRANSPORTATION CO.
10. INTERMOUNTAIN TRANSPORTATION CO.
11. COACHWAYS SYSTEM


TO FAIRBANKS
PRINCE RUPERT
KITIMAT
DAWSON CREEK
TO EDMONTON
PT. ST. JAMES
PRINCE GEORGE
BARKERVILLE
TO EDMONTON
BOAT ENCAMPMENT
CLINTON
ASHCROFT
KAMLOOPS
REVELSTOKE
GOLDEN
TO CALGARY
ARROWHEAD
POWELL RIVER
SQUAMISH
FORT ALBERNI
TIFINO
DEEP COVE
VANCOUVER
HOPE
PRINCETON
MISSION
ABBOTSFORD
BELLINGHAM
PORT RENFREW
JORDAN RIVER
SOOKE
VICTORIA
SEATTLE
VERNON
KELOWNA
NAKUSP
RADIUM HOT SPRINGS
PENTICTON
CASTLEGAR
CRANBROOK
TO LETHBRIDGE
OSOYOOS
SALMO
TRAIL
YAHK JCT
REPUBLIC
COLVILLE
SPOKANE
BRITISH COLUMBIA
OTHER OPERATORS
OUT OF PROVINCE CARRIERS
1 GREYHOUND LINES OF CANADA
2 GREYHOUND LINES WEST
3 COACHWAYS SYSTEM
4 VANCOUVER SEATTLE BUS LINES
5 J D ADAMS
6 R Y KELLOGG
7 OKANAGAN VALLEY BUS LINES INC
REGIONAL OPERATORS
1 SQUAMISH COACH LINES
2 SECHELT MOTOR TRANSPORT
3 CRANBROOK GOLDEN BUS LINES
4 KOOTENAY VALLEY COACH LINES
5 LUMBY VERNON COACH LINES
6 LILLOET COACH LINES
7 BARKERVILLE STAGE LINES
SMALL OPERATORS
1 MAPLE RIDGE BUS LINES
2 DEEP COVE STAGE LINES
3 ORIENT STAGE LINES
4 ROOKE TRANSPORT
5 SILVER GREEN STAGE LINES
6 OKANAGAN MISSION STAGES
7 ARROWHEAD COACH LINES
8 FARWEST BUS LINES


EDMONTON
6
SHERWOOD PARK
JASPER
TO KAMLOOPS
TO SASKATOON
RED DEER
1
5
SUNDRE
TO SASKATOON
DRUMHELLER
ALSASK
BANFF
CALGARY
TO PENTICTON
2
TURNER VALLEY
VULCAN
REDCLIFF
3
TURIN
VAUXHALL
4
ALBERTA
MEDICINE HAT
TO REGINA
FT. MACLEOD
LETHBRIDGE
TO PENTICTON
OTHER OPERATORS
GREYHOUND LINES OF CANADA
3
WATERTON PARK
1
REGIONAL OPERATORS
OUT-OF-PROVINCE CARRIERS
1. BREWSTER TRANSPORTATION
1. INTERMOUNTAIN TRANSPORTATION CO
2. CARDINAL COACH LINES
3. NORTHERN BUS LINES
4. TABER BUS LINES
5. OLDS – SUNDRE BUS LINES
6. WESTERN BUS LINES


FAIRBANKS
ANCHORAGE
DAWSON CITY
ELSA
ALBERTA
SAMPLE COMPANY
COACHWAYS SYSTEM
POOL COMPANIES
HAINES JCT
WHITEHORSE
HAINES
YELLOWKNIFE
HAY RIVER
HIGH LEVEL
FT. VERMILLION
PRINCE RUPERT
FT. ST. JOHN
DAWSON CREEK
MACKENZIE
PEACE RIVER
FT. McMURRAY
GRANDE PRAIRIE
PRINCE GEORGE
SWAN HILLS
McBRIDE
WHITECOURT
LAC LA BICHE
COLD LAKE
JASPER
EDMONTON
LODGEPOLE
MARWAYNE
RIMBEY
ROCKY MOUNTAIN HOUSE
CHAUVIN
ALLIANCE
MACKLIN
CONSORT
CACHE CREEK
KAMLOOPS
VANCOUVER
PRINCETON
CALGARY



OTHER OPERATORS

REGIONAL OPERATORS

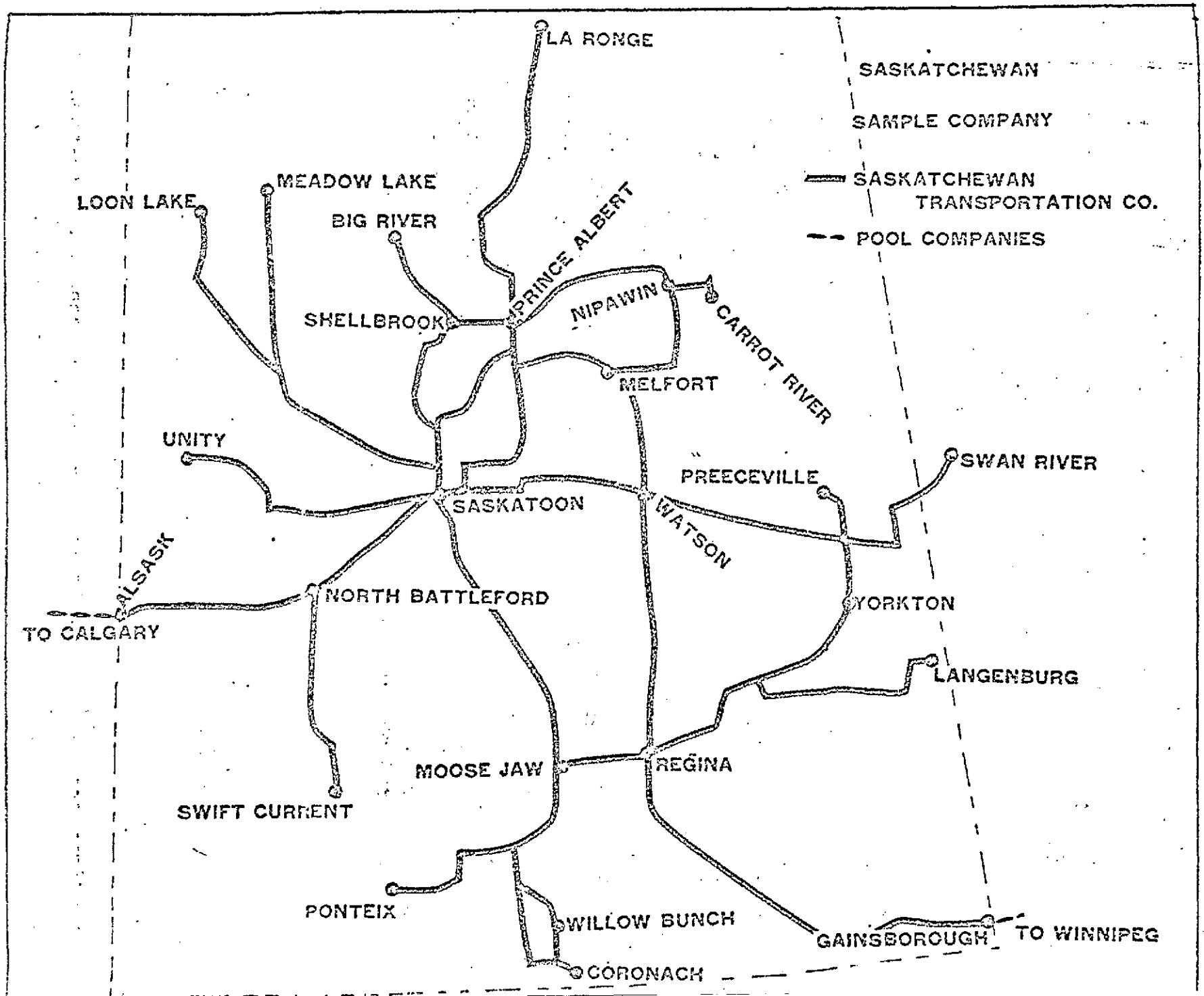
1. LEADER-CLIMAX BUS LINES LTD.
2. MOOSE MOUNTAIN BUS LINES LTD.
3. BUTTE BUS LINES, LTD.
4. WESTERN TRAILWAYS
5. STANG'S MOTORWAYS
6. G. PETIG
7. CROSSLAND COACHWAYS
8. NORTHLAND BUS LINES, LTD.

