



# Canadian Transportation Agency

1997-98  
Estimates

Part III

Expenditure Plan

## **The Estimates Documents**

The Estimates of the Government of Canada are structured in three Parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve. The Part III documents provide additional detail on each department and its programs primarily in terms of the results expected for the money spent.

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# Canadian Transportation Agency

1997-98  
Estimates

Part III

Expenditure Plan

Approved

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Minister of Transport

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## **PREFACE**

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This document is a report to Parliament to indicate how the resources voted by Parliament have or will be spent. As such, it is an accountability document that contains several levels of details to respond to the various needs of its audience.

The Part III for 1997-98 is based on a revised format intended to make a clear separation between planning and performance information, and to focus on the higher level, longer term plans and performance of departments.

The document is divided into four sections:

- The Chairman's Executive Summary;
- The Agency's Plans;
- The Agency's Performance; and
- Supplementary Information.

The reader should note that this Estimates document is presented on the basis of the Agency's new Program and Activity structure. The *Canada Transportation Act*, which came into force on July 1, 1996, brought about a thorough examination of both the organizational structure and the one for program delivery. The details of the changes are explained in the Agency's Overview section under the Objective, Organization and Composition heading (see page 7). The financial information for all prior years has been restated in this document to reflect the new Program and Activity structure. A Crosswalk for past year financial data has also been provided in order to establish a link to data presented in prior expenditure plans under the National Transportation Agency (see page 34).

It should be noted that, in accordance with Operating Budget principles, human resource consumption reported in this document will be measured in terms of employee full time equivalents (FTE).

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## SECTION I

### CHAIRMAN S EXECUTIVE SUMMARY

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The enactment of the *Canada Transportation Act* ( the *Act*), which became effective July 1, 1996, was a key element in the Minister of Transport's fundamental examination of the federal government's role in all modes of transportation in Canada. This *Act* formed part of the government's overall plan to reform and modernize transportation economic regulation and replaced the former National Transportation Agency (NTA) with a new organization, the Canadian Transportation Agency (CTA).

The *Act* was enacted to provide the means for the federal government to streamline the regulatory environment in general, to reduce the regulatory burden on rail to increase its competitiveness in the continental market, to eliminate certain transportation subsidies and further deregulate the domestic air sector. As well, it will make the entry of smaller, lower-cost rail carriers easier while ensuring that shippers continue to have access to competitive rail services.

As mentioned in last year's document, this legislative change was preceded by the elimination of the Western Grain and Atlantic Freight Assistance subsidy programs administered by the Agency and, the implementation of the recommendations arising out of the Agency's comprehensive evaluation which required no legislative changes. Given the significance of the changes, the transition has been relatively smooth and efficient for both the transportation stakeholders and employees of the Agency. The Agency has a new organization and activity structure which reflects its new mandate.

The mandate of the CTA is to play a role to ensure the efficiency, effectiveness and accessibility of the Canadian transportation system through an appropriate balance of education, advice, essential regulation and conflict resolution. Members and all CTA staff are currently engaged in a strategic planning process which addresses the new role of the Agency, communication and education, the working environment for employees and work processes and operations. Members and senior management have begun an active communications program with a series of familiarization visits and meetings with shippers, carriers, all levels of government, ports and business organizations across the country. The main objectives are to provide information about the *Act* and the new Agency and to better respond to the stakeholders concerns. The CTA is also exploring alternatives to regulations as illustrated by the recent introduction of the Agency's Code of Practice with respect to aircraft accessibility for persons with disabilities. This Code was developed in consultation with representatives of organizations of and for people with disabilities, industry and manufacturers and federal government departments. This type of initiative is intended to replace, when the situation allows it, the imposition of regulation in keeping with the government's regulatory policy.

The Agency will also examine during the current and the next fiscal year, various aspects of the working environment of its employees. It will, as well, examine the various processes in place with a view to conduct its business in the most effective and efficient manner.

Given the significant downsizing of its workforce (approximately 50% as compared to the 1994-95 Main Estimates), the Agency will continue to work towards minimizing the impact of such reductions on program delivery to the public by implementing various initiatives, details of which can be found throughout this document.

Marian Robson  
Chairman

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## SECTION II

### CANADIAN TRANSPORTATION AGENCY'S PLAN

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#### A. Summary of the Agency's Plan

Through the enactment of the *Canada Transportation Act* (hereinafter referred to as the *Act*), the Canadian Transportation Agency was established effective July 1, 1996. This forms part of the government's overall plan to reform and modernize transportation economic regulation formerly established by the *National Transportation Act, 1987* (NTA, 1987). The key results pursued by the Agency, some of which will form part of its strategic plan, will include activities such as:

- maintaining and improving where required, lines of communication with the industry and other interested parties to ensure that the Agency, within its legislative mandate, remains responsive to the concerns within the transportation sector;
- implementing a newly developed strategic plan addressing key areas such as the role of the CTA, communicating its new mandate and responsibilities, etc.;
- implementing communication and training measures which will permit remaining employees to fully understand the responsibilities of the new organization and the way these responsibilities will be dealt with;
- developing new or amending existing regulations and guidelines, standards, and codes of practice, consistent with the *Act*;
- implementing measures permitting the issuance of decisions and orders within the current and new statutory deadlines;
- adapting internal processes to respond to the new mandate, for example, the issuance of new licences to air carriers, the issuance of railway certificates of fitness, etc.; and,
- continuing to provide and improving where required, conflict resolution mechanisms which are timely, appropriate and contribute to the attainment of an efficient and effective national transportation system.

#### B. Agency's Overview

##### 1. Roles and Responsibilities

The Canadian Transportation Agency, established on July 1, 1996, by the *Canada Transportation Act*, replaced the National Transportation Agency (NTA) as the agency responsible for the economic regulation of transport industries under federal jurisdiction in Canada. The *Act* was enacted to provide the means for the federal government to streamline the transportation regulatory environment in general, to reduce the regulatory burden on rail to increase its competitiveness in the continental market, to eliminate certain transportation

subsidies and further deregulate the domestic air sector. The new *Act* made the entry of smaller, lower-cost rail carriers easier while ensuring that shippers continue to have access to competitive rail services.

The Agency has all the powers, rights and privileges of a superior court with respect to matters within its jurisdiction, and makes regulations and issues decisions and orders regarding these matters. It performs all the functions vested in it by the *Canada Transportation Act* and related legislation such as the *Coasting Trade Act*, the *Shipping Conference Exemption Act*, and the *Pilotage Act*.

The Agency has the responsibility to apply the Government transportation policy in its decisions and orders. Section 5 of the *Act* states the government's National Transportation Policy. In addition, under Section 43 of the *Act*, the government can issue further policy directions to the Agency.

The Agency's role in transportation is distinct from that of Transport Canada. The Agency is responsible for the economic regulation of transportation under federal jurisdiction. Transport Canada performs a policy development and evaluation role in support of the Minister of Transport. As well, it has responsibilities related to the regulation of transportation safety. The Agency also has relationships with the Department of Foreign Affairs and International Trade concerning bilateral air agreements, with Revenue Canada concerning the coasting trade exemptions and with the Province of Ontario in respect of regulatory functions as it relates to rail transportation within the province.

## **2. Objective, Organization and Program Composition**

### **Program Objective**

To contribute to the attainment of an efficient and effective national transportation system that serves the needs of shippers, carriers and travellers, through the economic regulation of carriers and modes of transportation that come under federal jurisdiction.

### **Program Organization for Delivery**

#### **Activity\Business Line Structure:**

The new mandate and the other changes referred to, rendered the former reporting Activity structure under the NTA obsolete because of their impact on the Agency's size and operations. Keeping in line with the spirit of "Getting the government right" and the Expenditure Management System, the Agency's Activity structure was reviewed and simplified. The Canadian Transportation Agency Program now consists of one activity\business line and is better explained by examining its sub-activities\sub-business lines, details of which are found in sub-section C (see page 9).

