



CANADIAN TRANSPORTATION ACT REVIEW PANEL SUBMISSION

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EXECUTIVE SUMMARY

Section 53 of the Canadian Transportation Act (CTA) legislates a comprehensive review of the operations of the Act, as well as other acts of Parliament for which the Minister of Transport is responsible. The Prince Edward Island Department of Transportation and Public Works is pleased to participate in the 2001 Canadian Transportation Act review, and takes this opportunity to address a number of issues. Some of these issues may not directly relate to the immediate operations of the Act, but the comments and recommendations within this submission emphasize the necessity that the Act contain legislation to ensure high standards for a safe and secure transportation system that will continue to contribute to prosperity in all regions of Canada.

The role of the Department of Transportation and Public Works in Prince Edward Island is to:

“... provide transportation infrastructure, and foster development of a safe, efficient, affordable and environmentally sustainable transportation system for the movement of people and goods.”

In recent years, it has become increasingly difficult for the Department to maintain the existing 5,687 km of provincial road network with an approximate average annual capital budget of \$23 million. The annual budget does not include funding for long term sustainable transportation projects required to correct safety and capacity deficiencies in the provincial highway network.

Presently, the Department of Transportation and Public Works utilizes advanced transportation technologies to provide long term strategic planning, analysis, and direction. However, a guaranteed funding source is required for the implementation of any long term improvements to address the deficiencies of the existing provincial highway network and the needs of the highway users. This investment in the provincial road network will enhance Prince Edward Island's economic prosperity by enabling people and goods to reach their destination in local, regional, national, and international markets as efficiently as possible.

This submission recommends the Canadian Transportation Act contain legislation that requires the Federal Government and Transport Canada to:

- S provide guaranteed, long term, minimum funding for highway investment;
- S recognize and compensate provinces for the unavailability of direct rail access;
- S ensure safety and consistency for highway users between provinces and regions;
- S invest a significant portion of the federal fuel tax in highway infrastructure;
- S provide guaranteed, long term, minimum funding for Northumberland Ferries Limited's Wood Islands to Caribou ferry service;
- S support trade corridors by improving communication and cooperation between provinces, states, and other international markets; and

S ensure the viability of small airports through increased capital assistance, increased international air access, and continued support toward fostering competition.

The Province of Prince Edward Island hopes the Canadian Transportation Act Review Panel will seriously consider these recommendations and the amendments they introduce.

1.0 INTRODUCTION

Section 53 of the Canadian Transportation Act legislates a comprehensive examination of the operation of the Act and related legislation. Therefore, on June 29, 2000, Transport Minister David Collenette announced the appointment of a Panel to conduct a comprehensive review of the Canadian Transportation Act (CTA) as well as other acts of Parliament, for which the Minister of Transport is responsible, pertaining to the economic regulation of a mode of transportation and transportation activities under the legislative authority of Parliament.

Minister Collenette indicated that the panel will specifically consider ways to increase competition in the railway sector, including enhanced running rights, a proposal for regional railways, and other access concepts in order to assess the overall effectiveness of the current legislative framework to provide the basis for the kind of transportation system which Canadians need.

A review of the CTA indicates that a majority of legislation deals with railways and issues surrounding this mode of transportation. Initially, the Prince Edward Island Department of Transportation and Public Works was unsure of how the Province could comment on an act which regulates a mode of transportation that no longer exists on Prince Edward Island – total rail abandonment took place on Prince Edward Island in 1990. However, in Section 5, The Declaration of National Transportation Policy provides a platform for comments regarding other modes of transportation, including road, marine, and air. The specific topics being referred to include:

- S Emerging Market Structures Among Transport Carriers,
- S Sustainability of Capital Spending,
- S Governance and Accountability of Newly Commercialized Transportation Infrastructure Providers,
- S Sustainable Transportation Issues, and
- S E-commerce Implications for Transportation.

The submission identifies issues that can be considered within the context of the CTA Panel Review in an effort to develop a transportation system that is sustainable and meets the commercial, industrial and recreational needs of the Province.

2.0 PRINCE EDWARD ISLAND

In Brief

Prince Edward Island, located on the east coast, is Canada's smallest province. Prince Edward Island is cradled on the waves between the Gulf of St. Lawrence and the Northumberland Strait, with a population of 138,000 people and approximately 5600 km of two lane roads under provincial jurisdiction. Prince Edward Island played host to 1.1 million tourists during the summer of 1999. Tourism, in conjunction with agriculture and fisheries, provides the economic backbone for Prince Edward Island. Light industry and manufacturing also play key roles. Information Technology (IT) is also becoming a major contributor to the Island economy.

Provincial Border Crossings

Prince Edward Island has two primary connections to the mainland of Canada: the new Confederation Bridge linking the Island to New Brunswick, and the Northumberland Ferry Service between the Island and Nova Scotia. A third connection, which is of lesser importance to Prince Edward Island but is of significant importance to the destination, is the C.T.M.A. ferry service which operates between Souris and the Iles-de-la-Madeleine (which is under the jurisdiction of the Province of Quebec). See map on following page for details.

Mandate

The mandate of the Department of Transportation and Public Work of Prince Edward Island is to:

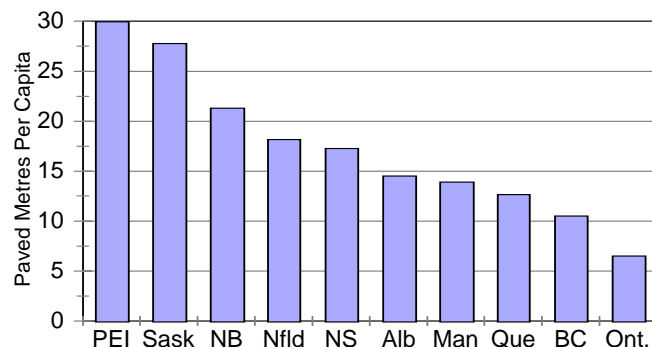
“contribute to the economic development and the quality of life in this Province by maintaining and enhancing, in an affordable way, the essential transportation systems and services for the efficient and safe movement of people, goods, and services”

Population Demographics

Information from Statistics Canada indicates that Prince Edward Island has the lowest provincial population (138,000), the highest provincial density of persons per square kilometer of land, and the lowest provincial percentage of the population living in urban centers of 1000 or more.

Statistics also indicate that Prince Edward Island has the greatest length of paved road per capita of all the provinces, the most scattered population, and the smallest

Paved Metres of Highway Per Capita
A Provincial Comparison








Source: Transportation Association of Canada, "Transportation in Canada: A Statistical Overview", 1995 (updated 1996)