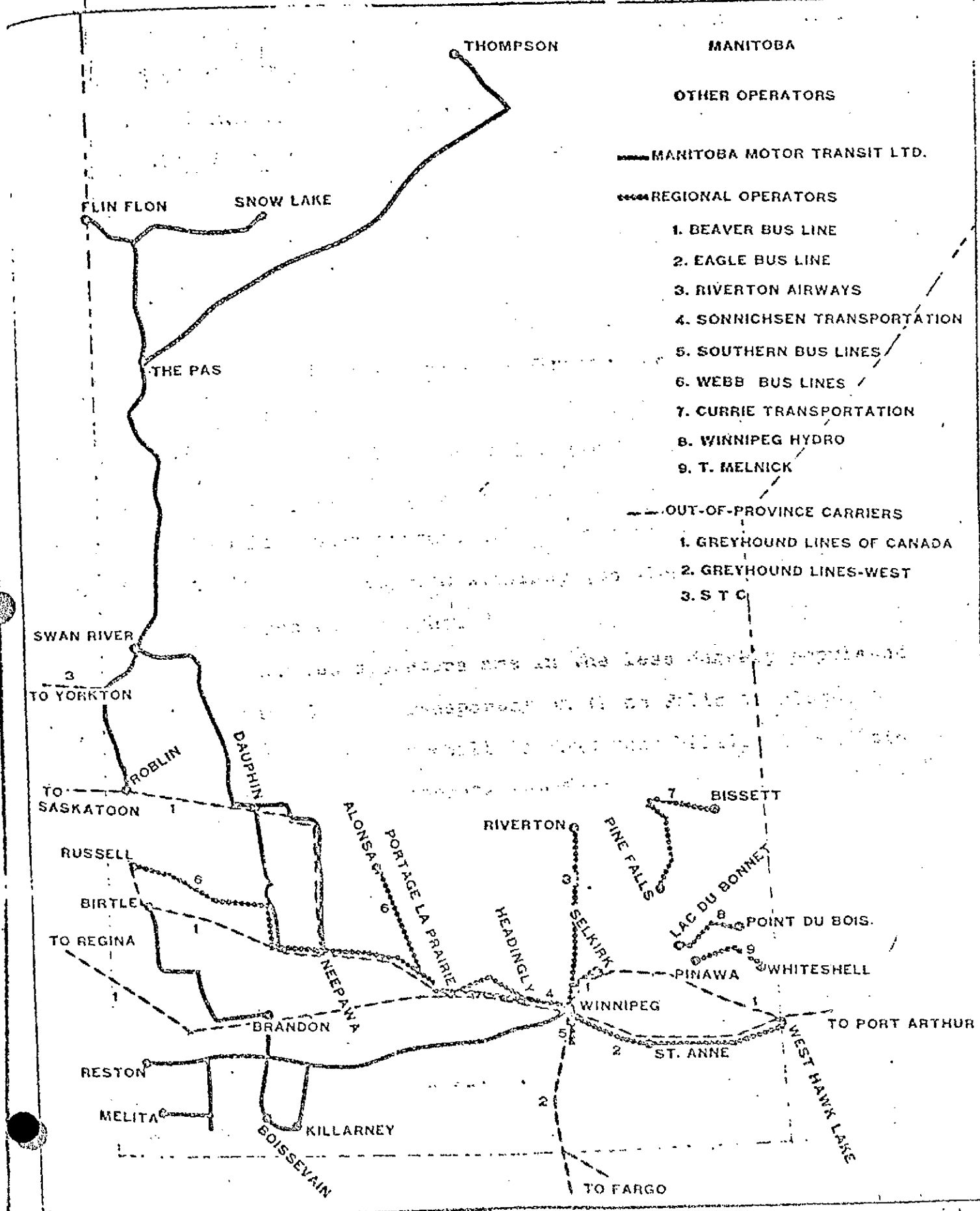
SMALL LOCAL OPERATORS

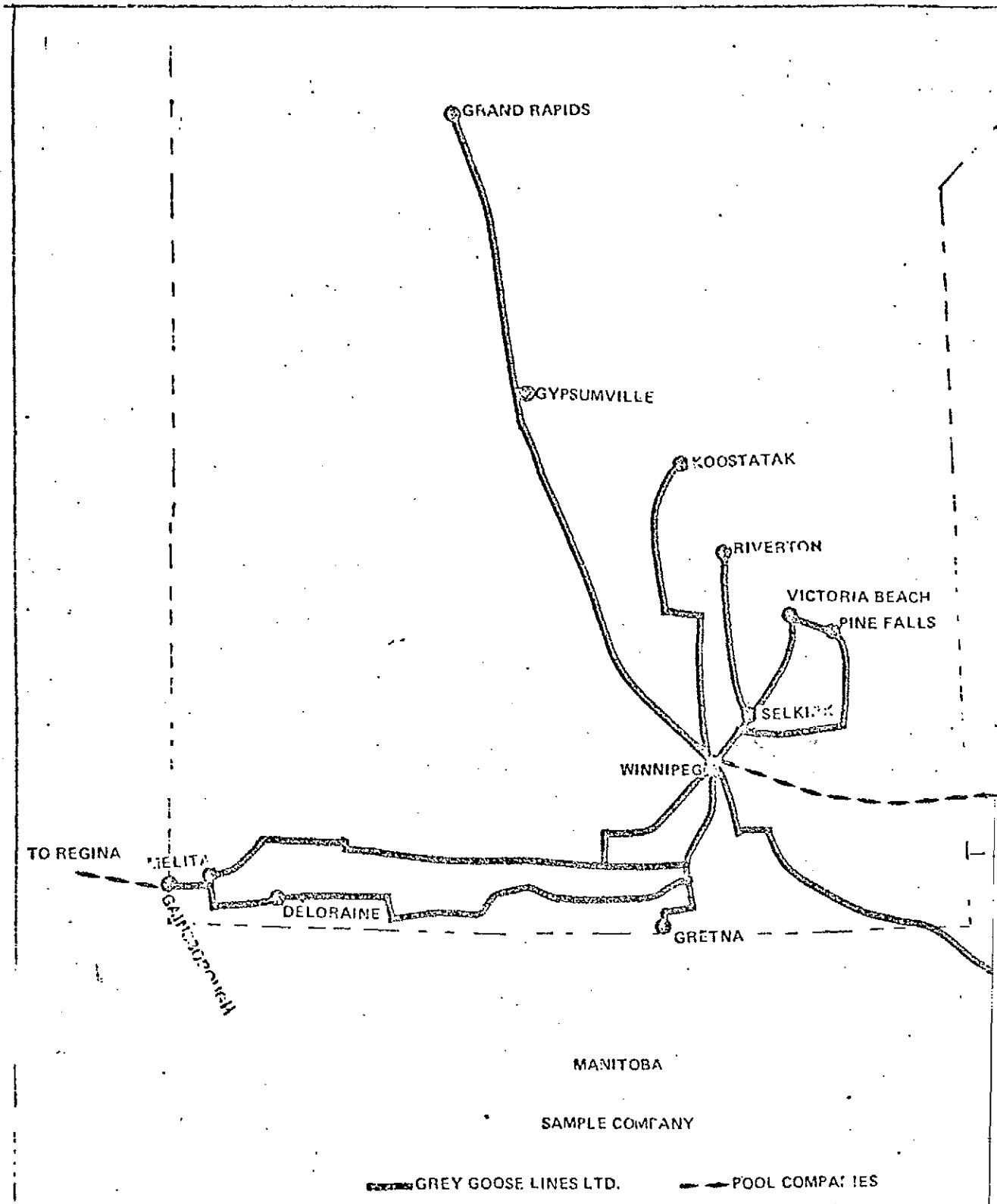
1. C. A. GEIB
2. WAGNER BUS LINES
3. L. J. WOODS
4. M. P. OUTCHAK

OUT-OF-PROVINCE CARRIERS

GREYHOUND LINES


LA RONGE
SASKATCHEWAN
SAMPLE COMPANY
SASKATCHEWAN TRANSPORTATION CO.
POOL COMPANIES
MEADOW LAKE
LOON LAKE
BIG RIVER
PRINCE ALBERT
SHELLBROOK
NIPAWIN
CARROT RIVER
MELFORT
UNITY
PREECEVILLE
SWAN RIVER
SASKATOON
WATSON
ALSASK
NORTH BATTLEFORD
YORKTON
TO CALGARY
LANGENBURG
MOOSE JAW
REGINA
SWIFT CURRENT
PONTEIX
WILLOW BUNCH
GAINSBOROUGH
TO WINNIPEG
CORONACH


THOMPSON
MANITOBA
OTHER OPERATORS
MANITOBA MOTOR TRANSIT LTD.
REGIONAL OPERATORS
1. BEAVER BUS LINE
2. EAGLE BUS LINE
3. RIVERTON AIRWAYS
4. SONNICHSEN TRANSPORTATION
5. SOUTHERN BUS LINES
6. WEBB BUS LINES
7. CURRIE TRANSPORTATION
8. WINNIPEG HYDRO
9. T. MELNICK
OUT-OF-PROVINCE CARRIERS
1. GREYHOUND LINES OF CANADA
2. GREYHOUND LINES-WEST
3. S T C
FLIN FLON
SNOW LAKE
THE PAS
SWAN RIVER
TO YORKTON
ROBLIN
DAUPHIN
TO SASKATOON
RUSSELL
BIRTLE
TO REGINA
NEEPAWA
ALONSA
PORTAGE LA PRAIRIE
BRANDON
RESTON
MELITA
KILLARNEY
BOISSEVAIN
RIVERTON
HEADINGLY
SELKIRK
PINE FALLS
BISSETT
LAC DU BONNET
POINT DU BOIS
WHITESHELL
PINAWA
WINNIPEG
ST. ANNE
TO PORT ARTHUR
WEST HAWK LAKE
TO FARGO


GRAND RAPIDS
GYPSUMVILLE
KOOSTATAK
RIVERTON
VICTORIA BEACH
PINE FALLS
SELKIRK
WINNIPEG
TO REGINA
MELITA
DELORAINE
GRETNA
MANITOBA
SAMPLE COMPANY
GREY GOOSE LINES LTD.
POOL COMPANIES

APPENDIX 4

Definition of Airport Classes and Maps of Services

Mainline airports are those which are served by a regular commercial air service carrying passengers and goods on a frequency of at least 50 arrivals per annum in areas without reliable surface transportation and at least 150 arrivals per annum elsewhere and where such service has been in continuous operation for at least two years.

An auxiliary airport is one required to augment the national airport system in support of commercial air services in Canada.

Satellite airports are those required in the interest of safety to relieve congestion at mainline airports resulting from the intermingling of aircraft having widely divergent performance characteristics.