**Organization Structure:** The Canadian Transportation Agency exercises its powers through its seven members, of which there are a Chairperson, a Vice-Chairperson and five permanent members, all appointed by the Governor in Council. The *Act* also provides for the appointment of up to three temporary members. The staff of the Agency are organized into two program branches plus a corporate services branch and a legal and secretariat services branch, the heads of

which all report to the Chairperson. The two program branches, the Rail and Marine Branch and the Air and Accessible Transportation Branch, relate on a modal basis to the regulatory functions of the Agency. Regulatory and administrative support is provided by the Chairman's Office, the Legal and Secretariat Services Branch and a Corporate Management Branch. The Agency headquarters are located in the National Capital Region. The organization structure is designed to ensure the effective and efficient delivery of the Canadian Transportation Agency Program. An organization chart illustrating the structure can be found in the Supplementary Section of this document (see page 31).

### 3. Resources Plans

The Agency will still be in a transitional mode during fiscal year 1997-98. However, it should reach what is referred to as its "steady-state" level of resources by fiscal year 1998-99, at which time all transitional projects will have been completed.

#### SPENDING AUTHORITIES

##### A. Authorities for 1997-98 - Part II of the Estimates

**Figure 1: Financial Requirements by Authority**

<b>Vote (thousands of dollars)</b>		<b>1997-98 Main Estimates</b>	<b>1996-97 Main Estimates</b>
<b>Canadian Transportation Agency</b>			
35	Program expenditures	<b>19,379</b>	22,150
(S)	Payments to railway and transportation companies under the <i>Railway Act</i> <sup>1</sup>	n/a	7,309
(S)	Payments to railway companies under the <i>National Transportation Act, 1987</i> <sup>1</sup>	n/a	0
(S)	Contributions to employee benefit plans	<b>2,365</b>	2,548
<b>Total Agency</b>		<b>21,744</b>	32,007

1 With the coming into force of the *Canada Transportation Act*, effective July 1, 1996, the program under the *Railway Act* is now the responsibility of Transport Canada and the one under the *National Transportation Act, 1987*, was eliminated (see page 21) .

**Figure 2: Votes - Wording and Amounts**

<b>Vote (dollars)</b>		<b>1997-98 Main Estimates</b>
<b>Canadian Transportation Agency</b>		
35	Program expenditures and contributions	19,379,000

**Figure 3: Canadian Transportation Agency Overview**

(thousands of dollars)	Main Estimates* 1996-97	Main Estimates 1997-98	Planned 1998-99	Planned 1999-00
<b>Total Main Estimates</b>	<b>32,007</b>	<b>21,744</b>	<b>19,828</b>	<b>19,828</b>
Estimated Cost of Services by other Departments	3,517	3,246	3,246	3,246
Net Cost of the Agency	<b>35,524</b>	<b>24,990</b>	<b>23,074</b>	<b>23,074</b>

\* Does not reflect Supplementary Estimates

### C. Details by Activity\Business Line

As mentioned in section B, the Agency reviewed significantly its internal structure for program delivery. The following sub-business lines describe in details the functions of the Agency.

**Members and Regulatory Support:** It comprises the Chairman's office and the legal and support services necessary for the regulatory activities of the Agency. Its objective is to ensure due process through sound, timely and effective quasi-judicial adjudication and regulation in accordance with the legislation and Government policies and priorities. The number of permanent Agency Members is set by statute at a maximum of seven, including the Chairperson and the Vice-Chairperson. There is also provision for up to three temporary Members. Currently, there are four Members, a Chairman, Vice-Chairman and two permanent Members. The Members determine applications, complaints, disputes and other matters pending before the Agency.

Regulatory support consists of the Legal and Secretariat Services. Legal Services provides legal opinions, advice and comments to Agency Members and staff; reviews, revises and/or drafts letters, faxes, notices and reports to ensure their legal content; provides legal representation before the Courts and at public hearings, and drafts and processes regulations. It is anticipated that the workload will initially increase as a result of the change in the legislation, but will level down as the new Agency gains experience in the functioning of the legislation. For example, on the regulations side, some 20 projects affecting approximately 38 set of regulations are currently, or will be, undertaken to either revoke, amend or rewrite them to properly reflect the new legislative environment. These projects also fall in line with the federal government's regulatory reform initiatives to simplify and reduce, whenever possible, the regulatory burden.

The Secretariat is the custodian of all original Agency orders, decisions and letter decisions. It coordinates and records the proceedings of the Agency; drafts and distributes Orders and Decisions; issues quarterly summaries of Decisions and Orders; reviews reports published by the Agency; arranges public hearings; and responds to enquiries from the general public. An ongoing project is to prepare certified copies of Orders and Decisions of the Agency and its

predecessor tribunals, and forwarded then to Public Archives for safeguarding.

Under the former NTA, this sub-business line accounted for approximately 22.8 % of the total Agency's expenditures in 1996-97 compared to 21.3 % of the ones expected in 1998-99.

**Rail and Marine Transportation:** It comprises all the rail and marine regulatory functions encompassed in the mandate of the Agency as defined in the *Act* and related legislation. Its main objectives consist of: contributing to the adequacy and viability of rail and marine transportation services which meet the requirements of Canadian business through economic regulation; the effective management of the rail infrastructure program; encouraging and maintaining fair competition through the administration of competitive access provisions while balancing the interests of transportation users and suppliers; upon complaint, ensuring that rates or conditions do not unfairly or unreasonably impede the movement of freight by resolving disputes between shippers, rail and marine carriers and other interested parties; and, in order to support the formation of federal railway policy, ensuring that the costing methodologies of railway operations are based on sound and accurate data.

The volume and nature of the work will vary according to external pressures. For instance, on rail infrastructure matters, factors such as increasing urbanization, decisions on federal funding of railway/highway grade separations, increased concern for the environment, will impact on the workload. These will vary in complexity. It is too early to tell at this point what impact the new provisions dealing with certificate of fitness will have on the workload. The certificate ensures that railways operating under federal jurisdiction are properly insured. This protects members of the public at the same time as it discloses risks to insurance companies.

Another factor influencing workload will be the number of provinces requiring the Agency's assistance with respect to their regulatory overview as it relates to intra-provincial rail transportation. So far, the Agency has entered into one Memorandum of Understanding for this type of activity with the Province of Ontario.

While the federal government has repealed, through the *Budget Implementation Act, 1995*, the subsidy program under the *Western Grain Transportation Act* (WGTA), it continues to provide for rail rate regulation for the movement of western grain to export locations. The Agency will be required to develop an annual rate scale under the CTA, until such time as decisions are made to repeal these provisions, following the results of a statutory review in 1999 on the effects of legislative change on industry stakeholders. The Agency will assist Transport Canada in this review which is required to determine the extent of efficiency gains made in the grain handling and transportation system. As well, the extent to which these efficiency gains are shared among industry participants, and the extent to which the rail freight provisions of the CTA are effectively used by participants, in achieving a reasonable sharing of these efficiency gains.

The rate scale for the upcoming crop year will be calculated by multiplying the rates contained in Schedule III of the *Act* by a Freight Rate multiplier which contains an inflationary allowance and a reduction mechanism to account for the miles of grain dependent branch lines which have been abandoned since April 1, 1994. The rate scale for crop year 1997-98 must be issued by April 30, 1997.

The *Budget Implementation Act, 1996* brought in new provisions which may revise the rate-setting formula, effective crop-year 1998-99, or any crop-year thereafter. Upon the sale of the Government-owned hopper car fleet, a new Freight Rate multiplier is defined and the resulting rates are increased by \$0.75 per tonne. The new multiplier contains the same inflationary allowance as the current one but replaces the grain dependent branch line mechanism referred to above with a new one related to historical railway productivity.

Audit resources are required to ensure compliance and perform special accounting analyses of railway accounts. The outputs of these assignments define and validate the financial and statistical information used in the calculation and determination of freight rates and other regulatory functions. Other resources are allocated to perform financial analysis types of specialized functions related to Cost of Capital (return on equity); the establishment and maintenance of accounting standards used by the Canadian rail industry and contained in the Uniform Classification of Accounts (UCA); depreciation policies and rates, standard construction and maintenance rates for work done at grade and level crossings (Schedule A).

Overall, the Canadian rail industry operates in a highly competitive North American and global market place. It is under significant pressure to rationalize its network and to find creative solutions to transportation problems in order to compete efficiently and effectively. The Agency must be prepared to adapt to an industry whose structure is bound to change significantly. The privatization of CN, major rail mergers, buyouts of rival companies, creation of inter-modal companies, the proliferation of provincial and federal short line railways, the emergence of regional railways and the commercialization of transport infrastructure services will mean a different approach by the Agency in regulating the industry.