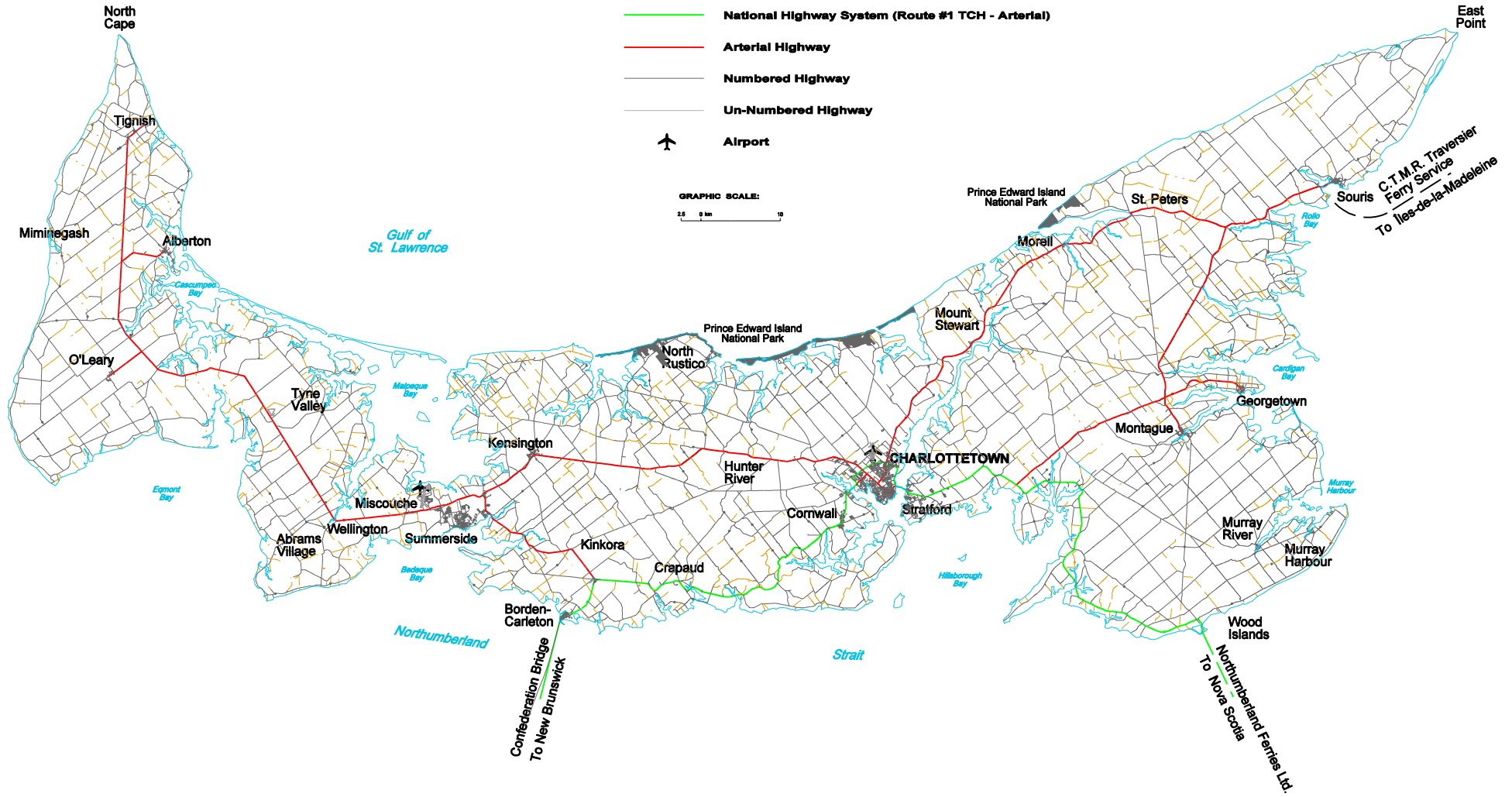
Department of Transportation
and Public Works

- PROVINCIAL HIGHWAY NETWORK -

LEGEND:

-  National Highway System (Route #1 TCH - Arterial)
-  Arterial Highway
-  Numbered Highway
-  Un-Numbered Highway
-  Airport

GRAPHIC SCALE:
2.5 0 km 10



tax base to provide provincial funding for capital highway projects.

Provincial Road Network

The total length of road under provincial jurisdiction is 5658 km, split into the following classifications:

Road Classification	Total Length (km)	% of Total
Arterial	474	8%
Collector	667	12%
Local	2667	47%
Seasonal	1855	33%

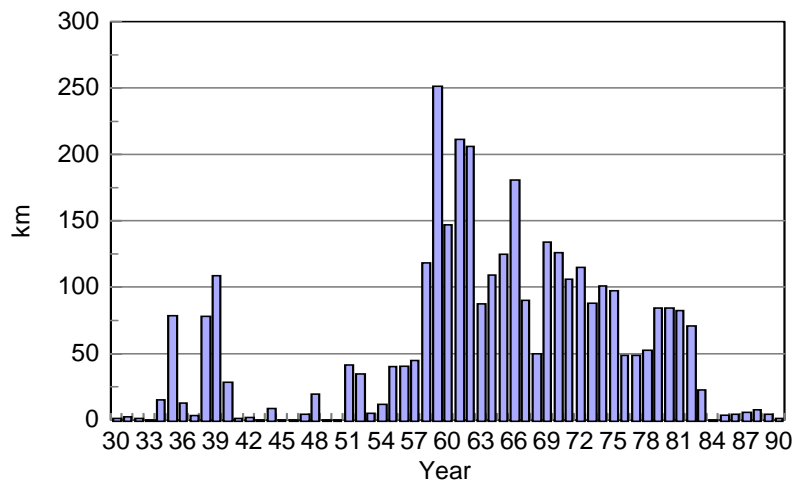
National Highway System

The National Highway System (also known as Route 1, the Trans-Canada Highway) is 118 km in length, extending from Borden-Carlton to Charlottetown to Wood Islands. Prince Edward Island’s portion of the National Highway System equates to 0.5% of the total National Highway System and only 2% of the total entire provincial highway system. The NHS carries less than 20% of Prince Edward Island’s provincial vehicle-kms; the second lowest percentage in Canada. This reinforces the importance of the remaining provincial road network and its role in the safe and efficient movement of goods and people, and the benefit to the provincial economy which can be gained by providing a flexible funding program to address the needs of the entire provincial road network.

Status of Provincial Road Network

Historical paving records show that more than 40 % of the entire provincial paved road network exceeds a 20 year life. Present analysis indicates that 1400 km of this network are currently in need of repair.

Evolution of PEI's Pavement Network
 Initial Asphalt Road Construction



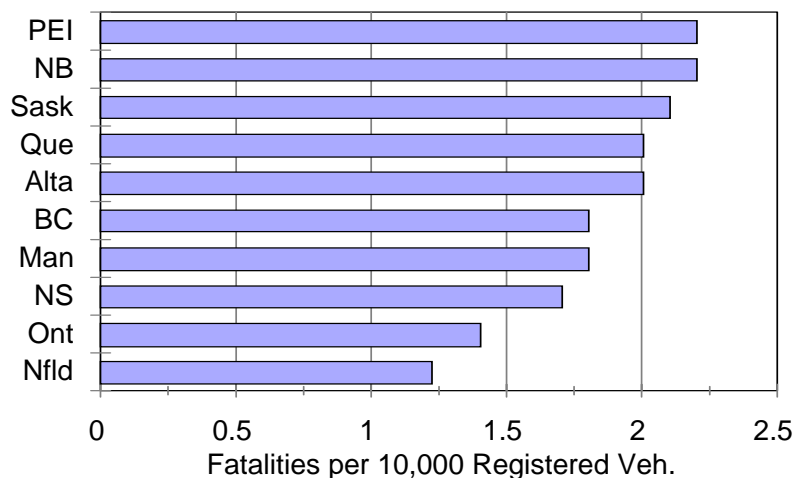
Source: PEI Department of Transportation and Public Works
 historic road construction records

However, less than 75 km of road repairs are actually completed under an average annual capital budget of \$23 million. The Province falls further behind each year, as the number of roads requiring reconstruction increases. It has been estimated that a \$110 million dollar annual capital budget is required to sustain the provincial highway network. This is 4.8 times larger than the current budget.

The annual budget does not address capacity and safety improvements required for long term sustainable transportation projects such as the Cornwall By-pass project, Borden/Carlton to Charlottetown corridor, Charlottetown to Wood Islands corridor, Greenwich Road upgrade, and numerous major bridge projects.

The three year (1996-1998) average fatality rate on Prince Edward Island is 2.2 per 10,000 registered vehicles, compared to the national fatality rate of 1.7. The fatality rate of 2.2, shared by New Brunswick, is the highest provincial rate and indicates a requirement for safety related highway improvements.