Local airports are those which primarily serve the interests of an area, or a single community, not otherwise served by a regular commercial air service with the frequency prescribed for classification as a mainline airport. This type of airport is usually a base for, or is frequently used by commercial air services engaged in flying training, charter or recreational flying and privately owned aircraft operated for pleasure or business. The characteristics of such airports may vary considerably from those having single turf or gravel landing strips suitable only for small single-engine aircraft to those having hard surface runways complete with airport lighting facilities, capable of accommodating modern multi-engine aircraft commonly used in charter or executive operations.

Remote aerodromes are those required to relieve isolation in communities or settlements not served by reliable methods of surface transportation on a year-round basis. In considering justification for federal support in these cases, the lack of ability to retain continuity of communication by other means of transportation during periods longer than two weeks during freeze-up, winter, or break-up seasons will be one of the main factors in determining isolation. Other government departments, provinces and agencies will be consulted for comments regarding the relative need for an aerodrome at the location in question and the degree of isolation applicable.

Seaplane facilities refer to docks, floats or buoys provided to facilitate the safe mooring or docking of float equipped aircraft and includes, where necessary, break-waters

and dredging of sheltered areas to provide an adequate basin in which to manoeuvre and moor aircraft.

A heliport is an area of land or water licensed as an airport intended solely for use by helicopters. These are usually relatively inexpensive, of small size and predominantly of local or private interest.

Mainline airports are those which are served by a regular commercial air service carrying passengers and goods on a frequency of at least 50 arrivals per annum in areas without reliable surface transportation and at least 150 arrivals per annum elsewhere and where such service has been in continuous operation for at least two years. The rather large group of Mainline Airports has been divided into three classes called International, Trunk and Feeder.

1. International - are those airports which have two or more of the following characteristics:

   (a) Serve areas of high population (225,000 and over).

   (b) Receive 12,000 annual scheduled movements of aircraft having a gross take-off weight over 40,000 lbs.

   (c) Are strategically situated with regard to main national or international routes.

2. Trunk - are those airports which have two or more of the following characteristics:

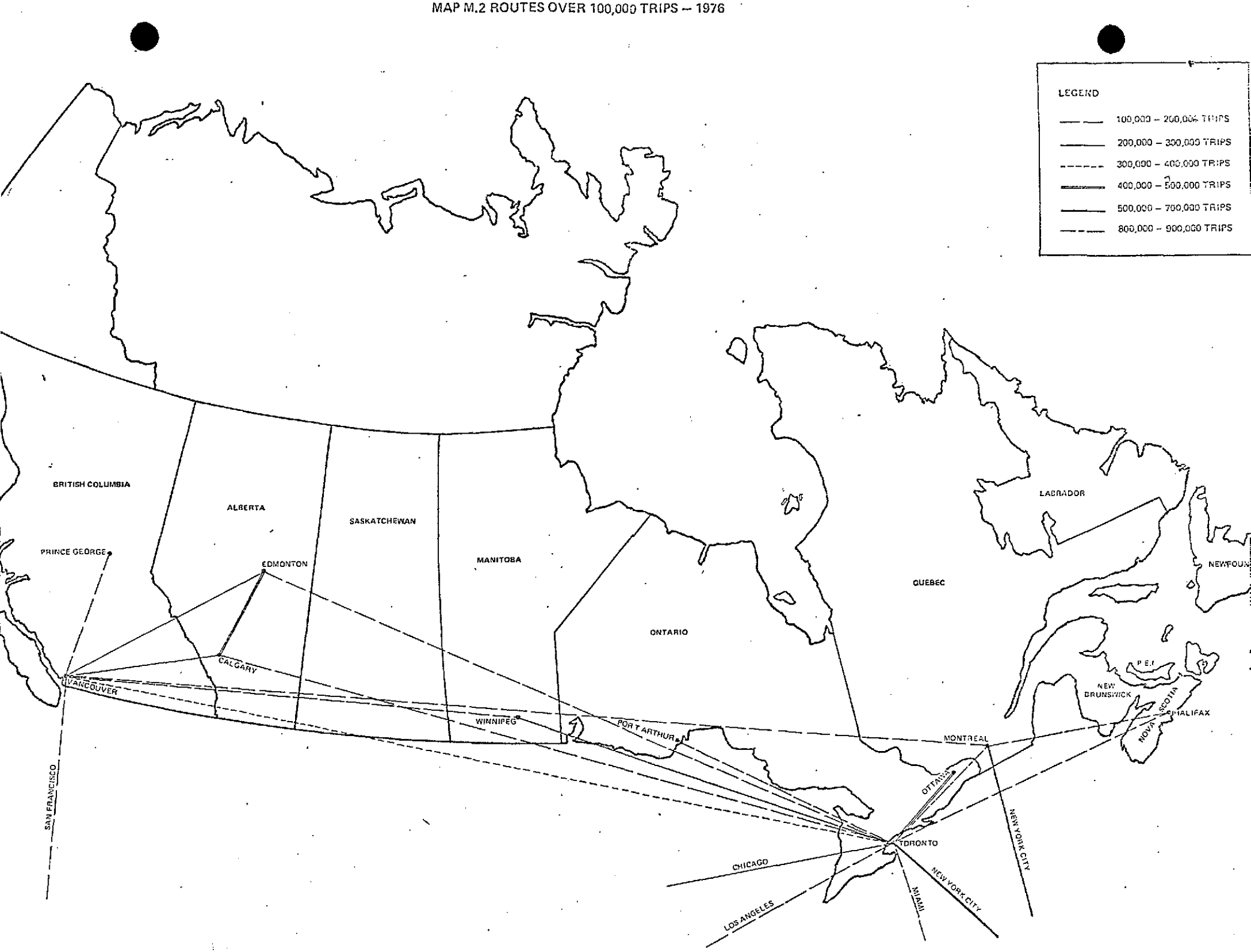
   (a) Serve centres of population over 40,000.

   (b) Receive over 3,000 scheduled movements of aircraft having a gross take-off weight over 40,000 lbs.

   (c) Are important as interline connecting points and focal points of converging air routes.

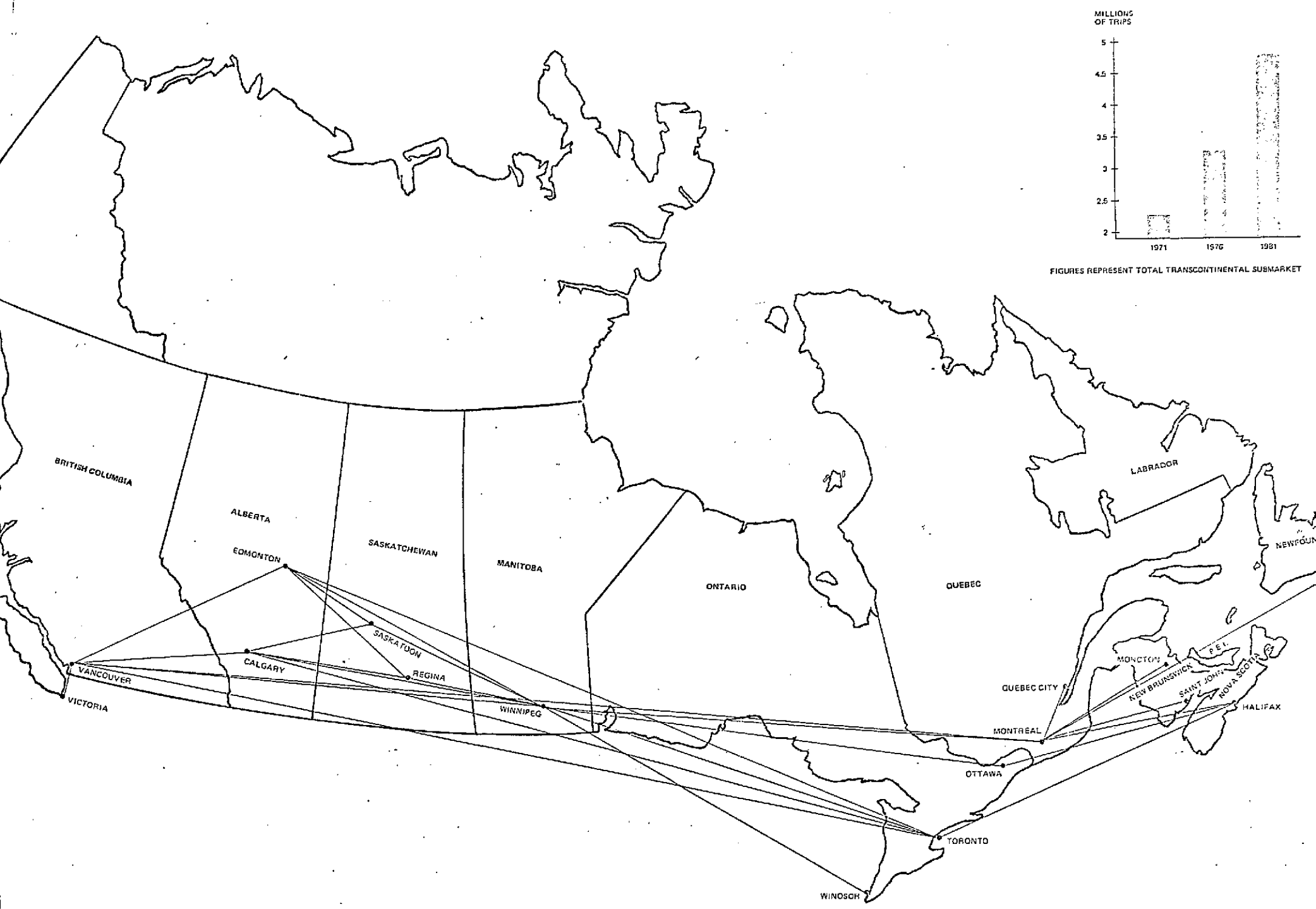
3. Feeder - are all those mainline airports which do not fall in the Trunk or International class.