With respect to marine transportation, the Agency investigates and responds expeditiously to complaints, applications or referrals under the relevant provisions of the *Act*, the *Pilotage Act*, the *St. Lawrence Seaway Act*, the *Shipping Conferences Exemption Act, 1987* (SCEA, 1987) and the *Coasting Trade Act*. Similarly, the Canadian marine industry is undergoing change and must operate in a highly competitive environment. The Agency will assist the government in the development of its proposed *Canada Marine Act* (Bill C-44), which is currently expected to have an impact on the Agency's operations.

The Rail and Marine Transportation function would have accounted for 30.8 % of the total Agency's expenditures in 1996-97, under the former NTA structure, compared to 25.0 % of the ones expected in 1998-99.

**Air and Accessible Transportation:** This sub-business line comprises all the regulatory functions related to air and accessible transportation as encompassed in the mandate of the Agency as defined in the *Act* and related legislation. Its main objectives consist of contributing to the adequacy and viability of air transportation services by ensuring that air carriers operating to, from and within Canada meet certain minimum economic requirements. This is accomplished

through the administration of an air carrier licensing system, the administration of international air agreements, the monitoring of international air tariffs, and improving accessibility to Canada's transportation system for persons with disabilities by removing undue obstacles from federally regulated transportation services and facilities. The Agency's appeal function as it relates to the charges of the new commercialized Air Navigation system will form part of this sub-business line beginning in 1998-99.

Resources are devoted to the efficient processing of applications for licences, charter permits, exemptions, waivers, etc.; to conducting inspections and investigations of carriers and terminals and the issue of monetary penalties in cases of infractions; to responding to oral and written consumer complaints on various services provided by air carriers; to the effective administration and implementation of bilateral air agreements and other international air arrangements and conventions; to participating in international air negotiations and to ensuring that international air tariffs are not unjust and unreasonable and are consistent with international conventions and bilateral agreements signed by Canada and to resolving industry complaints. The development of regulations or guidelines pertaining to accessibility and overseeing their application to all modes of transportation under federal jurisdiction and the investigation and the resolution of complaints that may constitute an undue obstacle to the mobility of persons with disabilities also come under this sub-business line. The Air and Accessible Transportation sub-activity is carried out by staff located primarily at headquarters with enforcement staff located in other locations across Canada primarily for field investigation purposes.

The Agency collaborates with Transport Canada and the Department of Foreign Affairs and International Trade to protect Canadian interests in international air transportation matters. The Agency is the economic aeronautical authority of Canada as designated under bilateral air agreements and Canadian law.

The main tasks supporting operations are:

- ensuring that applicant air carriers that need to be Canadian as defined in Part II of the *Act* meet this market entry requirement on the basis that 75% of their voting interests are owned and controlled by Canadians and that they are controlled in fact by Canadians and, by way of an ongoing monitoring regime, ensuring that such air carriers remain Canadian on an ongoing basis;
- by reviewing and approving permit applications and, pursuant to an Agency monitoring regime, ensuring that charter air carriers hold and continue to hold valid financial guarantees which provide that all advance payments for international charter flights received from charterers are protected until the flights have been performed;
- ensuring that charterers operating certain international services in conjunction with air carriers holding non-scheduled international licenses issued by the Agency are financially responsible and have instituted arrangements, such as trust accounting, to ensure the protection of advance payments received from other charterers and travel agents;
- ensuring that Canadian applicants proposing to operate medium and large aircraft meet the financial requirements specified in section 8.1 of the *Air Transportation Regulations*;

- ensuring that all air carriers holding licenses issued by the Agency continue to hold valid Canadian aviation documents issued by Transport Canada;
- analysing Certificates of Insurance and certain insurance policies to determine whether coverage is adequate for blocked space and wet lease arrangements between large Canadian and foreign air carriers; and
- administering an electronic tracking and reporting system on domestic and international licence applications received and processed.

There is no longer a distinction between northern air licensing and southern licensing following the proclamation of the *Act*. Domestic licences are now valid for all of Canada. The introduction within the legislation of an annual licence reissuance process is expected to increase the workload. Licence issuance workloads have dramatically increased in 1996-97 since some 4,000 licences issued under the NTA, 1987 will need to be reissued pursuant to the *Act*.

One of the Agency's objective with respect to air transportation is to reduce the regulatory burden on air carriers while retaining the ability to protect consumer interests and the Canadian aviation industry, more specifically, to ensure that Canadian applicants are Canadian as defined in the *Act*, and are financially fit, that all air carriers have adequate liability insurance, that air transportation is not sold or offered for sale before proper authorization has been obtained, and that charter passengers are refunded or provided with alternate transportation if a charter carrier is unable to fulfill its obligations. Approximately 1,800 Canadian and foreign carriers are licensed to provide scheduled and charter international services to and from Canada.

This sub-business line also includes the provision of economic and regulatory advice for, and participation in the negotiation of bilateral air agreements with foreign governments. This ongoing work has resulted in a major expansion of opportunities for Canadian air carriers and improved international air services for Canadian travellers and shippers. As the "aeronautical authority" for Canada, the Agency also implements and administers, within its jurisdiction, the 67 bilateral agreements now in force. An electronic data base of air transport agreements is maintained in the Agency to support this work.

In addition to activities related to negotiations this sub-activity includes participation in the International Civil Aviation Organization (ICAO) regulatory activities, with particular emphasis on Facilitation. The Agency is responsible for preparation for and conduct of meetings, including Canada's National Facilitation Committee maintaining the Canadian filing of "differences" from ICAO standards and conducting interdepartmental consultation. It also provides the chairman for the National Facilitation Committee.

The review of international tariffs of Canadian and foreign airlines and the processing of requested departures from the filing requirements to allow more market responsive tariffs or to introduce innovative fares for the public is also part of the Air and Accessible Transportation sub-business line. The advent of the electronic filing system enhances the Agency's ability to contribute to carrier competitiveness, while preserving its regulatory function in this area. Beyond allowing carriers to submit pricing information to the Agency, the system allows electronic messaging among the Agency, carriers and foreign governments participating in the system. In addition to Canada, the United States, France, Germany, Netherlands, Cayman Islands, Colombia, Mexico and the United Kingdom are now participating in the electronic filing

system. The ICAO and Statistics Canada regularly refer to the Agency's database in order to collect information and statistics concerning the levels of international air fares.

The Agency, pursuant to the new *Act*, ensures that air carriers adequately advise passengers and prospective passengers of the existence of code share, block space, provision of aircraft with flight crew to licensees and other contract arrangements. This result in consumers being advised, in an industry-wide and systematic manner, of the identity of the carrier which will actually be performing the transportation prior to travel.

Also under this sub-business line, are the various programs designed to encourage voluntary compliance:

- The Periodic Inspection Program is a two-part risk-based inspection program, designed to ensure that the operations of all carriers licensed by the Agency and all terminals subject to the *Personnel Training for the Assistance of Persons with Disabilities Regulations* are periodically examined.
- The Targeted Investigations Program focuses on carriers suspected of conducting illegal operations.
- Special Field Projects include educating both the public and other law enforcement organizations.

The Inspection and Investigation Program involves working closely with Transport Canada and the Royal Canadian Mounted Police (RCMP) on investigations under Parts II and V of the CTA and related regulations. A close working relationship also exists with Revenue Canada - Customs and Excise on matters involving the transborder and international movement of aircraft. Memoranda of Understanding on Enforcement between the Agency, Transport Canada, and the RCMP are in place to ensure coordinated efforts.

Appropriate regulations governing the Administrative Monetary Penalties (AMPS), a new feature introduced by the new legislation, are expected to come into effect in the course of 1997-98. The AMPS program will allow the Agency to impose monetary penalties on individuals or organizations that are in violation of the *Act* and its attendant regulations.

Resources are also devoted to conducting research, analysis, investigations, and developing corrective remedies in order to remove undue obstacles to the mobility of persons with disabilities in the transportation network under federal jurisdiction. This work is organized into the following functions:

- Regulatory Initiatives

This comprises the development of regulations or industry guidelines on such matters as terms and conditions of carriage of persons with disabilities, accessibility of equipment as well as accessibility of terminals, training of transportation personnel and communication of information.