Highway Fatalities
 Three Year Average (1996 - 1998)



Source: Canadian Motor Vehicle Collision Statistics

Federal Funding Programs

Historically, cost shared programs have averaged 42 % of the annual provincial highway construction budget. Recent cost shared projects include:

Project	Years	Amount (\$000,000)
Atlantic Freight Transition Program	97-99	\$27.4
Fixed Crossing	95-97	\$16.9
Cooperation Agreement	90-95	\$29.6
Economic Regional Development	85-89	\$28.4
Regional Economic Expansion	81-84	\$15.6

In more recent years, the total federal contribution between 1981 and 1998 was \$117.9 million, or an average of \$6.9 million annually, allowing for less than 10 km of arterial highway to be reconstructed per year. Prince Edward Island is presently without a cost shared agreement, requiring the Province to fund 100% of all capital highway projects until the recently announced infrastructure program is implemented in 2002/2003.

Department Technologies

The Prince Edward Island Department of Transportation maintains a number of systems which support strategic planning, analysis, decision-making, and provide direction for the Department. These include the following:

Pavement Management System (PMS)

In 1979 the Department introduced a Pavement Management System (PMS), which relied on three types of field data (strength, smoothness, distress) to determine the Pavement Quality Index (PQI) for over 800 sections of numbered highway on Prince Edward Island, comprising over 3200 km of provincially numbered highways. The Department uses the functionality of the PMS to identify construction schedules for 5 to 20 year horizons, based on variable inputs of annual capital budget etc. The provincial construction schedules can be produced by county or road classification.

In 1996 the original PMS was migrated from a mainframe computer to a PC based system. At that time the system was reconfigured to complete the analysis using only a visual pavement distress survey. The remaining strength and smoothness data collection programs were discontinued due to budget restraints.

Integrated Traffic Monitoring System (ITMS)

In 1990, the Province, in partnership the Federal Government under the Cooperation Agreement, Research and Analysis Program, developed the Integrated Traffic Monitoring Systems (ITMS). ITMS integrates, analyses, and maintains historical records and predicts future traffic growth trends based on traffic data collected at eleven permanent counts sites, 120 temporary count sites, 42 automatic vehicle classification sites, 5 weigh-in-motion sites and various intersection count locations. ITMS produces a consolidated report for each of the 800 sections of provincial numbered highway system.

Road Weather Information System (RWIS)

In November of 1999, installation of two Luff weather stations in traditionally troublesome winter weather maintenance areas (Route 1 at Bonshaw, Route 2 east of Kensington on Route 2) was completed. During the summer of 2000 two additional Luff weather stations were installed (Route 1 at Canavoy and Route 1 at Portage). The information being collected is used to assist maintenance staff in the efficient planning and deployment of maintenance activities.

Geographic Information System for Transportation, (GIS-T)

In 1998 the Department approved a GIS-T pilot project to have the existing digital centerline basemap of the provincially numbered highway network converted for use in a GIS environment. Three ArcView licences were purchased and staff were trained in the use and application of the software. There are a number of existing databases currently available in the GIS-T environment, with more being added on a regular basis.

Road Safety Audit

In the spring of 1998, the Prince Edward Island Department of Transportation and Public Works retained Delphi Systems Incorporated to complete a qualitative Road Safety Audit on the Trans-Canada Highway between Borden and the Tea Hill Road, just east of Charlottetown. Departmental staff were trained in the procedure of performing road safety audits by taking an active role in the study. Based on observations, The road safety audit identified deficiencies in the Trans-Canada Highway corridor and documented the findings in the following technical areas: alignment and cross section, auxiliary lanes, intersection and access, traffic control devices, illumination, roadside, pavement condition, provisions for non-motorized modes, and other considerations.

Corridor Safety Review

The Corridor Safety Review, also completed by Delphi Systems Incorporated, included the results of the Road Safety Audit and incorporated additional safety and performance related indicators such as vehicle accidents, traffic volume, and roadway geometry. The conclusion of the review identified the following:

- S deficiencies exist throughout the length of the corridor, but the most significant problems appeared to be in and around the urban area of Charlottetown,
- S rural deficiencies include lack of access control, inadequate design standards, substandard cross section configuration, challenging vertical and horizontal alignment combinations, and
- S traffic demand is rising steadily, implying capacity/ level of service improvements are required.

Marine Transport

The total water freight handled at all four ports (Souris, Georgetown, Charlottetown, and Summerside) in 1997 was approximately 1,008,000 tonnes, of which approximately 184,000 tonnes were exports.

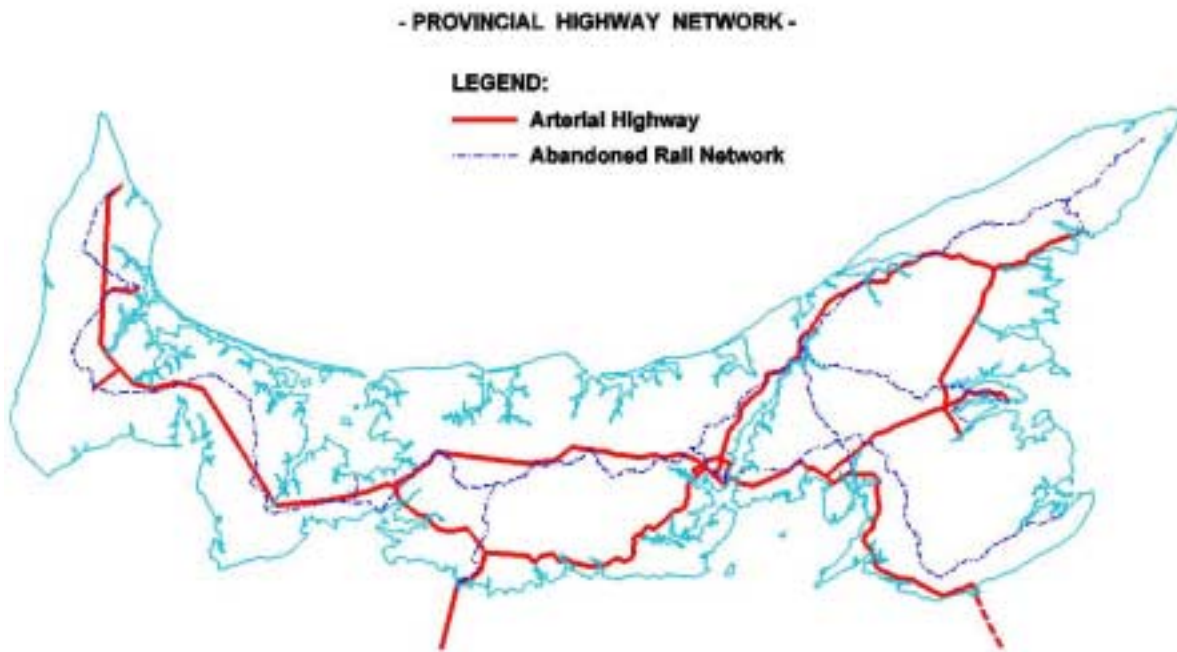
The total production of Prince Edward Island's potato crop alone amounted to 1,355,000 tonnes in 1997. Only 6.7% (90,200 tonnes) of this production was exported as water freight. The structural stress that this commodity places on the Province's highway infrastructure is staggering, and adds emphasis to the need for an updated highway infrastructure capable of withstanding the year-round load associated with this industry.

Air Transport

Passenger travel through the Charlottetown airport was 187,277 in 1999; by September 2000, passenger traffic decreased 10.7% from the previous year. As a result of the airline merger, overcapacity was cut and duplicate flights were eliminated resulting in a substantial loss of revenue at the Charlottetown Airport. In an effort to compensate, the Charlottetown Airport Authority introduced an exit surcharge of \$10.00 per person effective January 1, 2001.