MAP M.2 ROUTES OVER 100,000 TRIPS – 1976



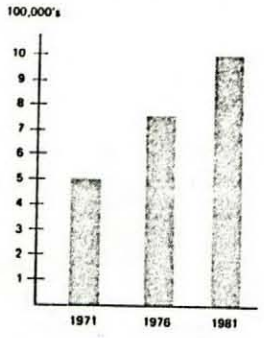
MAP M.4 DOMESTIC TRANSCONTINENTAL SUBMARKET

(MAP ILLUSTRATES AIR CANADA AND C.P. AIR DAILY DIRECT TRANSCONTINENTAL SERVICES)

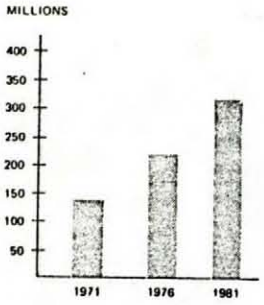


MAP M.6 DOMESTIC REGIONAL SUBMARKETS

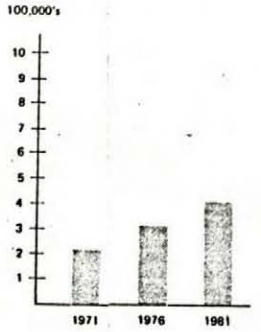
PASSENGER TRIPS –
B.C. AND YUKON SUBMARKET



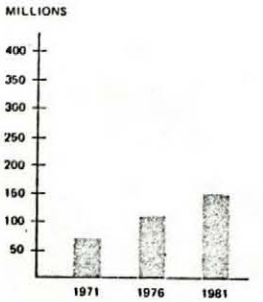
PASSENGER MILES –
B.C. AND YUKON SUBMARKET