- Complaints and Investigation

The Agency conducts investigations/inquiries into complaints to determine whether an undue obstacle exists. The Agency may order corrective action to remove undue

obstacles. The workload depends on the volume and complexity of complaints and requests for investigations received. The Health and Activity Limitations Survey (HALS) indicates that, in 1991, there were 4.2 million Canadians with a disability. In addition, as the population ages, it is expected that the number of Canadians with disabilities will increase.

- **Monitoring and Liaison**

Ongoing monitoring of industry and consumer issues is important to ensure the Agency can respond to problems that arise. Consultations with groups representing persons with disabilities, consumers and the industry being paramount to the program, an Accessibility Advisory Committee has been set up to provide advice and input on the Agency's proposed accessibility provisions. The Advisory Committee is composed of representatives of groups of/for persons with disabilities, industry, manufacturers and other government departments.

The Canadian airline industry has been and is still subjected to a highly competitive environment. Domestic market share, financial viability, "Open Skies" agreements between countries, the complexity of international air transport environment, the on-going liberalization in the European community and the United States of America, industry trends towards globalization and mega carriers all have an impact on the Agency operations requiring increase emphasis on responsiveness and adaptability.

The Air and Accessible Transportation sub-business line accounted for 25.3 % of the total Agency's expenditures in 1996-97, under the former NTA structure, compared to an expected 33.0 % of the ones expected in 1998-99.

**Corporate Management:** It provides a complete range of management process and administrative services in support of the Agency's program. Its main objective consists of providing the administrative and technical support to all Agency's activities. One of the key elements of the Agency's management process is a comprehensive and integrated strategic and operational planning and budgetary cycle. This provides the Agency with a sound base to control and re-allocate, when needed, resources to meet changing priorities and client needs.

The Corporate Management function accounted for 21.1 % of the total Agency's expenditures in 1996-97, under the former NTA structure, compared to an expected 20.6 % of the ones expected in 1998-99.

**Figure 4: Agency Appropriated Planned Spending**

(thousands of dollars)	Main Estimates*	Main Estimates	Planned	Planned
	1996-97	1997-98	1998-99	1999-00
<b>Total Main Estimates</b>	<b>32,007</b>	<b>21,744</b>	<b>19,828</b>	<b>19,828</b>

\* Does not reflect Supplementary Estimates - Actual Mains only

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## SECTION III

### CANADIAN TRANSPORTATION AGENCY'S PERFORMANCE

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#### A. Summary of Agency Performance

As mentioned in Section I, a comprehensive evaluation of the Agency was completed in 1995. This became the Agency's Program Review. The 1995 Budget eliminated the Agency's activities related to the administration of three major transportation subsidy programs: western grain and the two related to the transportation of goods in the Atlantic region. In May 1995, the Minister of Transport requested that the Agency proceed with implementing the recommendations of its comprehensive evaluation not requiring legislative changes as quickly as possible. At the same time, Transport Canada's major policy review led to legislative changes. The proposed legislative changes to the Agency's mandate, originally anticipated to be effective April 1, 1996, were confirmed with the coming into force of the *Canada Transportation Act* on July 1, 1996. Given its implications on the Agency's operations, these events called for an important reorganization of the Agency's operations. While some of the changes, identified last year, were underway, some others had to be implemented more rapidly than originally anticipated. Not only did the Agency face a significant workforce reduction but as well, it was required to maintain, in cooperation with the remaining workforce, an efficient and responsive regulatory body. While in transition, the Agency endeavoured to ensure that as little inconvenience as possible was created for the transportation stakeholders and the public in general.

The Agency was declared a Most Affected Department (MAD) effective April 1, 1996, due to the magnitude of the reductions it had to face. The Agency is on target and will meet its total operating budget reductions (excluding transfer payments) in the order of approximately \$ 13 million representing a budget reduction of about 40 % by fiscal year 1998-99 as compared to its 1994-95 level. Measures were put in place to permit the establishment of the new CTA in a way that maintains the Agency's quality performance in its quasi-judicial role i.e. the retention of required expertise in the remaining functions. Finally, it dealt and still is dealing with a substantial workforce reduction while maintaining in the new organization leadership, motivation and morale of employees through a cooperative approach with unions and employees to address concerns and issues.

#### B. Agency Overview

Some of the measures developed by the Agency to effectively meet its objectives and challenges to ensure a smooth transition from one organization to the other were:

- creating an internal management committee to address various issues from a corporate perspective, such as organizational structure, union\management relations, delayering, training for affected staff, communications to Agency employees, etc.;
- obtaining an indication of Agency staff interested in the Leave with Income Averaging, the Pre-Retirement Transition, Early Retirement and Early Departure options, initiating vigorous marketing of its affected employees through the Public Service Commission

offices and other federal departments, and established the potential savings;

- developing a communication strategy to inform stakeholders of the changes both in responsibilities and in organizational structure resulting from the *Act*; and
- conducting various projects on reviewing and developing regulations to address such matters as the revocation of obsolete regulations and the modification of existing ones to take into account the new regulatory regime brought about by the *Act*.

Because most of these measures were based on the assumption that the *Act* would become effective April 1, 1996, and not July 1, 1996, the Agency was able to make significant progress in fiscal year 1995-96 and the early part of 1996-97 towards the required downsizing. Furthermore, the anticipatory staffing of the CTA organization was completed within set time frames (winter of 1996) allowing for the retention of key expertise to ensure an orderly implementation of the new mandate. For example, the number of Agency employees departures in 1995-96 totalled 101.

With respect to communications with stakeholders, a press kit was prepared and some 5,000 copies were distributed. Also, as part of the Agency's communication strategy, Agency Members and staff have started going on "familiarization" visits to enhance their understanding of the transportation community's businesses and operations.

On the regulations side, new regulations such as the *Railway Third Party Liability Insurance Coverage Regulations*, and the *Railway Traffic and Passenger Tariff Regulations* were completed as well as amendments to others such as the *Air Transportation Regulations* and the *National Transportation Agency General Rules*. Others are in the process of either being revoked or amended.

Section 52 of the *Act* provides for the Minister to annually review the legislation and submit to the Governor in Council a report briefly reviewing the state of transportation in Canada as well as any other transportation matters the Minister considers appropriate. Also, Section 53 provides for a comprehensive review to be undertaken by a person or persons appointed by the Minister on the operation of the *Act* no later than four years after the legislation has been in force. The report of such a review is to be tabled before Parliament.

The Agency is required under Section 42 to report each year, to the Governor in Council through the Minister, on applications to the Agency and findings on them as well as its assessment of the operation of the *Act* and any difficulties observed in the administration of it. This report will then be tabled before each House of Parliament.

The *Act* places all cases before the Agency under statutory deadlines which in fact, constitute service standards. For example, pursuant to Section 29, all Agency decisions must be issued within 120 days after receipt of the application or complaint. Other standards are being examined taking into account that associated administrative overhead tasks e.g. creating and maintaining a database, statistics, etc., will not impede the program delivery functions. Also, several appeal mechanisms provide indicators of the quality of Agency decisions and actions. As a quasi-judicial body, the Agency has the mandate to render decisions when matters are put before it within set statutory time frames. Under such an operational environment, the Agency does not have much flexibility in terms of favouring one of the cases over others. They all have to

be dealt with within the pre-defined time frame. Therefore, it is extremely difficult, if not impossible, to determine which matter has the highest priority given that they all must be resolved as provided for by the legislation.

### C. Details by Activity\Business line

The Canadian Transportation Agency activity\business line is better described by examining its sub-activities\business lines.

#### Members and Regulatory Support

As mentioned in Section I of this document, this sub-activity\business line is comprised of the Members and the legal and support services necessary for the regulatory activities of the Agency. The Members determine applications, complaints, disputes and other matters pending before the Agency.

Regulatory support consists of the Legal and Secretariat services. Legal Services provides legal opinions, advice and comments to Agency Members and staff; reviews, revises and/or drafts letters, faxes, notices and reports to ensure their legal content; provides legal representation before the Courts and at public hearings, and drafts and processes regulations. During 1995-96, the 1995 NTA cases were published. This publication contains a summary of matters of precedential value that were before the Agency. Also, in partnership with the Canadian Centre for Management Development (CCMD), an ongoing training program was developed for the Members and senior staff of Federal quasi-judicial tribunals.