Rail Transport

Total rail abandonment took place on Prince Edward Island in 1990, resulting in the eventual transfer of approximately 740,000 tonnes of goods from rail to road transport. Within the transportation industry it is well established that one loaded tractor trailer can cause as much damage to the road infrastructure as 29,000 cars. Historical paving records indicate that 99 % of the Province's existing road network was constructed prior to rail abandonment in 1990. The provincial network was not built to sufficient standards to accommodate the increased in truck volumes, weight, and axle configurations. As a result, the provincial road network is deteriorating faster than was anticipated at the time of construction.



Source: PEI Department of Transportation and Public Works

3.0 RELATIONSHIP OF TRANSPORT CANADA'S BUSINESS 2000 PLAN to PRINCE EDWARD ISLAND

Transport Canada's Business 2000 Plan outlines Transport Canada's responsibilities for ensuring that all parts of the transportation system work effectively together to provide Canadians with a system which is safe, efficient, and sustainable, and that all levels of government have a role to play in achieving this mission.

The Plan clearly states Transport Canada's strategic objectives are to:

- S ensure high standards for a safe and secure transportation system;*
- S contribute to Canada's prosperity;*
- S protect the physical environment;*
- S work with partners and clients;*
- S strengthen their services; and*
- S provide a challenging and caring work environment.*

The future direction of Transport Canada is to:

- S maintain and enhance safety;*
- S foster competitiveness in a global economy;*
- S advance sustainable transportation;*
- S develop and manage infrastructure programs;*
- S facilitate transition to the knowledge based economy; and*
- S recruit, retain and develop human resources.*

3.1 Development and Management of Infrastructure Programs

The directions of major interest to Prince Edward Island, as with all provincial departments of transportation, are the Development and Management of Infrastructure Programs, specifically Surface Infrastructure Programs. The 2000 budget has identified that the federal government will continue to work with the provinces and territories to improve Canadian highways and has allocated funding of up to \$600 million to be spent over four years, commencing two years from now in 2002-2003.

The Plan indicates that:

"... while there are a declining number of federal cost shared programs, TC has been promoting new investment strategies that link surface programs with trade corridors, border crossings, intelligent transportation systems, alleviating congestion in urban area's, and intermodal connections, while addressing the issues of air quality and climate change."

However, to date the funding formulas have not been announced for Prince Edward Island and, as a result, the amount of funding which may be available for highway infrastructure improvements is still unknown. This delay and inaction does not allow provincial planners and engineers access to the critical data sets used to complete evaluations which would enable targeting of strategic planning applications relating to the maintenance and upgrading activities required for the transportation network on Prince Edward Island.

3.2 The Knowledge Based Economy

A secondary area of interest to Prince Edward Island is the Facilitation of the Transition to the Knowledge Based Economy, specifically the Research and Development, Innovative Technologies, E-commerce and Intelligent Transportation Systems initiatives. These new initiatives, including e-commerce, will at some time require the resulting goods, services, customers, and workers to utilize Prince Edward Island's provincial transportation network. If the existing highway infrastructure is allowed to continue deteriorating at the present rate, Prince Edward Island will no longer be able to compete as effectively in the IT global marketplace as other provinces which are reaping the benefits of improved highway infrastructure and improved rail infrastructure as a result of past and recently announced federal infrastructure funding programs.

The goal of Prince Edward Island's Department of Transportation & Public Works is not unlike that of Transport Canada's – provide an efficient and safe highway system for the movement of people, goods and services. This not only includes facilitating economic development in the traditional manner, but also in the area of e-commerce. Eventually all imports and exports relating to the business of e-commerce will utilize the provincial highway network. If the highway network is allowed to fall into disrepair, the new and lucrative business of e-commerce will not succeed on Prince Edward Island as consumers and distributors will be unable to transport their goods in an economical and safe manner. As well, Prince Edward Island's tourism industry, dependant to a great extent on word-of-mouth promotion, may witness a reduction of visitors in the future as a result of steadily deteriorating road conditions which cause unnecessary wear and tear on passenger and recreational vehicles.

The Plan also identifies the role research and development plays in developing new transportation technologies. Research and development is needed to support decision making through intelligent data gathering activities, provisions of information, and advice to clients on the impact of technology on critical transportation issues in the area of safety, competitiveness, and sustainability.

3.3 Provincial Comment in Relation to Transport Canada's Business Plan

Transport Canada's 2000 Business Plan demonstrates how the Federal Government has failed to

accept responsibility for financially maintaining the highway systems across Canada – effectively downloading this colossal expense to the provinces – while at the same time reaping the benefits of revenue generated by vehicle fuel tax and associated GST.

Prince Edward Island is already utilizing advanced transportation technologies to make informed decisions regarding the highway infrastructure, thus accomplishing two of Transport Canada’s future directions in terms of Developing and Managing Infrastructure Programs and Facilitating Transition to the Knowledge Based Economy. Prince Edward Island collects a significant amount of data relating to the construction and maintenance history, existing structural status, anticipated optimum time for reconstruction, optimum reconstruction method, and the estimated cost of reconstruction and upgrades required to provide a safe and efficient highways for the movement of goods and services on our arterial, collector, and local road networks. The resulting analysis strongly indicates that the aging highway infrastructure requires repair.

Without immediate upgrades to the provincial highway network, the Province of Prince Edward Island will be unable to meet Transport Canada’s remaining goals and objectives in terms of Maintaining and Enhancing Safety, Fostering Competitiveness in a Global Economy, and Advancing Sustainable Transportation.

4.0 RECOMMENDATIONS to the CTA REVIEW PANEL

The following issues and recommendations fall under the Review Panel's mandate of investigating Sustainability of Capital Spending, Sustainable Transportation issues, and E-commerce Implications for Transportation. The Province requests that the review panel support the inclusion of these recommendations in the CTA.

4.1 Guaranteed Funding

The recent federal budget committed the federal government to consult with governments and the private sector to reach agreement on a creative and fiscally responsible multi-year plan to improve provincial highways and municipal infrastructure in cities and rural communities across Canada. The federal government has allocated \$2.65 billion for the infrastructure program to be spent over a six-year period. One hundred million dollars has been allocated for 2000-01, \$350 million in 2001-02, and \$550 million per year for the following four years in the budget for infrastructure. At the national level of \$550 million per year, \$400 million will be allocated for municipal infrastructure in cities and rural communities, including affordable housing and green infrastructure, leaving \$150 million for highways, with \$200 million per year over the next five years allocated for safety improvements to federal infrastructure.

The proposed level of federal funding (only \$150 million beginning in 2002) is inadequate to address the current deficiencies in the National Highway System. It becomes even more inadequate as funds are allocated to other types of mass transit and infrastructure projects. In 1998 the National Highway System study's cost estimate of Scenario A (without a 4 lane cap) was \$53.6 million to upgrade the NHS on Prince Edward Island, and \$17.6 billion to upgrade the entire NHS.

A long term, guaranteed funding investment in a National Transportation Investment Strategy is urgently required to ensure necessary transportation infrastructure exists to promote the domestic economy and international competitiveness.

CTA Recommendation #1: Guaranteed Funding

The CTA should contain legislation that requires Transport Canada to participate in long term, guaranteed minimum funding for a National Transportation Investment Strategy.

4.2 Funding In Lieu of Rail

On May 10, 2000 Transport Minister David Collenette, together with Ralph Goodale, Minister of Natural Resources Canada and Minister responsible for the Canadian Wheat Board, and Lyle Vanclief, Minister of Agriculture and Agri-Food, announced the federal government's intentions to introduce measures to:

“... increase efficiency and cut costs in Canada's grain handling and transportation system., . . . the Government of Canada is said to recognize that the grain handling and transportation reforms will increase pressure on rural roads and, in consequence, is prepared to make a contribution of \$175 million dollars over five years to help address this problem.”