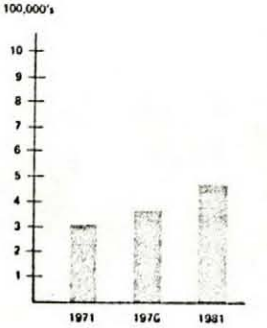
PASSENGER TRIPS –
PRAIRIE SUBMARKET



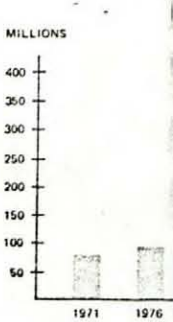
PASSENGER MILES –
PRAIRIE SUBMARKET

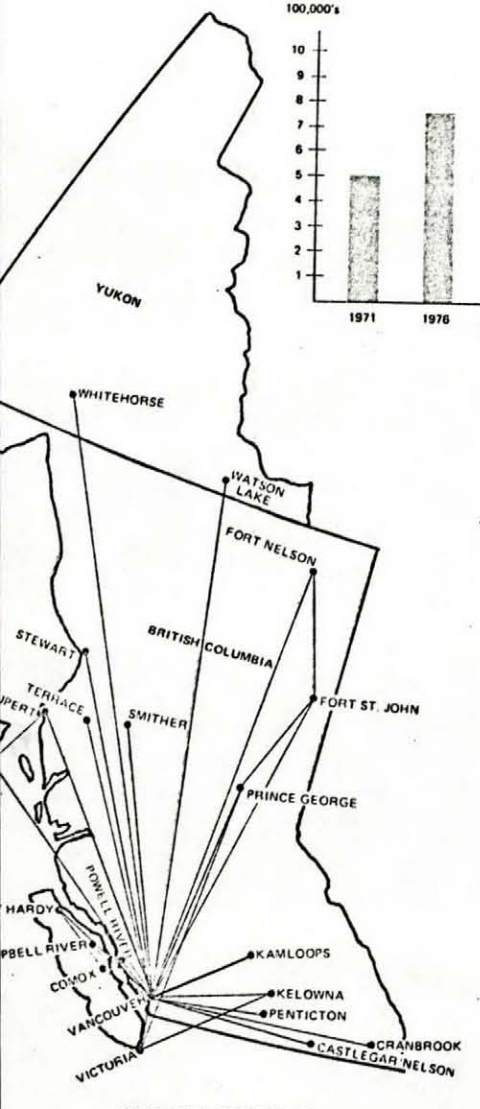


PASSENGER TRIPS –
QUEBEC SUBMARKET

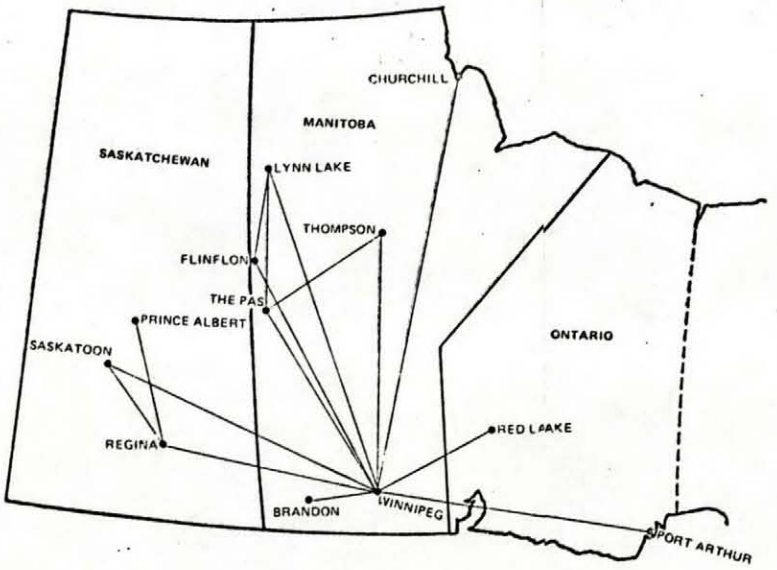


PASSENGER MILES –
QUEBEC SUBMARKET

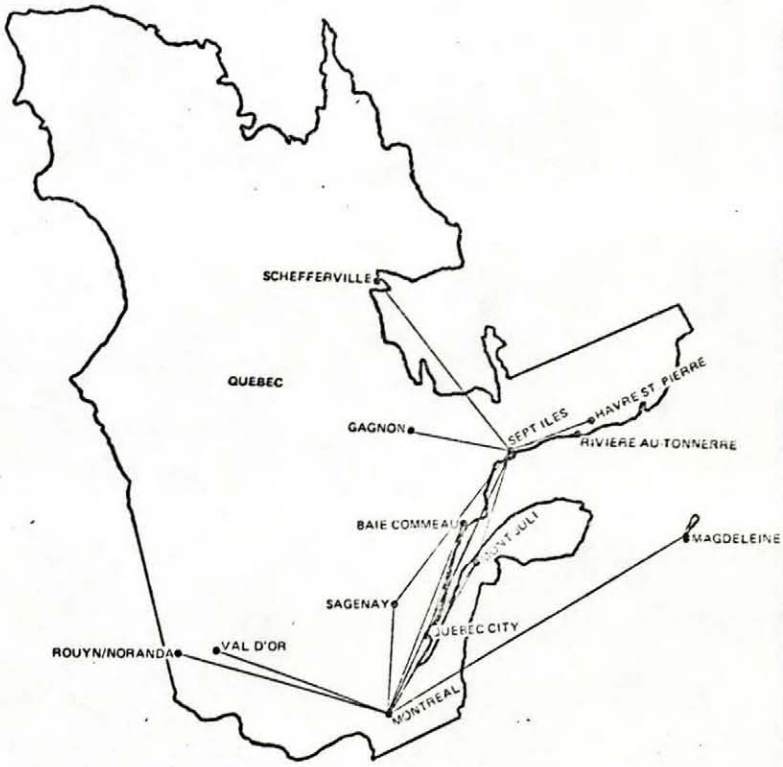




B.C. AND YUKON SUBMARKET

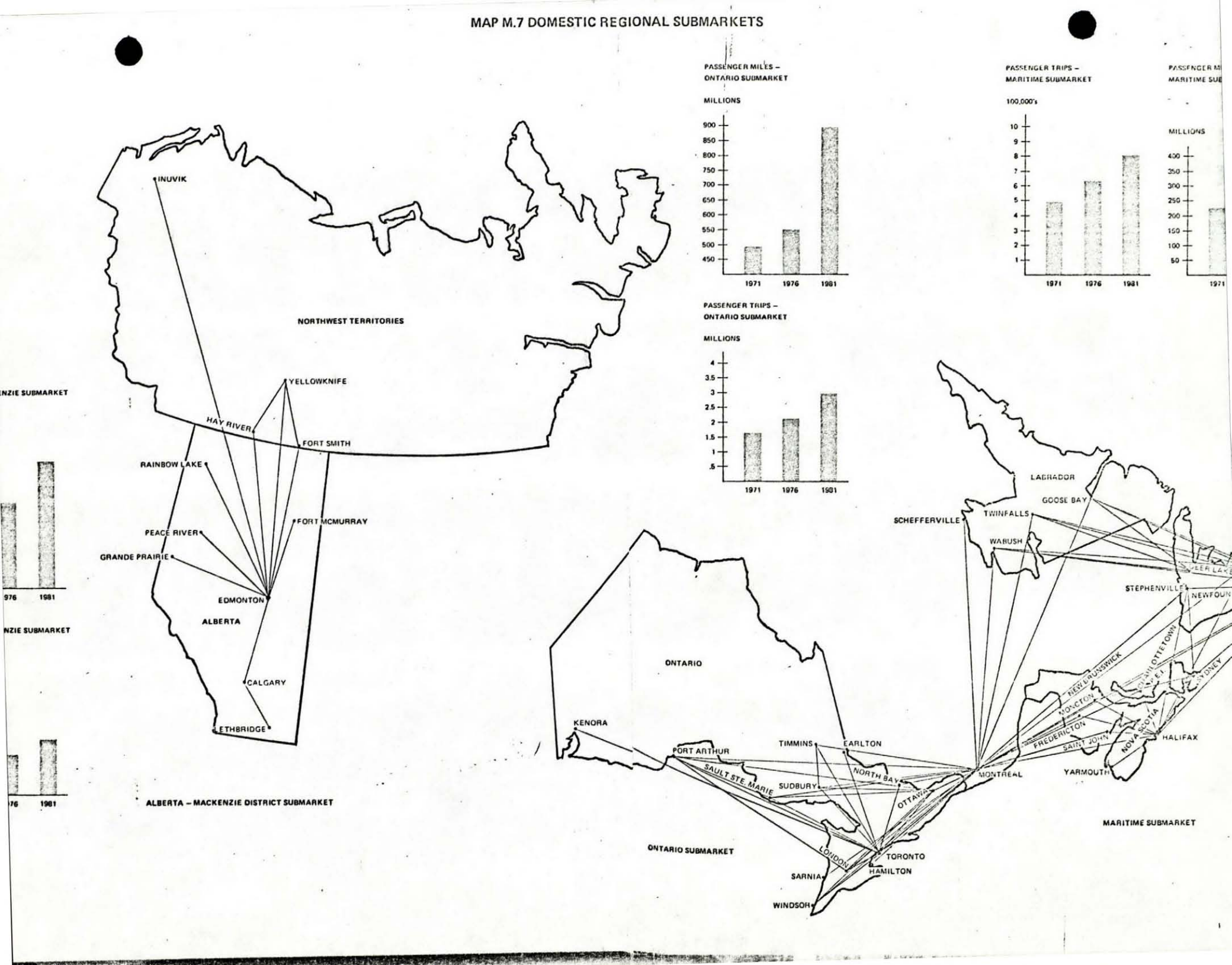


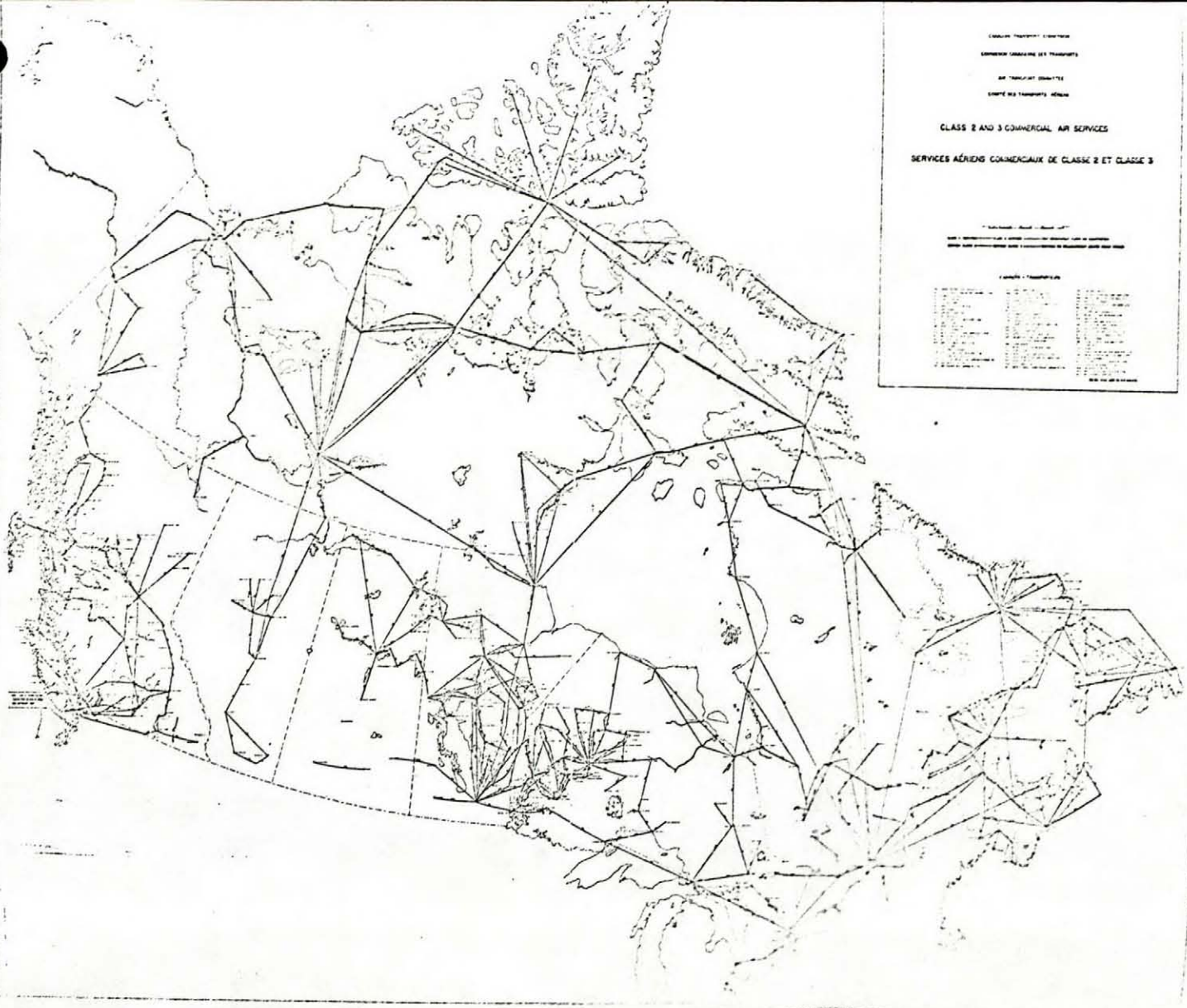
PRAIRIE SUBMARKET



QUEBEC SUBMARKET

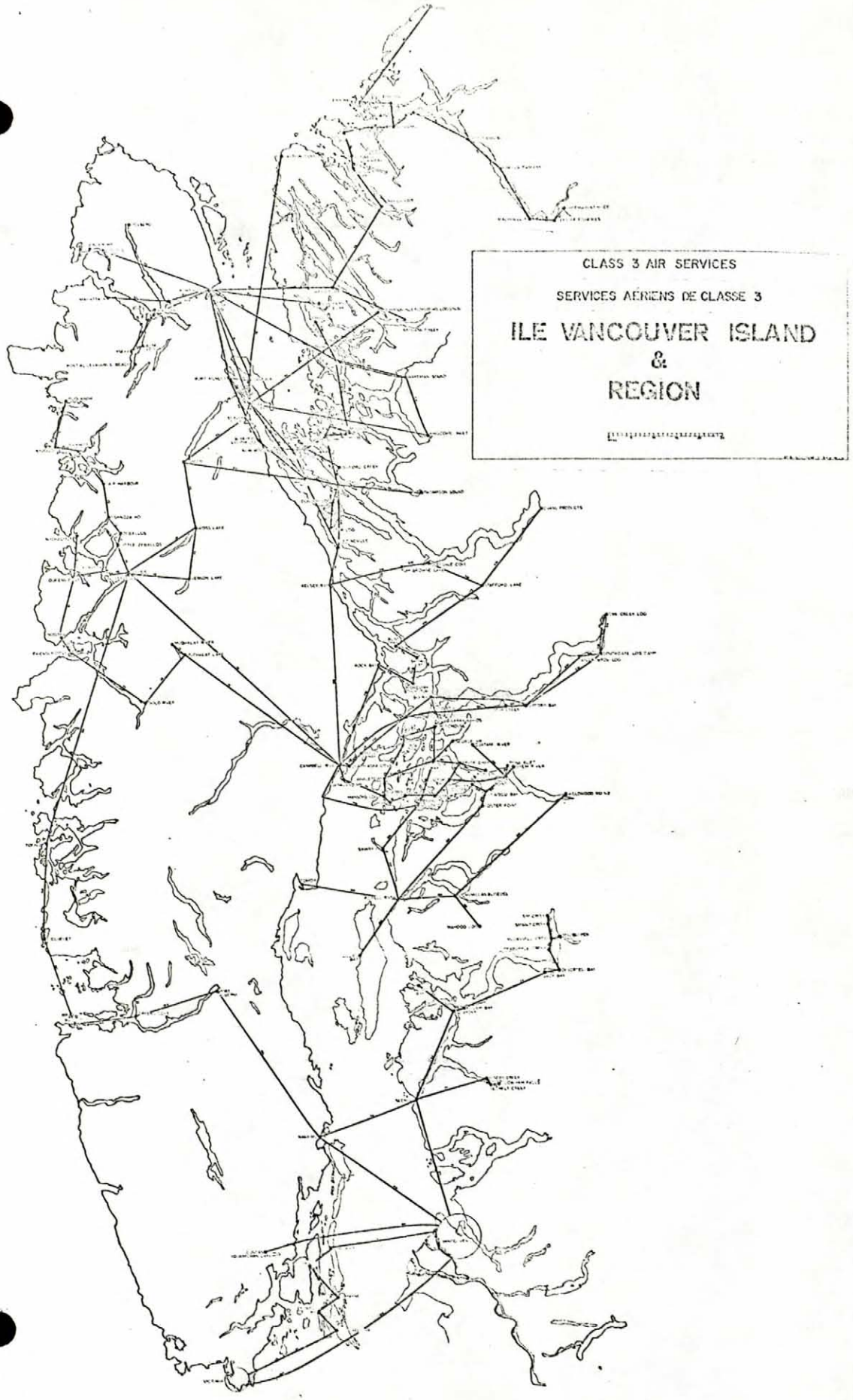
MAP M.7 DOMESTIC REGIONAL SUBMARKETS





CLASS 2 AND 3 COMMERCIAL AIR SERVICES

SERVICES AÉRIENS COMMERCIAUX DE CLASSE 2 ET CLASSE 3


CLASS 3 AIR SERVICES
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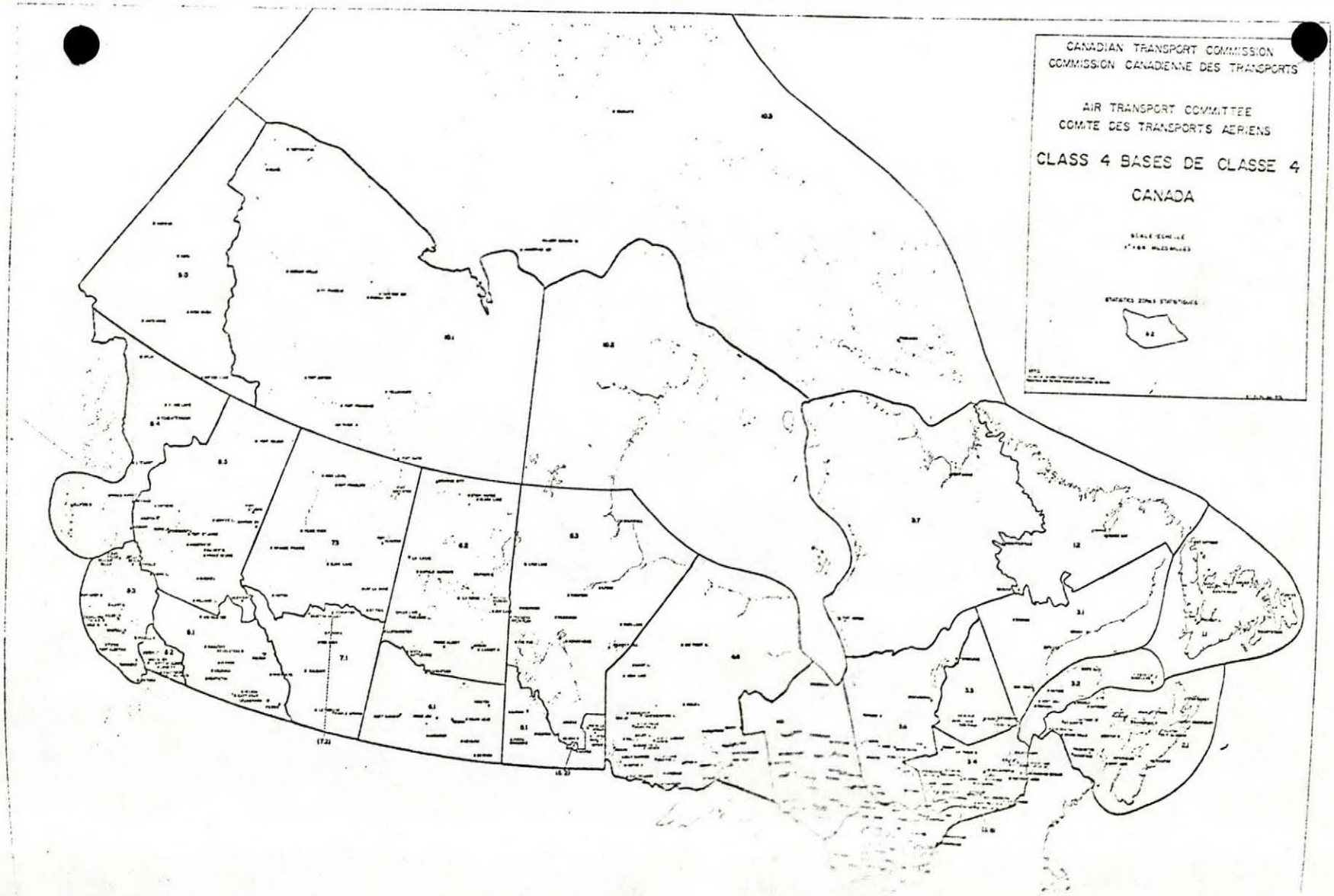
CANADIAN TRANSPORT COMMISSION
COMMISSION CANADIENNE DES TRANSPORTS
AIR TRANSPORT COMMITTEE
COMITE DES TRANSPORTS AERIENS
CLASS 4 BASES DE CLASSE 4
CANADA

Alberta Government Statement on Transportation Policy

November, 1972

The purpose of this statement is to inform Albertans of this Administration's transportation policies.

Developments during the Past Year

Responsibility for the development of Alberta's transportation interests was assigned to the Department of Industry and Commerce in recognition of the direct relationship between transportation and the future growth and diversification of the provincial economy.

Following this transfer of responsibility, a number of investigations have been carried out which have confirmed earlier concerns of this Administration that transportation presents a most significant impediment to the future growth of Alberta.

It has been established, among other things that:

- domestic rail freight rates and practices, particularly those resulting in inequitable differences in long and short distance hauls, undue rate differentials between raw, semi-finished and finished products and horizontal percentage rate increments, mitigate against the development of secondary industry in Alberta.

- the lack of competition within transport systems has a detrimental effect on the level of rates, the quality and frequency of services and the development of new methods, new routes and new facilities.

- Alberta, in common with other provinces, has little or no voice in the development of federal positions on transport matters affecting the province. This is particularly evident in the development of intra-provincial air routes and in bilateral negotiations for extended service on international air routes.

- rate levels on export movements inhibit the development of trade with overseas markets; in fact, some rate structure lead to the export of manufacturing activity.

- capacity restrictions and other impediments in present rail facilities to the West Coast restrict the uninterrupted flow and future growth of Alberta's commodity exports to Pacific Rim markets.

- the lack of overall planning involving municipal, provincial and federal authorities in air transport has resulted in the uncoordinated development of facilities, each of which may serve some specific purpose but does not contribute to any overall strategy.

- present limitations of road, rail and air routes and services are restricting development of trade with the north. There is a requirement for concerted provincial involvement - beyond past levels of effort - in the development of northern transport facilities.

- insufficient attention has been devoted to the research and development of new transportation technology inclusive of equipment, systems and methods.

- many firms in Alberta require assistance in improving distribution methods and reducing transportation costs.

- there is a limited knowledge of the effects on the economy of varying degrees of highway transport regulation.

- the costs and limitations placed on commercial carriers operating through national parks inhibit the movement of goods in interprovincial trade.

In recognition of these and other pressing transportation problems, the Government of Alberta has developed a provincial transportation policy which it believes should be brought before the public.

Provincial Transportation Policy