The Secretary of the Agency is by law the custodian of all original Agency orders, decisions and letter decisions. It coordinates and records the proceedings of the Agency; drafts and distributes Orders and Decisions; issues quarterly summaries of Decisions and Orders; reviews reports published by the Agency; arranges public hearings; and responds to enquiries from the general public. An ongoing project is to prepare certified copies of Orders and Decisions of the Agency and its predecessor tribunals, and forward them to Public Archives for safeguarding.

**Figure 5: Workload**

	1993-94 Actual	1994-95 Actual	1995-96 Estimates	1995-96 Actual
Decisions, Orders & Agency Submissions	4,323	4,226	4,800	4,688
Public hearings*	8	5	8	3
Regulations projects	23	27	41	60

\* Hearings counted as one may be held in more than one location thereby increasing associated costs.

## Rail and Marine Transportation

Resources are required for the assessment and resolution of applications for the construction and/or modification of existing rail infrastructure; the resolution of, in a timely and inexpensive manner as well as in accordance with relevant legislation, disputes between shippers, rail and marine carriers and other interested parties, through informal or formal investigations and regulation where required, and through final offer arbitration mechanisms as it relates to certain rail and marine issues; the development and maintenance of expertise to ensure that the costing methodologies of railway operations are based on sound and accurate data to support the formation of federal railway policy.

The activities relating to the abandonment of branch lines, conveyances, station removals, public interest investigations, compensatory rail rates, railway connections and the filing of confidential contracts were eliminated by the passage of the *Act* on July 1, 1996. However, prior to that date, 15 decisions on abandonment cases and one as a result of a conveyance application were issued in 1995-96. Over 16,000 confidential contracts, summaries or amendments thereof, were filed during the same period while 4,000 were received during the first three months of 1996-97. A public hearing on a public interest application was held. It concerned the level of rail rates on movements of feed grains from western and central Canada to destinations in Nova Scotia. The Agency also administered formal and informal complaints relating to railway activities such as levels of service and railway connections.

On rail infrastructure matters, factors such as increasing urbanization, decisions on federal funding of railway/highway grade separations, increased concern for the environment, impact on the workload. Figure 6 illustrates the level of activity.

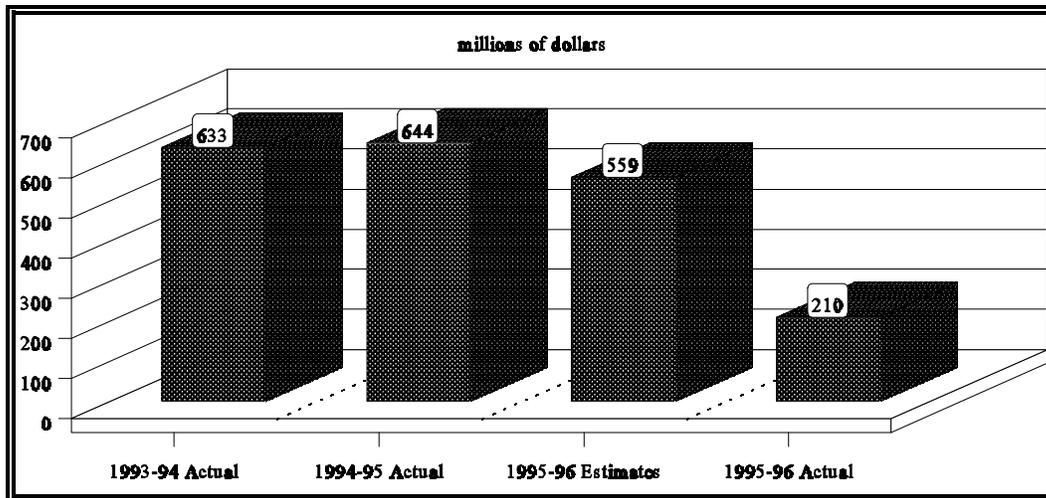
**Figure 6: Rail Infrastructure matters**

	1993-94 Actual	1994-95 Actual	1995-96 Estimates	1995-96 Actual
Applications/complaints/inquiries received	447	479	483	464
Applications/complaints/inquiries completed	416	464	483	472

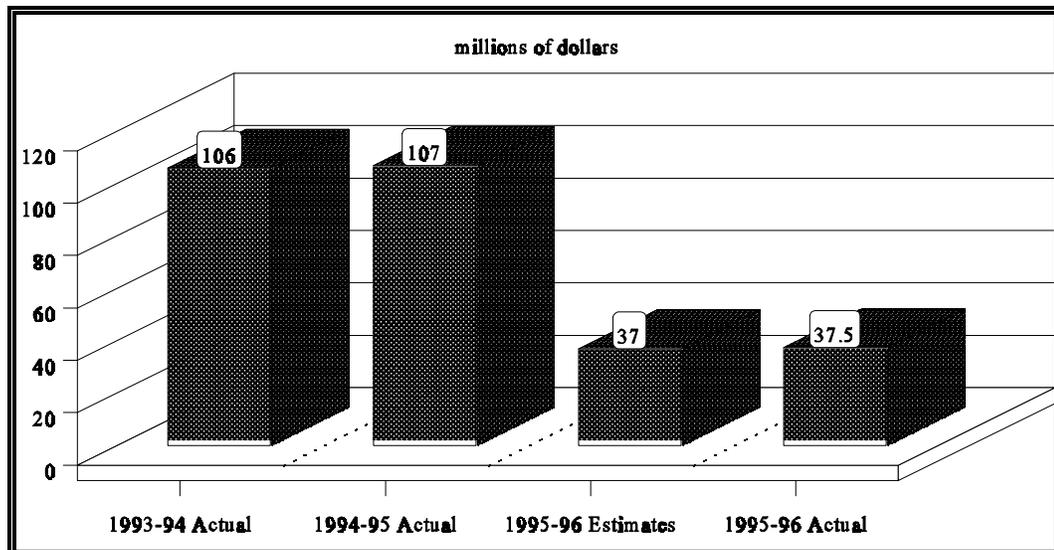
In some provinces, the delegation of road authorities' responsibilities was expected to translate into approximately 800 additional applications which are not part of those contained in Figure 6 because of the temporary nature of this workload level. These varied in complexity. They were either dealt with during the 1995-96 or will be in 1996-97. For 1996-97, it is forecast that some activity relating to the issuance of certificates of fitness for railways under the new *Act* should take place. The regulated interswitching rates to be applicable for the early part of 1997 were approved by the Agency and the Governor in Council. The Agency will be, however, consulting further with the industry on the relevance of the legislative terminology found in Section 112 of the *Act* (i.e. *the rates ... shall be commercially fair and reasonable to all parties*) as it may apply to the regulated interswitching rate-setting methodology.

With respect to subsidies, payments of up to \$220 millions were either audited, approved or paid in 1995-96. The following figures illustrate the phasing out of the subsidy programs formerly administered by the Agency that were eliminated as a result of the *Budget Implementation Act, 1995* or, as of July 1, 1996 as a result of the new *Act*.

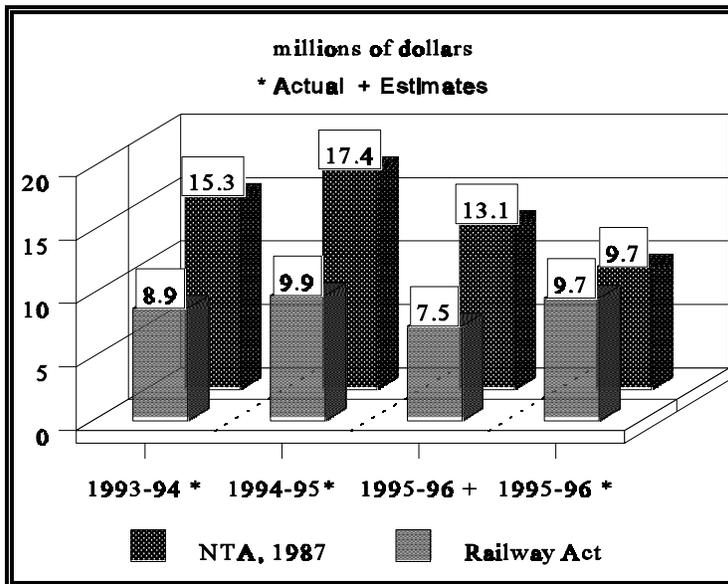
**Figure 7: Western Grain Transportation Act - Summary of Payments**



**Figure 8: Atlantic Region Freight Assistance Programs - Summary of Payments**



**Figure 9: Other Subsidy Programs - Summary of Payments**



It should be noted that the payments under the *Railway Act* are now the responsibility of Transport Canada and those under the *National Transportation Act, 1987* (NTA, 1987) were eliminated from the Agency's program effective July 1, 1996. An estimated \$ 3 million in payments were to be issued for the first quarter of 1996-97.