The funding announcement was made specifically to provide compensation for an increase in modal shift from rail to road and to encourage a reverse shift back to rail. It seems that the Government of Canada has recognized this issue in Western Canada, but has failed to recognize a similar, if not a more pressing issue in Prince Edward Island. The Western Provinces have a major advantage over Prince Edward Island, as they benefit from both rail funding and highway infrastructure funding.

Prince Edward Island no longer has the availability of a secondary mode of ground transport in the form of a railway. In 1990 CN officially abandoned the railway on Prince Edward Island. All commodities which once were transported to and from the Island by rail are now transported by truck, on a road network which was built long before rail abandonment. The provincial road network was not built to sufficient standards to accommodate the increase in truck volumes, weight, and axle configurations. Consequently, the Provincial road network is deteriorating at a more accelerated rate than was expected at the time of construction.

In 1986, CN abandoned the spur lines located in Eastern Prince Edward Island. The Province purchased this land from CN for \$66,000. In 1990, CN abandoned all railway operations on Prince Edward Island and offered the Province the remaining right of way, to be purchased as market value. It was determined that the purchase price would be in the range of \$4.95 million. Subsequent to this agreement, a secondary purchase agreement was established between CN and the Province which did not require a full cash payment for the purchase of the remaining right-of-way, but it was agreed that the Province would assume CN's responsibility for the Prince Edward Island CN workers' pension plan. This agreement reduced the purchase price to approximately \$3.0 million.

By comparison, the Province of Newfoundland received over \$800 million dollars in compensation from the Federal Government for rail abandonment in that province.

Province	Year of Rail Abandonment	Federal Compensation
Prince Edward Island	1990	(-\$3 million)
Newfoundland	1988	\$800 million

As outlined in Section 4.2.1 Transport Canada recognizes the importance of maintaining both the rail and road network in Western Canada, by providing funds for improvements to the existing rail infrastructure in an effort to reduce the increased pressure on rural roads due to grain hauling. The same rationale should be followed to provide funding for improvements to rural road Prince Edward Island.

CTA Recommendation #2: Funding In Lieu of Rail

The CTA should contain legislation to recognize the importance of access for each province to railway, road, and air transportation, and to legislate Transport Canada's involvement in terms of providing continued funding support or compensation for the unavailability of one or more of these modes of transportation, specifically for those provinces without rail, when considering upgrades to rail system in other provinces.

4.3 Safety and Consistency

CTA currently attempts to legislate provisions for an “efficient, effective, flexible and affordable” transportation system for Canada and Canadians. However, this must include a level of safety.

On a regional level, the Trans Canada Highway, also known as the National Highway System on Prince Edward Island, does not meet the driver's expectation of consistency between provinces. A controlled access, 4 lane divided highway alignment is now available in both Nova Scotia and New Brunswick; nothing comparable exists on Prince Edward Island.

The Prince Edward Island Roads Act permits A, B and C truck train configurations. The trend across Canada is towards opening the roads to more complex road-train configurations, leading to increases in vehicle length and weight. The total allowable length of these vehicles is 25 m, a full 2 m longer than the traditional 5 or 6 axle tractor trailers, requiring significantly longer passing lanes than in the past. A majority of the existing provincial road network was constructed long before A,

B, or C truck trains where ever considered to be part of the traffic stream. Many sections of the existing provincial road network, including the Trans-Canada Highway, have inadequate passing lane length for vehicles of these configurations.

In 1987, the Council of Ministers Responsible for Transportation and Highway Safety recognized the growing need to preserve Canada's highway infrastructure. They commissioned a study on the National Highway Policy for Canada, with the goal of identifying future needs and defining standards for a Canadian primary highway system. The study established the benefits and costs of meeting these needs, and the funding alternatives for meeting the associated costs, with a view toward recommending adoption of a national policy by their governments.

The criteria used to select highways for inclusion in the National Highway system required that the highway had to be an existing primary route that provided interprovincial and international trade and travel by connecting, as directly as possible, to a capital city or major provincial population or commercial center. The total length of highway designated as a NHS was 24,500 km.

As indicated earlier, on Prince Edward Island the Trans-Canada Highway is also designated as the National Highway System, at a total length of 118 km. Cost estimates were prepared using a common set of work types. These include resurfacing, reconstruction or road upgrading, new construction, twinning or new four lane construction, interchanges, and finally new structures or structure rehabilitation. In 1998, the total cost estimate for upgrading the Trans-Canada Highway in Prince Edward Island was \$53.6 million dollars, compared to \$17.6 billion dollars nationally.

The study also estimated that over 25 years, present value benefits of the National Highway System investment program would exceed \$30 billion. The benefits would be realized through travel time savings, highway safety improvements, reduced vehicle operating costs, and network benefits. Such an investment would also increase industry productivity and regional competitiveness.

The Province does not have the necessary capital budget resources to complete the required upgrades. The Province requires ongoing commitment and assistance from the Federal government just to maintain the existing road network, without addressing safety improvements and upgrading the existing Trans-Canada Highway to a regional standard similar to that found in New Brunswick and Nova Scotia.

CTA Recommendation #3: Safety and Consistency

The CTA should contain legislation that requires Transport Canada to contribute to the national highway infrastructure to ensure consistency in driver expectation between provinces, and more importantly regions of Canada, with regard to the major road and highway links between provinces and international borders. As indicated in Recommendation #1, the CTA should legislate Transport Canada's continued involvement in terms of guaranteed funding support or compensation to achieve driver consistency.

4.4 Reinvestment of Federal Fuel Tax

Each year Ottawa collects approximately \$4.5 billion (including GST) in gasoline taxes, including the 1995 increase of 1.5 cents per liter on gasoline tax. Research indicates that approximately 5 % of the total excise taxes on gasoline is returned to Canadians in the form of highway investments.

In 1998 the United States passed the Transportation and Equity Act for the 21st Century. That bill legislates investments of \$217.9 billion over six years into infrastructure, a large portion of which is designated for trade corridors routes connecting its borders to Canada and Mexico. Legislatively the bill guarantees that a minimum of 90.5 % of each state's contributions to the federal Highway Trust Fund, of which motor fuel taxes are the major source of income, be returned to the state in the form of surface transportation funding.

Approximately \$25 million per year is collected by the federal government from taxes on gasoline and diesel sold on Prince Edward Island. Using the 90.5 % return formula from the United States, a minimum total revenue of \$22.6m would be returned to Prince Edward Island annually for investment in surface transportation infrastructure. The level of federal funding actually received by the Province is only a fraction of this amount.

Without a guaranteed, ongoing annual funding commitment from the federal government specifically identified for highway reconstruction, the Department is unable to develop a realistic strategic plan for highway improvements and reconstruction schedules. As a result, Prince Edward Island lacks the necessary funding to provide a sustainable transportation system.

CTA Recommendation #4: Reinvestment of Federal Fuel Tax

The CTA should legislate Transport Canada to reinvest a significant level of the revenue received from sales tax on fuel directly into highway funding programs.

4.5 Wood Islands to Caribou Ferry Service

The Northumberland Ferries Limited service between Wood Islands, Prince Edward Island and Caribou, Nova Scotia has been a major factor in the economy of Eastern PEI and Pictou County for more than 50 years. The ferry service provides an important transportation service for industrial, commercial, recreational and tourist travel in the region. The ferry terminals at Woods Island and Caribou are the second largest points of entry to PEI and Nova Scotia, respectively. Northumberland Ferries provides seasonal ferry service (May - December) between Wood Islands and Caribou, sailing nine times daily in peak season. The service carries approximately half a million people a year across that Strait.

A recent study of the service was commissioned by a group comprised of Opportunities East on Prince Edward Island, the Pictou Regional Development Commission, Northumberland Ferries, and ACOA. That study concluded that as many as 758 jobs on PEI and another 698 in Pictou were created by the ferry service. In terms of dollars the service creates spinoffs of almost \$24 million.