In the interest of all Albertans and in support of economic development throughout the province, a positive transportation policy is required to develop new directions in solving the transportation problems. the province confronts. The Government of Alberta therefore declares, as a matter of transportation policy, that this Administration will:

- through transportation development facilitate the economic growth and diversification of the provincial economy.

- promote, support and/or develop efficient transport facilities adequate to the needs of both urban and rural Albertans.

- support the effective implementation of the National Transportation Policy of Canada which declares that an economic, efficient and adequate transportation system

making the best use of all available modes of transportation at the lowest total cost is essential to protect the interests of the users of transportation and to maintain the economic well-being of Canada.

- work with the Federal Government to develop an effective, inexpensive procedure that will ensure tolls and conditions do not create

  - a disadvantage beyond the carrier cost disadvantage inherent in the location or volume of the traffic, the scale of operation connected therewith or the type of traffic or service involved, or:

  - an obstacle to the interchange of commodities between points in Canada or a discouragement to the development of primary or secondary industries or to export trade in or from any region of Canada or to the movement of commodities through Canadian ports.

- work toward an effective voice in federal transport decisions which affect Alberta.

- minimize the transportation cost component of products purchased by Alberta consumers.

- assist industry in improving distribution systems and reducing transportation costs.

- encourage and assist the development of new transportation technology inclusive of equipment, systems and methods.

- provide the means for the most effective marketing of Alberta products both domestically and internationally.

- take action to develop effective competition between carriers on all transport routes serving the province and oppose monopolistic control of competing modes of transport.

- support a level of regulation that will not inhibit the ability of any method of transport to compete.

- achieve a better knowledge of transportation problems and develop methods for their resolution through an expansion of activities devoted to transport research and development.

- exercise leadership and press for continued improvements in northern transport routes, facilities and services.

- support the maintenance of statutory levels of export grain rates.

- support integrated, effective passenger facilities and services including air, bus, rail and other urban and inter-urban systems.

- ensure each form of transport bears a fair proportion of the cost of facilities, resources and services provided at public expense.

Transportation Programs

To implement this transportation policy, in an effective way, requires activity on a wide variety of problems on many fronts. This Administration is developing a fully integrated transportation program dealing with all modes which will challenge our transportation problems through information, economic, legal and political action. Comments on the types of programs being developed follow.

Businessmen throughout the province have need for information on the transportation system. Transportation and distribution in industry present complex problems requiring professional guidance. Industries require information concerning the transportation system. To fill this need, we are developing a distribution services program that will directly assist industry in identifying and resolving transport limitations on marketing and plant location, efficient warehousing, packaging, carrier negotiation, etc.

Action in the economic area will be pursued through analysis and negotiation to remove inequities in rates, policies and practices and levels and standards of service. Our economy requires that transportation be developed to meet the demands of growth. Specific needs must be defined and met with major assistance from private enterprise or from the level of government that has the capability or responsibility to provide them.