The maintenance of *Railway Costing Regulations* and the annual approval of *Railway Costing Manuals* to establish a consistent approach to rail costing were completed. As mentioned in

Section I, the Agency is required, under the *Act*, to develop an annual rate scale for the transportation of grain by rail, until such time as decisions are made to repeal these provisions, following the results of a statutory review in 1999 on the effects of legislative change on industry stakeholders. The Agency will assist Transport Canada in this review. During 1995-96, it provided various policy analysis reports to Transport Canada regarding the forecasting of western grain rail rates to the year 2001. The interswitching costing exercise, which included examination of railway interswitching operations at several interchanges, has been completed in 1995-96. The Agency provided Transport Canada with reports on the 1994 actual investments, the 1995-96 general investment plans and the 1994 Grain Dependent Branch lines. At the request of the Minister of Agriculture, the Agency conducted a review into the cost benefits of abandoning or retaining certain light steel branch lines in western Canada. The report was presented at the Minister's industry meeting on November 4, 1995. Other resources are allocated to perform Financial Analysis types of specialized functions related to Cost of Capital (return on equity); the establishment and maintenance of accounting standards used by the Canadian rail industry and contained in the Uniform Classification of Accounts (UCA); depreciation policies and rates, standard construction and maintenance rates for work done at grade and level crossings (Schedule A).

Audit resources are required to ensure compliance and perform special accounting analyses of railway accounts. The outputs of these assignments define and validate the financial and statistical information used in the calculation and determination of freight rates and other regulatory functions. In 1995-96, 60 such assignments were carried out. A computerized Geographic Information System is now available and allows for a geographic representation of the validated information contained in the various databases maintained within the Agency.

With respect to marine transportation, the Agency investigates and responds expeditiously to complaints, applications or referrals under the relevant provisions of the *Act*,

the *Pilotage Act*, the *St. Lawrence Seaway Act*, the *Shipping Conferences Exemption Act, 1987* (SCEA, 1987) and the *Coasting Trade Act*.

In 1995-96, two pilotage tariff investigations were conducted. These investigations involved detailed economic, operational and financial analysis to enable the Agency to make a determination of whether or not the proposed tariff increase was prejudicial to the public interest. Under the administration of the SCEA, 1987, 96 agreements and agreement amendments and 183 confidential contracts were reviewed in 1995-96. Approximately 12,560 marine tariff pages were filed with the Agency during the same period. Also, a total of 119 applications for Coasting Trade Licences permitting the use of foreign or Canadian non-duty paid vessels in Canada, were received and processed. A total of 9 merger and acquisition files were dealt with. Two licence applications and one formal complaint relating to Northern marine resupply services were processed in 1995-96. These latter two functions are no longer regulated by the Agency.

### **Air and Accessible Transportation**

Resources are required for the efficient processing of licence applications, charter permits, requests for exemptions, waivers, etc.; to conduct carrier inspections and investigations and to take appropriate action in cases of infractions; to respond to oral and written consumer complaints on various services provided by air carriers and the annual validation of licences; to effectively administer and implement bilateral air agreements and miscellaneous international air arrangements and conventions; to participate in various rounds of international air negotiations and to ensure that international air tariffs are not unjust and unreasonable and are consistent with international conventions and bilateral agreements signed by Canada. Resources are also required to develop regulations or guidelines pertaining to accessibility and to oversee their application to all modes of transportation under federal jurisdiction, to investigate and resolve complaints that may constitute an undue obstacle to the mobility of disabled persons.

There is no longer a distinction between northern air licensing and southern licensing, as a result of the *Act* coming into force. However, some 35 domestic northern applications received in 1995-96 were opposed and dealt with within the statutory timeframe of 120 days. Revisions to the *Air Transportation Regulations* to take into account the new legislation were effected, the Agency's objective being to reduce the regulatory burden on air carriers while retaining the ability to protect consumer interests. It included matters concerning the financial viability of new entrants, the prevention of licence issuance to applicants who sold transportation without holding such licence, and the approval of code sharing/blocked space arrangements. Approximately 1,800 Canadian and foreign carriers are licensed to provide scheduled and charter international services to and from Canada. The activities relating to the issuance of charter permits remained at a high level.

This sub-activity also includes the provision of economic and regulatory advice for, and participation in the negotiation of bilateral air agreements with foreign governments. This on-going work has resulted in a major expansion of opportunities for Canadian air carriers and improved international air services for Canadian travellers and shippers. As the "aeronautical authority" for Canada, the Agency also implements and administers, within its jurisdiction, the 67 bilateral agreements now in force. In 1995-96, the Agency issued, as aeronautical authority and/or in its role as administrative tribunal, 75 decisions on the operation of international air

services including complaints or disputes between air carriers, airlines' commercial arrangements and initiatives and charter matters. This is over and above the issuance of thousand of charter permits by the Agency.

There was an increase in the number and complexity of negotiations for 1995-96 due to the new International Air Transportation Policy. As a result of this policy, numerous foreign countries, from the former East Block and the Third World, are seeking access to Canada and Canadian carriers are seeking access to more and more foreign markets. The Policy is expected to continue to result in a relatively high number of negotiations in 1996-97.

**Figure 10: Workload indicators**

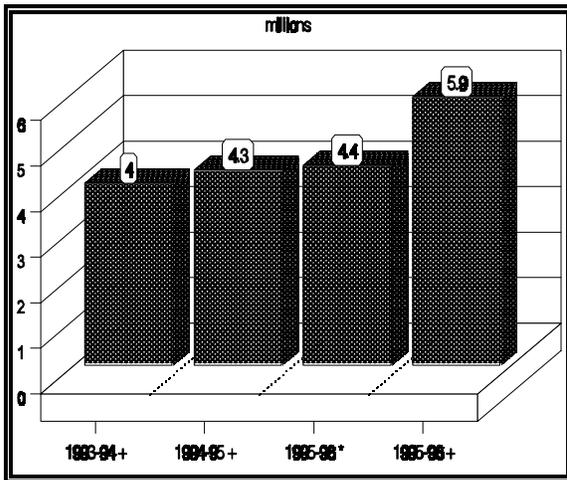
	1993-94 Actual	1994-95 Actual	1995-96 Estimates	1995-96 Actual
Domestic air applications				
North	300	342	340	328
South	90	90	80	113
Annual licence validation letters	838	855	840	60
Other air licence matters (failure to meet licensing requirements, show cause letters, orders, etc.)	655	754	700	578
International licenses issued				
- Scheduled	51	59	60	53*
- Non-Scheduled	234	212	210	205*
Charter permits and amendments	3054	3101	3,300	1,736
Requests for temporary authorities, exemptions, etc.	527	606	460	504
Insurance compliance checks	2,199	2,385	2,280	2,331
International negotiations/meetings	11	13	15	17
Formal Agency decisions as Aeronautical Authority and/or administrative tribunal	63	51	50	75

\* An additional 719 non-scheduled replacement licences and 17 scheduled replacement licences were issued as a result of the new Canada\US Air Licensees Agreement

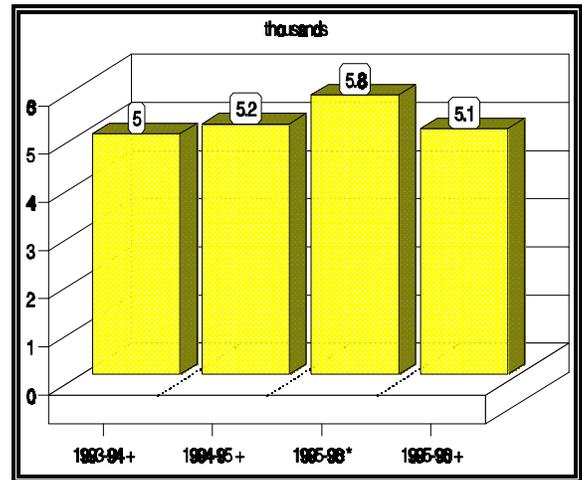
The Agency is responsible for implementing Canadian legislation and Air Transport Agreements between Canada and foreign states as they apply to fares, rates, schedules, and terms and conditions of travel. It is the Agency's role to ensure that the interests of the travelling public and Canadian carriers are protected. Resources are required to review the international tariffs of Canadian and foreign airlines (**Figure 11**), and to process requested departures from the filing requirements to allow more market responsive tariffs or to introduce innovative fares for the public (**Figure 12**). With the advent of electronic filing and the efficiencies this has allowed, most special permission applications are completed within three working days of receipt. While

not as time critical, other filings are reviewed within several days of receipt. Short turn-around times are required by the industry to respond effectively to market conditions, especially in competitive situations. The electronic filing system has enhanced the Agency's ability to contribute to carrier competitiveness, while preserving its regulatory function in this area. Beyond allowing carriers to submit pricing information to the Agency, the system allows electronic messaging among the Agency, carriers and foreign governments linked to the system. The Agency also recently started to accept electronic service schedules. This development has reduced carriers' workload previously associated with preparing and submitting paper-based service schedules.