As an export-based economy, competitiveness is vitally dependent on our Province's capacity to move goods and people quickly and safely. The service provided by Northumberland Ferries Limited has a direct impact on Prince Edward Island's economic and community development, and it's long term viability is essential to the prosperity of the region it serves. Northumberland ferries Ltd. has received an extension to their subsidy operating agreement from Transport Canada, but a more stable, long-term funding agreement is required to enhance the stability of this service and the regional prosperity that depends on it.

CTA Recommendation #5: Wood Islands to Caribou Ferry Service

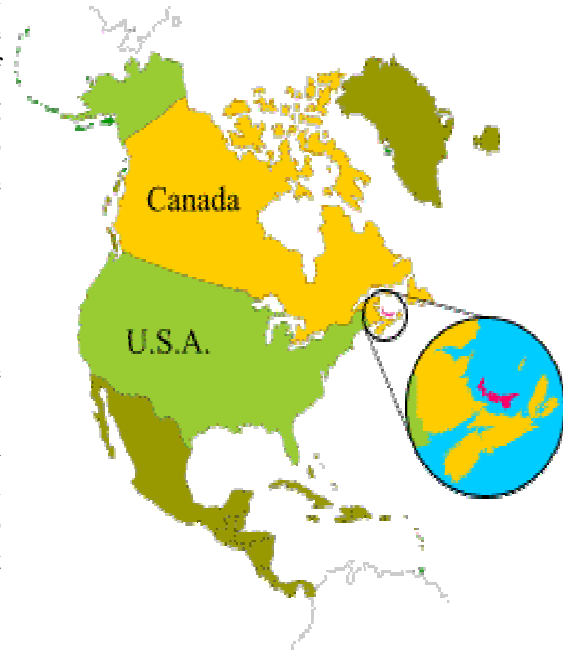
The CTA should contain legislation that requires Transport Canada to participate in long term, guaranteed minimum funding for Northumberland Ferries Limited.

4.6 Trade Corridors

The improvement of road trade corridors to Central Canada and Eastern United States is essential for competitive trade opportunities and the Prince Edward Island economy. Given the nature of our region's geography and the limitations of our existing transportation infrastructure, most of the Province's freight is hauled with tractor-trailers. Unfortunately, the cost of exporting and importing goods by tractor trailer is high when compared to other regions and provinces with access to alternate modes of travel such as air, rail, and multi-trailers. Eventually Prince Edward Island will not be able to compete in the movement of goods by surface transport unless the existing highway infrastructure is upgraded to provide a safer and more efficient link to the region's trade corridors.

Prince Edward Island's geographical location places it at something of a disadvantage in terms of its distant markets, particularly for manufacturers and transporters of goods. The Province's National Highway System is our link to the regional Atlantic trade corridor. The completion of the Confederation Bridge has greatly improved the flow of goods to and from Prince Edward Island, eliminating delays in waiting for marine ferries. In addition to goods, the regional trade corridor has become increasingly important in the transport of people.

Prince Edward Island's government and business community have been active participants in national, regional, and provincial trade missions and have visited Massachusetts, Rhode Island, and Connecticut, with future missions planned for Atlanta, Ireland, and Chile. Efficient trade corridors are an essential economic development tool, and are required to compliment our Province's economic development efforts.



Prince Edward Island's transportation links to existing and future trade partners in Western Canada, the U.S. and Mexico are vital to the Province's economic survival. The value of establishing and maintaining trade corridors can be found in Transport Canada statistics released in November 1998 on road exports to the U.S. by border crossing. Combined, the Woodstock and St. Stephen border crossings handled more than 92 percent of road exports to the U.S. and Mexico from Prince Edward Island. Transport Canada's statistics also indicate that Prince Edward Island ranks first in the country in its dependence on interprovincial trade.

CTA Recommendation #6: Trade Corridors

The CTA should promote improved communications and cooperation between Canada, the United States, and other international markets in an effort to improve trade opportunities and provide assistance required to develop trade routes that enhance competitive rates.

4.7 Small Airports

In 1994, the Federal Government announced its *National Airport Policy* (NAP), enabling it to structure an air transportation system that supports and promotes Canada's competitiveness and meets the needs of all Canadian taxpayers, the traveling public, shippers and carriers. Under the NAP, the federal government has maintained its role as regulator but changed its role from airport owner and operator to that of owner and landlord.

Established airport authorities who have accepted the responsibility of operating an airport within their region have five years to reach a level of self-sufficiency and to reduce a substantial operational deficit that was once covered by the federal government. This has proven very difficult considering the effects of air industry changes and airline restructuring. As a result many small airports have expressed concerns regarding their financial viability.

Many of the 26 National Airport System (NAS) airports in Canada are self sufficient and large enough to operate under surplus conditions. However, small NAS airports, such as the one located in Charlottetown, have similar concerns with the future viability of their airports. The Charlottetown airport operated with a volume of just under 167,000 passengers in the year 2000, representing a decrease of 20,000 passengers from 1999. This volume of passengers is not sufficient to ensure self sufficiency at an airport that supports jet traffic. The airport is designed to accommodate larger aircraft and more people at any one time than an airport which only accommodates smaller aircraft or general aviation traffic. The size of the aircraft using the airport also dictates the size and number of personnel and equipment used for emergency services. An airport of this size could not manage to cover all operational and capital costs without some additional support.

Funding under the Airport Capital Assistance Program (ACAP) is limited and only given to regional/local airports who qualify for financial assistance on capital projects related to safety, asset protection, and operating cost reduction. New proposed federal regulations have caused further concern regarding the financial viability of smaller airports. For instance, the Civil Air Regulation

(CAR) 308 (Aircraft Emergency Intervention services) would require airports to augment their on-site fire fighting capacity. The Federal Government has augmented the ACAP funding to assist with the substantial costs associated with the required additional capital and training, however some regional/local airports are concerned that the proposed regulation could result in substantial financial burdens.

Small NAS airports are currently not eligible to apply for ACAP funding and must solely rely on generated airport revenues for their operational and capital requirements. This is not an easy task at the Charlottetown Airport, with its reduced flight capacity and small passenger movement. Subsequently, starting January 1st, 2001, the airport has introduced a passenger facility charge of \$10.00 collected from all passengers departing the airport. It is generally considered that commercial airports with less than 1,000,000 enplaned/deplaned passengers per year will have a difficult task to meet the business demands and regulatory requirements without some form of financial assistance.

The Province of Prince Edward Island believes the federal government should consider the future viability of smaller airports and support a modest capital assistance program for small NAS airports. The federal government should also provide an increase in the current ACAP funding for regional/local airports across the country.

CTA Recommendation #7: Viability of Small Airports

The CTA should legislate a modest capital assistance program, provided by the federal government, for small NAS airports with less than one million enplaned/deplaned passengers and approve an increase to the current ACAP funding program for regional/local airports nationwide.

4.8 Airline Restructuring

The merger of Canadian Airlines International and Air Canada has effectively generated one dominant carrier with approximately 80% of the domestic marketplace, thus creating a near monopoly situation. Inevitable route rationalization and changes to aircraft type have negatively impacted airport revenues at numerous airports across the country.

The Charlottetown Airport initially encountered a loss of approximately forty flights per week, representing approximately 29% of their operating budget. The airport has since been able to

retrieve some additional flights from Air Canada and its affiliate Air Nova. However, the airport now operates at a reduced capacity compared to that experienced before the merger. While it is impossible for an airport to avoid all impacts which result from such a significant restructuring process, problems are beginning to emerge that support the concerns already expressed in relation to having only one dominant airline carrier and minimal encouragement for new competition.