It is always desirable to negotiate the changes required to enable development to proceed however, when negotiations fail, legal action must be taken. This Administration is ready to test and use existing legislation designed to protect the public interest in all matters of transportation.

Certain problems cannot be solved by negotiation or litigation. Political action is then required to change legislation or regulation so that the public interest is served.

Transportation is one of the keys to development of our province. The Government of Alberta is committed to improving transport facilities, services and rates to promote economic development and opportunity for all Albertans.

STATEMENT OF TRANSPORTATION POLICY

Government of Saskatchewan

January 12, 1973

I. General Statement

Saskatchewan demands a major revision of the principles underlying the present archaic federal approach to transportation -- an approach which has its roots in a national policy of the nineteenth century. The thrust of this policy was directed at tapping the investment frontier of the Canadian Prairies. Railroads and protective tariffs were the principal instruments used in effecting this east-west development.

While some aspects of this dynamic have changed over the years, the essential ingredient of a Western Canadian hinterland being exploited by commercial and industrial vested interests, largely based in Central Canada, has remained significantly unaltered. What has changed, though, is the official stance of the federal government toward the purpose of a transcontinental transportation system. In the 1870's, a much subsidized Canadian Pacific Railway was seen as the vehicle for achieving an integrated national economy. By contrast, the National Transportation Act of 1967 states that the national interest is best served by developing an "economic, efficient and adequate transportation system making the best use of all available modes of transportation at the lowest total cost."

The federal government's foresight is now restricted to economic efficiency within the transportation system itself. The monopolistic providers of the service can, therefore, proceed toward their own developmental objectives, unencumbered by any broad economic or social considerations. This is, in fact, the essence of hinterland exploitation as it exists today -- an exploitation that is reflected in various ways. The most glaring example of this is the discriminatory setting of freight rates on all but statutory grain movements. In this instance, the Prairie customer is the captive of the railways because of the nature of his goods and the length of haul. With railway companies legally free to maximize revenues where they can, the plight of the Westerner is subject to horizontal freight rate increases and an inequitable trans-continental rate structure. This fact, reinforced by a decided lack of competition within transport systems, makes for a most untenable situation with respect to the development of secondary industry in the West.

Transportation should be recognized as a primary instrument for the development of an adequate social and economic infrastructure within the provinces. As such, it is essential that there be a significant provincial input into the formulation of transportation policy in Canada. This is particularly true

with respect to the development of air services. Presently all regulatory control in this area is vested in the federal government. This fact, combined with the east-west orientation of major air services, minimizes the possibility of the cross-subsidization of north-south routes. Because the provinces are in the best position to know their own requirements, there should be a provincial voice in the granting of franchises, whereby some compulsory control is effected over both the national and regional carriers. This control should be directed toward a developmental function.

The federal government, in fact, tacitly recognizes this developmental aspect by subsidizing those air routes in Eastern Canada utilized by Quebecair and Eastern Provincial Airways. Such subsidies are sanctioned by the Canadian Transport Commission obstensibly for purposes of development. No rationale is given for the lack of similar subsidies for routes in Western Canada. This fact, while intriguing in itself, raises the larger question of the role of federal regulatory bodies vis-à-vis regional economic development. Discerning the full nature of this role with respect to the CTC is a difficult task. This is largely owing to the aura of confidentiality surrounding the submission of operating costs and revenues obtained by the transportation networks in accord with the provisions of the National Transportation Act. The example to date of the Commission's hearing of the Western Canada Rapeseed Crushers' application is a typical example of ineffective access to prompt redress of the Western shippers' legitimate grievances.

In view of these major shortcomings, the basis must be laid for a new national transportation policy. All regions of the country must be given an opportunity to develop to their maximum potential. To rectify the present inequitous situation, bold and imaginative political action must be taken by Western Canada. It is in the interest of all Western provincial governments to adopt a uniform approach on these issues. In so doing, they might loosen the iron grip in which the major transportation interests hold the West. Exploitation of the West will end only when it is made economically feasible to develop a secondary industrial base in this area.

It should be emphasized that all existing federal efforts directed toward regional economic expansion will be greatly reduced until the present inequities are removed. Fully developed provincial economies could provide the most effective springboard for the development of the North -- Canada's new frontier of investment opportunity. Until such development occurs, however, the Northern resident will not be free from the dangers of excessive pricing.

To effect this new approach, basic changes are required:

1. A strong political front coming from the West must be directed at fundamentally revising the legislation (the National Transportation Act and related statutes) which perpetuates regional inequities and seriously hampers provincial development. The legislation must provide for the integration of national transportation policy into overall national development policy, and the provinces must be given access to the process of formulating that policy. This will never occur through the present post hoc pleading of hardship through complex means in individual cases, but clearly requires joint federal-provincial development of policy and operational guidelines.

2. Channels of communication must be opened between all levels of government as a first step toward a rational planning for regional economic development, of which transportation must be seen as an integral part. This means, in particular, an immediate end to the aura of secrecy that pervades transportation matters.

II. Statement on Specific Transportation Issues

The preceding general statement provides the backdrop for considering a number of specific transportation issues. These issues can be divided into those which can be dealt with most effectively in a federal-provincial context, and those which are primarily of a Western concern.

1. Federal-Provincial

(a) Rail

Amendments to the National Transportation Act, 1967

Clearly, the main focus of Western attention must be on the National Transportation Act and its implementation by the C.T.C. This Act endorses the Railway Act which, in turn, now frees railways to maximize revenues where they can, and to compete with other transportation modes. It is under this legislation that transportation agencies are permitted to carry out their exploitative activities without challenge.

The maximum rate control formula provided for under the Act obviously does not meet the requirements of the captive Western shipper. In fact, most of our resource commodities moving out are captive to rail because of the heavy loading, per unit value, and length of haul. Furthermore, the fact that the railroads are freed by the new legislation to meet competition and to get revenues where they can, results in Western shippers contributing a disproportionate share to rail revenues.

Obviously the architects of the National Transportation Act had in mind the effect of constraining forces of competition between rail, road, pipeline, air and water modes of transportation. It is clear that no recognition was given to the extensive integration which has come to exist between the railways, road and air, and to a lesser extent, water transportation modes. The result is that, apart from the minimal provisions for provincial development considerations in Section 23, the shipper is not provided with the degree of protection that would result from competition if all transportation modes were independently owned.

Western experience with Section 23 of the National Transportation Act (e.g., Western Canada Rapeseed Crushers) verifies earlier fears that this section does not provide an effective tool for rate control or for removing rate inequities. Furthermore, only those applicants with considerable resources can affort the luxury of proceeding under Section 23. Not only does this constitute a totally inadequate provision for considerations beyond the narrow self-interest of transportation companies, but the small shipper is effectively denied access.

Freight Rates

The nature of products shipped, geographic location, and the lack of alternative modes of transportation has resulted in the railways inflicting disproportionately high freight rates on Prairie commodity movements.

Rail freight rates bear some relationship to the existence or non-existence of competition. In the case of the West, freight rates are at levels which recognize no competitive alternative for most of product movement.

If current rates charged by railways are to bear some relationship to variable costs, these costs (in audited form) must be openly disclosed and judged to be the actual costs of providing that service, with all underlying assumptions clearly spelled out. If such were the case, valuable assistance could be rendered to the C.T.C. by various independent bodies.

The transcontinental rate structure has traditionally reflected the existence of the Panama Canal -- a fact which appears to have less practical influence at this time owing to changing technology. However, the railways still justify the transcontinental freight rate structure in its present form as a means to meet the encroachment of off-shore

competition. Saskatchewan does not challenge the use of a low transcontinental rate to achieve economic unity. It believes, however, that equity for intermediary points must be considered*.

Passenger Services

Saskatchewan contends that the railways are largely responsible for the decline in rail transportation services. Rising costs of passenger services were re-inforced by the railways neglecting to keep up with technological changes in transportation. The inevitable result was that the technological improvements in air and road transport attracted the travelling public.

Continuance of certain rail passenger services is vital to Saskatchewan in view of the distances travelled and difficulties encountered by other modes during the winter months. Furthermore, the deterioration of rail passenger services can be viewed as discrimination against the lower income groups who tend to utilize their services to improve their mobility.

In order to develop an efficient rail passenger service, rail companies, government and regulatory bodies must rid themselves of the large amount of pessimism surrounding the movement of people by rail. The matter must be viewed in terms of a major public utility for the purposes of transporting large numbers of people in the most efficient manner and with maximum comfort. If passenger services are to approach desired level of adequacy, capital funds must be made available to this service on the same basis as that made available to other services. Immediate steps should be taken to apply the most recent rail technology to the provision of passenger service across the country. This is not only for the sake of Canadian unity, but also to ensure the most efficient utilization of transportation resources. The present transportation system effectively distriminates against Canadians with lower incomes who are unable to afford air service. The Government of Saskatchewan cannot tolerate this situation.

Local Rail Service Centralization

Saskatchewan regards a reliable local transportation service as having a vital role to play in maintaining the prosperity of our agricultural industry and the viability of our many rural service centres. Provisions

* For reference to specific data on transcontinental rates See Appendix A.

contained in Section 262 of the Railway Act clearly outline railway responsibilities in providing local transportation and distributing services. Saskatchewan insists that the railways at least live up to these responsibilities by providing that an alternative service is as good or better than a service being replaced.

Urban Rail Relocation

Saskatchewan agrees in principle with the concept of relocating rail facilities which currently inhibit the orderly growth of our urban centres. We also agree that the federal government has a major responsibility to provide funds without the constraints of the present ceiling of $500,000, to enable urban communities to develop a rational growth pattern. However, the province is not prepared to sacrifice its local and provincial interests in urban development for the sake of major funding from the federal government.