**Figure 11: Government Filing System Records Filed**



**Figure 12: Special Permission Applications**



+ Actual      \* Estimates

**NOTE:** As the system is not completely electronic, any filing received in the manual paper-based system is converted to records in order to permit year over year comparisons. On average 1 page = 40 individual changes.

The Agency, pursuant to the new legislation, ensures that air carriers adequately advise passengers and prospective passengers of the existence of code share, block space, revision of aircraft with flight crew to licensees and other contract arrangements. This results in consumers being advised, in an industry-wide and systematic manner, of the identity of the carrier which will actually be performing the transportation prior to travel.

Also under this sub-activity, are the various programs designed to encourage voluntary compliance. They are: the Periodic Carrier Inspection Program, the Targeted Investigations Program and the Special Fields projects. The table on the following page illustrates the activities that took place over the past years.

**Figure 13: Investigations Workload**

	1993-94 Actual	1994-95 Actual	1995-96 Estimates	1995-96 Actual
Periodic inspections undertaken	233	226	290	262
Targeted investigations initiated	87	66	100	36
Prosecutions completed	9	8	40	8
Successful prosecutions	6	8	30	8
Information seminars conducted	50	37	50	53
General inquiries	2,211	2,424	2,500	2,465

The Administrative Monetary Penalties System (AMPS) is expected to come into effect during 1997-98, after the establishment of the appropriate regulations to govern this program. The AMPS program will allow the Canadian Transportation Agency to impose monetary penalties on individuals or organizations that are in violation of the *Act* and its attendant regulations.

Resources are also devoted to conduct research, analysis, investigations, and develop corrective remedies in order to remove undue obstacles to the mobility of persons with disabilities in the transportation network under federal jurisdiction. This work is organized into the following functions: Regulatory Initiatives, Complaints and Investigation, and Monitoring and Liaison.

In 1991-92, under the five year National Strategy for the Integration of Persons with Disabilities, the Agency was allocated additional resources until March 1996 to accelerate the development of transportation accessibility standards. In December 1995, the Standing Committee on Human Rights and the Status of Disabled Persons of the House of Commons released a report studying the National Strategy and making further recommendations for the Federal Government's actions in respect on persons with disabilities. The Agency, as one of the departments involved in the Strategy, participated in the preparation of the Government's response tabled in May 1996. Although the Strategy has not been renewed, the Agency is still pursuing the development of accessibility standards.

Further consultations were held with the Advisory Committee in 1995-96, to discuss whether alternatives to regulations would be effective in removing identified barriers to travel for persons with disabilities. In this regard, industry guidelines were discussed. Revisions to the proposed aircraft and rail cars accessibility provisions, proposed ferry equipment accessibility provisions as well as proposed rail terms and conditions provisions were also discussed and considered. As a result, in the first part of fiscal year 1996-97, the Agency issued a Code of Practice respecting aircraft accessibility for persons with disabilities on fixed wing aircraft with 30 or more passenger seats for public comment. Draft accessible rail equipment and terms and conditions of carriage provisions were also revised and combined the two into one inclusive Code of Practice on Rail Accessibility.

In April 1995, the International Civil Aviation Organization (ICAO) held the 11th session of the Facilitation Division in Montreal to discuss international aviation issues and problems. Accessibility for travellers with disabilities was a prominent issue on the Agenda with ten working papers submitted, including one from Canada prepared by the Agency. The Agency played a significant role as part of a small working group in drafting the proposed international standard and recommended practices which are in the process of being adopted by ICAO as a worldwide standard for the provision of services to air travellers with disabilities.

In 1995-96, 23 formal complaints were resolved, of which 14 identified undue obstacles. Of the 23 resolved, 13 were carried over from the previous year. Eighteen new formal complaints were received. Additionally, staff resolved and/or assisted persons with disabilities with twenty-one informal complaints, i.e. complaints that are handled at staff level and that do not require a decision of the Agency. The workload in this area should remain fairly constant in the years to come.

Consultations continued in 1995 on the investigation of carrier's policies and practices relating to the carriage of medical oxygen on board aircraft. Two open forum meetings were held with representatives of persons with disabilities, the medical community, oxygen therapists, oxygen suppliers, the air industry and Transport Canada. As a result of these consultations, the air industry and Transport Canada are further assessing the safety issues surrounding possible amendments to policies and practices of the carriage and use of passenger owned medical oxygen equipment in the aircraft passenger cabin.

Further to a request by the Canadian Council of the Blind, an investigation was initiated, in 1995-96 to look into the policies of air carriers and airports with respect to the communication of information to persons with sensory disabilities, i.e. seeing, hearing and cognitive. Consultations were planned with 51 groups and individuals throughout the country. The compilation and analysis of the findings have started with a view to develop guidelines on the communication of information to persons with disabilities.

The *Personnel Training for the Assistance of Persons with Disabilities Regulations* require carriers and terminal operators to train personnel and implement training programs. Ninety-five carriers and airport operators were inspected and/or requested to file their training programs with the Agency. Of these, fifty-eight have been accepted with the remainder requested to provide further documentation.

The Agency continued its efforts to ensure persons with disabilities are made aware of the changes to improve accessibility. Advertisements were placed and articles published in specialty magazines, speeches were delivered to target groups and staff participated in exhibitions. As well, the Agency participated on the organizing committee of two major conferences, including a prominent international conference. All brochures and reports are produced in alternative media. Increased media coverage is anticipated in 1996-97. The new *Act* will result in an increased workload as all communications products are reviewed to reflect the new legislation.

The Agency receives a number of oral and written consumer complaints on numerous services provided by carriers. The Agency's role in these matters is to ensure that carriers abide

by the terms and conditions of carriage as found in their tariffs. The Agency has a brochure entitled "Fly Smart" which advises consumers of their rights and how the Agency and other government departments can assist them.

**Figure 14: Complaints and Workload Summary**

	1993-94 Actual	1994-95 Actual	1995-96 Estimates	1995-96 Actual
Accessibility Complaints and applications (received)	15	23	23	18
Inquiries/Investigations	2	2	2	0
Speeches	24	14	11	11
Exhibits	16	33	4	7
Distribution of brochures	6,196	26,552	8,000	13,181
Consumer complaints	126	153	125	117

### Corporate Management

This sub-activity comprises the Corporate Management Branch, the Internal Audit and the Communications functions which provide a complete range of management processes and administrative services in the most efficient and economical manner and in compliance with government administrative policy.

One of the key elements of the Agency's management process is a comprehensive and integrated strategic and operational planning and budgetary cycle. This provides the Agency with a sound base to re-allocate resources to meet changing priorities and client needs.

The major computerization projects are on target or completed and efforts will continue towards improving program efficiency and administrative and financial control. To this end, the Agency is participating in various projects with Public Works and Government Services Canada on the new paperless environment. For instance, work continues in one of the modules of the overall government projects piloted by Government Services Canada to electronically integrate the material and financial systems. The Agency replaced its current financial system by the new Common Departmental Financial System (CDFS) effective April 1, 1996. This system is one of those that was retained by Treasury Board and forms part of its initiative concerning the use and sharing of Information Technology throughout government. The Agency is also in the process of developing its Web site with a view to disseminate and facilitate electronic communication with its clients. Work also continued as well, in line with providing a smooth transition from the NTA to the Agency, on the project to consolidate Local Area Networks (LAN) to achieve greater efficiency in the handling of various databases.