Competition is the most logical way to improve air fares structures. In the year 2000, passenger traffic at the Charlottetown Airport decreased by 10.9% from the previous year's traffic movements. This substantial drop of 20,000 passengers can be attributed in part to the high air fares offered, especially those offered when empty seats exist. In many cases when empty seats exist, it is because those seats carry such a high price that they can only be purchased by a small number of travelers. A Statistics Canada survey of ten major Canadian cities in 1998 indicated that airfares in the western cities remained below their 1994 record levels, while airfares in the east surpassed previous record levels. This may be a direct result of increased competition in the west and limited competition in the east.

Recent expanded air service from Canjet and Westjet to the Atlantic Provinces is a promising step toward meaningful competition, and new legislation introduced to monitor and police Air Canada's near monopoly position is certainly a step in the right direction. However there is concern that the federal process and timetable may not adequately address the issues affecting the air industry, namely lack of competition. More pro-competitive measures are necessary to alleviate the apprehension of new carriers exploring the possibility of entering the domestic market.

CTA Recommendation #8: Airline Restructuring

The Province recommends that the federal government seriously consider the impacts affecting the airline industry from airline restructuring and support more pro-competitive measures to support competition.

4.9 International Air Access

Presently, Canadians have one dominant carrier who controls up to 80% of the domestic marketplace. The issue at hand is how long the smaller airports can endure the negative impacts of airline restructuring. Developing meaningful competition and encouraging a competitive marketplace through increased air access by both small domestic and foreign carriers can alleviate many of the negative impacts affecting small Canadian airports.

The Province understands that the federal government controls international air access through the use of air bilateral agreements and primarily only negotiates this access to the larger Canadian airports, namely Toronto and Vancouver. As well, the Province understands the federal government's reasoning for such limited access by foreign carriers: to protect and promote its own national carriers. However, after a prolonged attempt to promote competition domestically and in light of limited competition, the federal government must review its policy against an increase in international air access to all communities and consider the future viability of Canada's airport system, which has a major impact on the nation's economy.

More liberalized international air access to Prince Edward Island and to the Atlantic region not only attracts much needed revenue to the community's airport; it can also dramatically improve the region's economy through tourism and business development opportunities. Tourism plays a substantial role in Prince Edward Island's economy, and like the Halifax/Iceland Air connection, the tourism marketing opportunities can be realized.

CTA Recommendation #9: International Air Access

Prince Edward Island recommends that the federal government review its policy on controlled international air access and pursue "open skies" agreements, similar to the Canada-US "open skies" agreement established in 1995, with all interested countries.

5.0 CONCLUSION

The Prince Edward Island Department of Transportation and Public Works considers the following points crucial for consideration by the CTA Review Panel:

- S In order to meet the objectives of the proposed Business 2000 Plan – namely, ensuring high standards for a safe and secure transportation system and contributing to Canada’s prosperity – Transport Canada must be legislated through the Canadian Transportation Act to provide the provinces with long term guaranteed funding specifically targeted at highway infrastructure maintenance, upgrade, and construction.
- S An efficient, safe, and sustainable transportation infrastructure is required for Prince Edward Island to compete in an increasingly competitive international, national, and regional marketplace. The economic development of Prince Edward Island depends on this essential infrastructure backbone.
- S Prince Edward Island’s limited provincial resources cannot sustain the provincial highway network. In order to maintain and improve the Province’s economic growth, Transport Canada’s support is required.
- S Support for the National Highway System must be included in Transport Canada’s Mandate.
- S The trend towards highway trade corridors to and through jurisdictions – both within Canada and trans-border to the United States – emphasizes the economic importance of the highway network.
- S The decline in highway capital expenditure in Canada has been identified as a major contributor to the Canadian productivity slowdown.
- S Recent research shows that highway investment can provide annual returns to society of 10% to 40% of their cost each year.
- S A major investment in the highway would stimulate economic recovery in the short term and, more importantly, sustain growth in the long term.
- S If the Prince Edward Island Department of Transportation & Public Works maintains the present reconstruction schedule, and allocates approximately 25 % of the provincial capital budget to capacity and safety improvements, two years from now approximately 45 % of the provincial highway will exceed a 20 year life. This is the situation that will

face the Province when the recently announced Infrastructure Program is eventually implemented.

- S Continued operation of the Northumberland Ferry service between Wood Islands and Caribou is essential to the prosperity of the region it serves.
- S Recent air industry changes have threatened the future viability of the small airport, which in turn affects the economic development of the community and the province. New measures need to be introduced that provide protection, foster competition, and maintain the sustainability of Canada's small airports.

The Province appreciates the opportunity to comment on the Canadian Transportation Act, and looks forward to the opportunity to discuss the issues raised within this submission with the CTA Review Panel.

APPENDIX A

History of Federal Government Presence in Highway Funding

Source: Coalition to Renew Canada's Infrastructure Pre-Budget Submission, House of Commons Committee on Finance, September 1999

Highways in Canada have traditionally been the jurisdiction of the provinces. Until the Trans Canada Highway Act of 1949 and the Roads to Resources Program in 1958, highways across Canada were regionally orientated with nominal investment by the federal government. The Canada Good Roads Association became the defacto Inter-Provincial forum in the 1940's on highway policy, but the provincial members recognized the need for federal involvement.

Federal investments under the Trans Canada Highway Act and the Roads to Resources Program increased from \$19 m to \$143 in 1970, and peaked in 1966 at approximately \$190 million.

The Trans Canada Highway Act stipulated that federal highway construction projects would have to meet specific standards set by the federal government. The Roads to Resources Program was an open-ended cost sharing agreement, in which provinces identified the projects.

Together, the Trans Canada Highway Act and the Roads to Resources Program are the seeds of our National Highway System.

APPENDIX B
List of References

Canadian Transportation Act

Canadian Transportation Act Review Web Page

Transport Canada 2000 Business Plan

Transport Canada, Transportation In Canada 1999 Annual Report

Transport Canada Press Releases

Federal Budget

Transportation and Public Works Annual Reports for Prince Edward Island

Prince Edward Island Statistical Review

National Air Policy

Statistics Canada

Road Safety Audit: Trans-Canada Highway from Tea Hill to Borden, PEI; Delphi Systems Inc.; June 15, 1998

Corridor Safety Review: Trans-Canada Highway from Tea Hill to Borden, PEI; Delphi Systems Inc.; June 1998

APPENDIX C
Transport Canada News Release
***Government Handling of Canada Announces Measures to Improve Western Grain Handling
and Transportation System***

Source: Transport Canada website (<http://www.tc.gc.ca/releases/nat/00%5fh034e.htm>)

(See attached)



News Release

No. H034/00

For release May 10, 2000

GOVERNMENT OF CANADA ANNOUNCES MEASURES TO IMPROVE WESTERN GRAIN HANDLING AND TRANSPORTATION SYSTEM

OTTAWA — Transport Minister David Collenette, together with Ralph Goodale, Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, and Lyle Vanclief, Minister of Agriculture and Agri-Food today announced the government's intention to introduce measures to increase efficiency and cut costs in Canada's grain handling and transportation system.

Reforms to be implemented by August 1, 2000 include:

- the establishment of a revenue cap that provides for an annual estimated \$178 million reduction in railway revenues, which represents an estimated 18 per cent reduction in grain freight rates from 2000–2001 levels;
- the phase in of Canadian Wheat Board (CWB) tendering for logistical services for grain shipments through the ports of Vancouver, Prince Rupert, Thunder Bay and Churchill, from at least 25 per cent of their volume in 2000–2001 to a minimum of 50 per cent in 2002–2003; and
- amendments to the *Canada Transportation Act* (CTA) to facilitate the transfer of branch lines to community-based shortlines and to simplify the Final Offer Arbitration process.

The Government of Canada recognizes that grain handling and transportation reforms will increase pressures on rural roads and, in consequence, is prepared to make a contribution of \$175 million over five years to help address this problem.