At this point in time, the province is in need of a clarified federal position as to its role in assisting urban centres relocate rail facilities and indeed, its role in broader urban development questions.

Branchline Abandonment

The provinces must continue working together to demonstrate the unrealistic basis on which earlier federal abandonment proposals were founded. It has not been demonstrated as well, that these proposals are basically sound when all economic and social costs are taken into account in a broader cost-benefit analysis of these schemes.

The provinces must aggressively propose options which are in the best interests of sound regional development, and which are efficient from both a social and economic point of view. The provinces must have an adequate forum and legislative provision to put forward these options.

More specifically, the province recognizes that there are some branch lines that could be abandoned without incurring serious transfers of costs from the federal government.

However, the province is convinced that the wholesale abandonment of branch lines, as proposed in railway submissions to the C.T.C. prior to 1967, or as currently proposed in Grains Group studies, is completely unrealistic and would involve heavy transfers of costs

from the federal government to farmers, municipalities and the provincial government and would be particularly disastrous from a social point of view.

In particular, the provinces concerned over the prospects of branch line abandonment should:

(a) Press for an amendment to the Railway Act so that, in the case of grain or other products captive to the railways, "off line" costs and revenues not be included in computations of actual loss (Section 314A). The criteria for any abandonment should take into account both economic and social costs that would be incurred by any persons, organizations or governments as opposed to the actual savings that would accrue to the railways for abandoning the line.

(b) That as an absolute prerequisite prior to the abandonment of any rail lines, the rationalization of the rail network between the CNR and the CPR in Western Canada, be the subject for a major study by the Canadian Transport Commission or qualified consultants. Such a study should consider costs and revenues from the standpoint of the total rail system, that it include construction of new lines to link existing lines and that the results and details of the study be available to the public.

(c) Press for the development of policies to compensate individuals, local and provincial governments for additional costs that will be incurred by them as a result of abandonment of a branch line.

Terminal Storage - Vancouver #2

Saskatchewan regards the West coast terminal and storage facilities as a major obstacle to achieving an efficient grain handling system. Little is gained by rationalizing the interior grain handling system if, at the same time, major congestion problems remain at the terminals. Saskatchewan regards terminal facilities as an integral part of the commodity handling and transportation system. To divorce port issues from broader transportation concerns is entirely unrealistic in our view.

Saskatchewan has adopted the position that, not only must existing terminal facilities become more efficient handlers of grain, but that alternative port facilities must be developed to overcome the problem of congestion. It is also a recognized fact that congestion at existing terminals can jeopardize grain sales if water carriers are not loaded with the minimum of delay.

In this context, Saskatchewan favours the reactivation of national Harbours Board terminal #2 for the purpose of handling and storing specialty crops (e.g. rapeseed). This measure would free other terminal facilities for the more efficient handling and storage of wheat and other cereal grains.

Ashcroft-Clinton Cut-Off

A well recognized bottleneck in the existing grain handling system is the hazards encountered in moving grain through the B.C. interior. Saskatchewan is of the opinion that most of these difficulties could be avoided by constructing a rail line from Ashcroft to Clinton on the P.G.E. line, thus diverting traffic around the problem area. Such a venture would markedly improve the flow of grain to Western ports and eliminate the possibility of sale losses because of the inability to deliver sufficient quantities of grain.

It is in the interest of all Western provinces to press the federal government into action to rectify the current delivery problems encountered during the winter months. Since West coast facilities are growing in importance as an outlet for major Western Canadian exports to the Pacific Rim countries, it is even more important for future years that this interior bottleneck be alleviated.

(b) Air

Regional Air Services

Saskatchewan takes the stand that the province must have the ability to determine provincially based air routes according to a positive development approach. This would enhance utilization of transportation as an instrument of development in conjunction with appropriate social and economic policies. The provinces must take a strong line on the centralist features of existing regional air services. The current arrangements lend themselves to a considerable amount of "cream skimming", with the result that provinces cannot incorporate a viable provincial transportation system as part of their developmental strategy. The provinces are, therefore, forced to provide unprofitable services (e.g. to the North) without the ability to cross-subsidize from profitable services.

Provincial Involvement in Canadian Bilateral Negotiations

The viability of provincial or regional air services hinges on the ability to integrate their services with those operations of a national and international

scope. Legally, the provinces have little or no voice in negotiating these air routes at this time, yet the nature of these agreements are vital to the development of adequate intra and interprovincial air services.

Furthermore, Saskatchewan is in the unique position among the Western provinces of being served by only one major national carrier. This fact places Saskatchewan in an extremely disadvantaged position in planning the development of a coherent intra-provincial air service. Inadequate national air connection seriously limits the ability to link regional and provincial services with national operations.

(c) Water

National Ports Council

The National Ports Council was established primarily to advise the Minister of Transportation on the country's overall transportation requirements in the ports field. At present, the Council is devoting most of its attention to technical rather than broader policy issues.

In order to realize its original objectives, as stated by federal authorities, the Council must shift its emphasis to marine policies and programs which would best further Canada's position in the trading world. Furthermore, the provincial and regional interests of this country will not be fully recognized unless the provincial governments provide a greater policy input. The Western provinces can have a stronger voice in port policy only if the mandate of the Port Council is strengthened to the point where it can assist the National Harbours Board in planning future port requirements.

St. Lawrence Seaway Finances

Saskatchewan views any measure to militate against the efficient movement of Saskatchewan products (e.g. wheat) as contrary to the original purpose of the seaway to provide deep sea, inland transportation for the efficient and economical movement of resource products into world markets.

Any arbitrary toll increase that will reduce the ability of low value, heavy loading products to move economically, is contrary to the public interest.

An indepth investigation into the regional effects of toll increases should be initiated by the federal government in co-operation with the provinces.

Churchill

As the Port of Churchill provides Saskatchewan shippers with the nearest salt water port (some 400 and 1,000 miles closer than Vancouver and Montreal respectively), efficient development of Churchill is of prime importance to Prairie regional development. Not only is Churchill important for the movement of Saskatchewan grain (its prime current use) but the port takes on an increasing importance as a re-supply depot for the Keewatin District.

An efficient port facility at Churchill will not only ensure greater participation by Prairie shippers in northern development, but will also provide a potential Prairie base for processing materials coming out of the North.

In conclusion, Saskatchewan supports the continual upgrading and development of the Port of Churchill to better serve regional development needs. The effecting of Western links with the North can be significantly furthered by the provision of improved handling facilities at the Port of Churchill. The present situation where Montreal is the prime supplier for the Eastern Arctic can no longer be tolerated.

(d) Road

Part III of the National Transportation Act

Saskatchewan is concerned with the extent of potential federal control of motor transport under Part III of the National Transportation Act.

The provincial government is of the view that as with other modes of transport, the provinces should have equal voice in the regulation and control of inter-provincial motor transport. The existing federal Act (Motor Vehicle Transport Act) respecting extra-provincial motor transport now provides for a large measure of provincial control in this area.

Part III of the National Transportation Act provides for full federal control of motor transport. Saskatchewan's position in this regard is that there must be a strong measure of provincial control to protect regional and provincial interests.

2. Specifically Western Concerns

(a) Road

Weight Limits

Ontario and British Columbia have now adopted increased gross vehicle weights. The Alberta Trucking Association has indicated it feels the increase in weight gives an advantage to British Columbia truckers moving goods into the North. The Alberta Association is planning to make strong representations to the Alberta Government for the adoption of similar weight laws as are in effect in British Columbia.

Should Alberta decide to increase its gross weights, Saskatchewan and Manitoba will come under a considerable amount of pressure.

The effects of the requested changes not only on the physical characteristics of our road weights but also on our economic position in regards to freight rates and a competitive position must be considered and researched.

The area of major concern to the province is regulation covering maximum axle weights and gross weights. In particular, axle weights have a major impact on the cost of designing necessary pavement structures. It is in the province's interest, therefore, to retain the existing regulations on maximum axle weights. Gross weights could be increased with less of an impact on highways provided the limitations on axle weights, axle spacing and tire size is recognized.

Licensing Reciprocity

Saskatchewan recognizes the desirability for the broadest licensing reciprocity among the provinces and neighbouring states of the United States. This is particularly important with respect to the movement of agricultural products and supplies.

Regulatory Policies

Saskatchewan favours the control of entry insofar as it provides all communities with a basic level of service. The province favours some relaxation and flexibility in rate control to allow common motor carriers to meet inter-modal competition and competition from private carriers.

(b) Air

Federal-Provincial Authority and Jurisdiction

Existing provisions for regulating air transport are found in the Aeronautics Act, which falls entirely under the jurisdiction of the federal authorities. It would appear that regional or local air services which can be used effectively by the province as a development instrument, should be subject to some measure of provincial control. Joint federal-provincial regulation by appropriate authorities is essential if national and local air services are to provide conditions essential for optimum regional economic development.

(c) Water

Pacific Transportation Advisory Council

The Pacific Transportation Advisory Council (PTAC) is composed of representatives from the Western provinces' major industry using West coast shipping facilities, railways and federal government regulatory bodies.

The proposed objective of the PTAC is to establish the means for an efficient movement of goods from Western Canada provinces to domestic and world markets. The basic way to achieve this goal is to improve co-ordination between diverse groups involved in transportation and to identify problem areas before they become restrictive to the orderly movement of commodities to markets.

Saskatchewan supports the objectives of the proposed PTAC and considers that further attention should be given to the role which might be played by this committee in that the questions addressed are of prime concern to this province.