In addition, an independent third party will provide a transparent and continuous monitoring program to assess the overall efficiency of the grain handling and transportation system, including the impact of changes on farmers, the CWB, railways, grain companies, shippers and ports.

"These measures will result in a stronger grain handling and transportation system in Canada, one that is more commercial, competitive and accountable," said Mr. Collenette. "This package will help modernize the grain handling and transportation system — and provide safeguards where necessary — to meet the needs of grain producers, shippers, ports and the system as a whole. It will also strengthen Canada's ability to reliably deliver grain to international markets."

"Today, the Government of Canada has taken a major step toward the creation of a more efficient and affordable system that will benefit Canada's grains and oilseeds producers," said Mr. Goodale. "Changes to the transportation role of the Canadian Wheat Board will be phased in and should not hinder its ability as a marketer to discharge its obligations to farmers and global customers."

"This is the best outcome for the greatest number of producers," said Mr. Vanclief. "This will result in a reduction of an estimated \$178 million a year in grain transportation costs, and will build on our continuing efforts to create a more secure future for farmers."

The issue of more open rail access will be incorporated in the statutory review of the *Canada Transportation Act*, which is scheduled to begin by July 1, 2000. The government expects a report on open rail access no later than six months after the CTA review begins.

A backgrounder on the grain handling and transportation reform package is attached.

More information can be found on the Grain Handling and Transportation System Review web site at: http://www.tc.gc.ca/railpolicy/default_e.htm

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Transport Canada is online at <http://www.tc.gc.ca>

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GRAIN HANDLING AND TRANSPORTATION OVERVIEW

The Government of Canada will create a more efficient, accountable and competitive grain handling and transportation system that will cut costs for the benefit of Western Canadian grain producers and other stakeholders.

Each year, producers export an average of 30 million tonnes of grain, valued at \$6 billion. Accordingly, Western Canadian grain farmers need an efficient and reliable grain handling and transportation system.

The government's decision today follows extensive consultations undertaken by former Supreme Court Justice Willard Estey, and the recommendations made by Arthur Kroeger in September 1999 on how best to implement Justice Estey's vision of a more effective system.

Both the Estey and Kroeger reviews confirmed that changes are required in the grain handling and transportation system. These changes successfully balance the interests of various stakeholders, and

ensure that producers can deliver their products at a reasonable cost and efficiently to port.

The reform package contains six main components:

1. Replacement of the current maximum railway rate scale with a cap on annual railway revenues from grain;
2. Funding for prairie grain roads;
3. Creation of a more commercial and competitive system for moving grain from country elevators to ports, which will be achieved through the expansion of tendering for Canadian Wheat Board (CWB) shipments to port;
4. Improvements to the Final Offer Arbitration (FOA) provisions of the *Canada Transportation Act*;
5. Improvements to the branch line rationalization process; and
6. Continuous monitoring and reporting by an independent private-sector third party to assess the impact of these changes.

Implementation of this package requires legislative amendments.

REVENUE CAP

Effective August 1, 2000, an annual cap on the revenues that can be earned by Canadian National (CN) and Canadian Pacific Railway (CPR) from grain traffic will replace the current maximum freight rate scale. This will allow the railways more flexibility in negotiating freight rates and service packages and will encourage efficiencies.

The revenue cap for crop year 2000–01 is set at \$27.00 per tonne for the two railways combined. This represents a reduction of \$5.92 per tonne, or 18 per cent from the estimated effective rate of \$32.92 per tonne for 2000-01. This is an estimated \$178 million reduction in railway revenues for a typical 30-million tonne annual movement.

Under the revenue cap, railways will have flexibility to vary individual rates to reflect efficiency and offer more innovative service. Compliance will be monitored by the Canadian Transportation Agency, based on actual grain movements and distance hauled. Any railway earnings in excess of the cap will be repaid with a penalty. The revenue cap will be adjusted annually to reflect inflation starting in 2001–02. Additionally, tariff rates for single car movements originating on branch lines will not be allowed to exceed main line tariff rates for similar movements by more than three per cent.

GRAIN ROADS

The Government of Canada recognizes that grain handling and transportation reforms will increase pressures on rural roads and, in consequence, is prepared to make a contribution of \$175 million over five years to help address this problem.

GRAIN HANDLING AND TRANSPORTATION LOGISTICS

The CWB role in the grain handling and transportation system will be modified. The CWB will operate through contractual arrangements with the railways, grain companies and farmers. The CWB will also have the ability to negotiate overall car supply requirements with the railways to move the entire volume

of its business to port. However, for the portion of its business that is tendered, the CWB will contract with the grain companies, who will in turn contract with other parties for transportation and other services.

The CWB will tender the logistics of at least 25 per cent of its wheat and barley shipments to the ports of Vancouver, Prince Rupert, Thunder Bay and Churchill in crop years 2000–01 and 2001–02, and at least 50 per cent of its shipments to the four ports in crop year 2002–03.

For non-tendered grain shipments, the industry and the CWB will determine how rail car supply will be allocated among shippers. Should circumstances arise where the CWB feels compelled to use its regulatory car allocation powers to fulfill its mandate, it will provide prior public notice and make public an impact analysis of its use of the power.

The details for implementing these new elements will be confirmed in a Memorandum of Understanding between the Minister responsible for the Canadian Wheat Board and the CWB prior to the coming into force of the legislative amendments.

SAFEGUARDS

The government will modify existing Final Offer Arbitration provisions contained in the *Canada Transportation Act* as follows:

- The Final Offer Arbitration provisions will be modified to address a long-standing complaint from the shipper community that the process is too long and expensive. Final Offer Arbitration will have a simultaneous offer structure with a summary process for disputes under \$750,000.
- Amendments to the Act will permit a shipper to exclude references to the proposed rates when initially submitting a matter for FOA. After ten days, the shipper and the railway will exchange their final offers, including rates.
- Parties involved in arbitration for freight charges which will total less than \$750,000 can elect to use a simplified FOA mechanism. In this faster process, the time between the shipper filing the initial submission and the final decision will not exceed 30 days. At the request of the shipper — or for arbitration of disputes above \$750,000 — the existing 60-day process will be followed.
- The establishment of a three-person panel — only if both parties agree — will provide an opportunity for a larger panel to hear more complex disputes.

The issue of more open access to rail lines is being referred to the upcoming review of the *Canada Transportation Act* for priority consideration of effective ways to enhance competition in the railway sector, including enhanced running rights, regional railways and other access concepts, with an interim report on this issue within its first six months of work.

BRANCH LINES

Provisions for branch lines will be enhanced to further facilitate transfer of grain dependent branch lines to community-based shortlines and measures will be put in place for railways to provide transitional compensation of \$10,000 per mile annually for three years, to affected municipalities/counties/communities when a grain line is closed.

When a railway transfers a grain line segment, the railway will be required to operate the remaining part of the branch line for three years.

To discourage "de-marketing" of grain lines (i.e., purposefully deferring maintenance or lowering service levels to make the line uneconomical) the Agency will be able to:

- order the company to improve services on the grain line;
- grant running rights to another party; and
- require the railway to identify the grain line for discontinuance in their three year plan.

MONITORING

As part of its policy decision on grain handling and transportation, the Government of Canada will establish a mechanism of continuous monitoring, measurement and reporting to provide information to the Minister of Transport, the Minister of Agriculture and Agri-Food, the Minister responsible for the Canadian Wheat Board, and other interested parties on the impact of these reforms, and the overall performance of the reformed grain handling and transportation system. Should the monitoring identify any problems or opportunities to improve the system further, the government will be in a position to act.

This mechanism will be put in place by an independent, private sector third party who will assess:

- the benefits to farmers;
- whether the CWB marketing mandate is adversely affected;
- the effect on grain handling efficiency;
- the effect on railway efficiency;
- the effect on port efficiency for grain; and
- the overall performance of the grain handling and transportation system.

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