Being in a period of transition, significant effort has been devoted to human resource matters. Given the importance of the changes that were envisioned, the Agency management,

during fiscal year 1995-96, developed a strategy to deal rapidly, efficiently and as humanely as possible, with the important downsizing of the organization. Two key objectives were identified. The first one was to reduce with transparency, equity and fairness the workforce and the second to structure a new Canadian Transportation Agency while retaining key expertise tied to the proposed quasi-judicial responsibilities of the new organization.

Some of the key actions undertaken were:

- developing a new organizational structure which would properly respond to the new regulatory regime and with emphasis on layering and empowering front line employees was finalized and communicated to all;
- developing a restructuring and resourcing strategy in concert with union representatives;
- communicating rapidly, frequently and thoroughly on strategies and developments to employees and unions, with information sessions to all or groups of employees as circumstances required;
- resourcing implementation plan adopted, communicated to employees and followed rigorously within pre-defined time frame; and
- anticipatory staffing effected to rapidly inform employees of their status in the reorganization.

Under this strategy, the Agency was able to make significant progress towards the required downsizing. Furthermore, the anticipatory staffing of the CTA organization was completed within set time frames allowing for the retention of key expertise to ensure an orderly implementation of the new mandate.

The number of NTA employees departures in 1995-96 and the first part of 1996-97 totalled 146 categorized as:

- 123 departures through the various Departure Incentive Programs put in place by the government; and,
- 23 other departures through transfers, deployments, etc.

### **Impact on Future Plans**

As a result of Program Review and the overall restructuring of the Transport Portfolio, the impact on the Agency of the elimination of the subsidy programs, the comprehensive evaluation and the implications of the *Act*, the Agency was designated a most affected department (MAD) effective April 1, 1996. The combination of all these events will translate in a reduction of 234 on a 483 Full-time Equivalents (FTEs) base level leaving the Agency with about 249 FTEs by 1998-99.

**Figure 15: Agency Appropriated Planned and Actual Spending**

<b>(thousands of dollars)</b>	<b>Actual 1993-94</b>	<b>Actual 1994-95</b>	<b>Main Estimates 1995-96</b>	<b>Actual 1995-96</b>
Canadian Transportation Agency Program	796,176	810,122	709,640	297,417

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## **SECTION IV**

### **SUPPLEMENTARY INFORMATION**

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**Appendix 1. Organization Chart**

**Appendix 2. Personnel Requirements**

- 2.1 Details of Personnel Requirements by Business Line/Activity
- 2.2 Summary by Professional Category

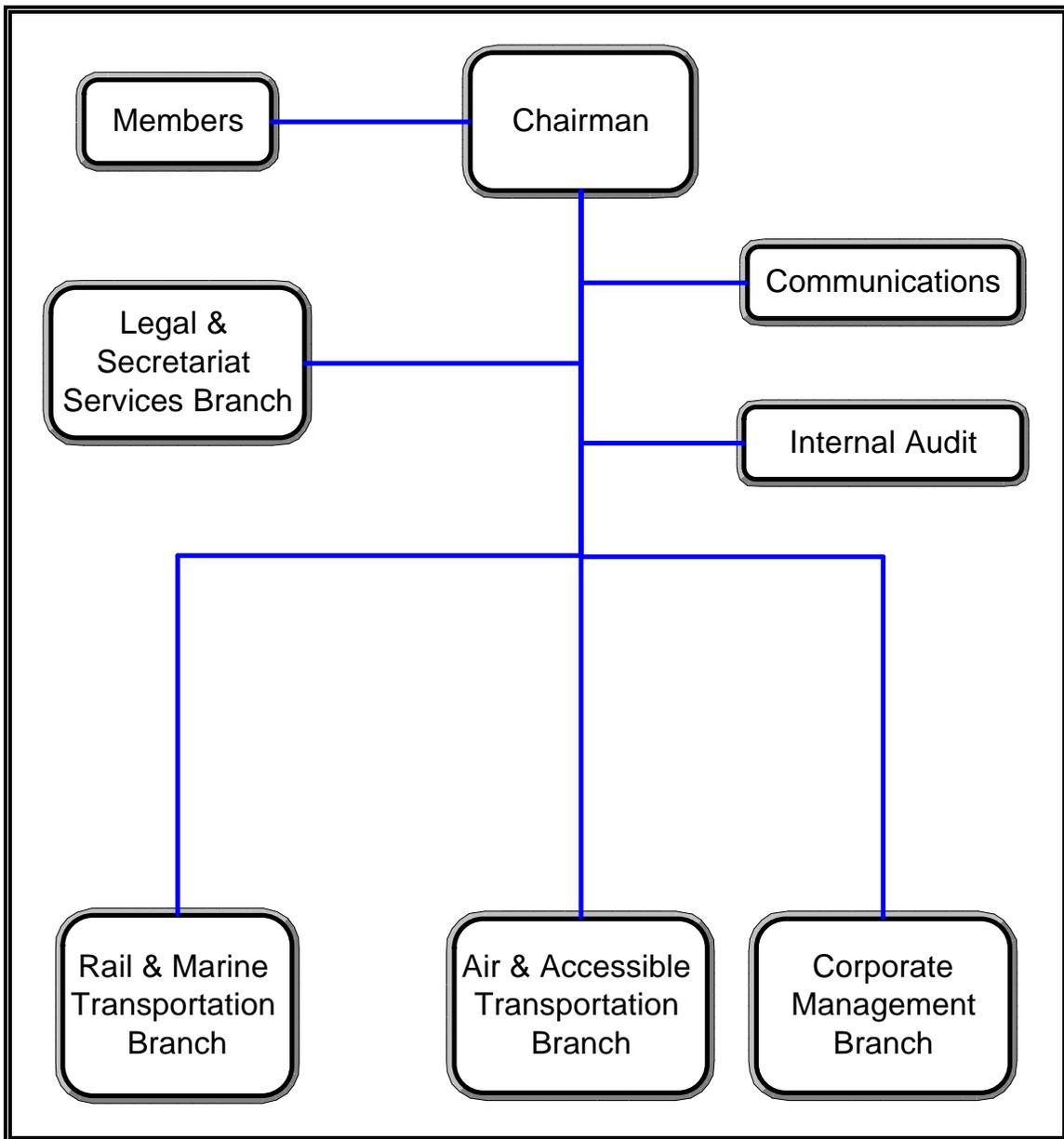
**Appendix 3. Additional Financial Information**

- 3.1 Net Agency Expenditures by Business Line/Activity
- 3.2 Transfer Payments by Business Line/Activity
- 3.3 Crosswalk between Previous and New Activity Structure
- 3.4 Presentation by Standard Object

**Appendix 4. Federal Statutes Either Administered by the Agency or which Confer a Duty or a function on the Agency**

## Appendix 1 - Canadian Transportation Agency Organization Chart

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## **Appendix 2 - Personnel Requirements**

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### **2.1 Details of Personnel Requirements by Business Line/Activity (FTEs)\***

<b>Business Line/Activity</b>	<b>Actual 1994-95</b>	<b>Actual 1995-96</b>	<b>1996-97 Estimates</b>	<b>1997-98 Estimates</b>	<b>1998-99 Planned</b>	<b>1999-00 Planned</b>
Canadian Transportation Agency Program	465	380	356	260	249	249
<b>Total</b>	<b>465</b>	<b>380</b>	<b>356</b>	<b>260</b>	<b>249</b>	<b>249</b>

### **2.2. Summary by Professional Category (FTEs)**

	<b>Actual 1994-95</b>	<b>Actual 1995-96</b>	<b>1996-97 Estimates</b>	<b>1997-98 Estimates</b>	<b>1998-99 Planned</b>	<b>1999-00 Planned</b>
OIC Appointments	8	7	12	8	8	8
Executive	20	15	15	10	10	10
Scientific and Professional	77	68	58	48	45	45
Administrative and Foreign Service	255	207	192	140	136	136
Technical	29	23	22	14	13	13
Administrative Support	76	60	57	40	37	37
<b>Total</b>	<b>465</b>	<b>380</b>	<b>356</b>	<b>260</b>	<b>249</b>	<b>249</b>

\* Full-time equivalent (FTE) is a measure of human resource consumption based on average levels of employment. FTEs are not subject to Treasury Board control but are disclosed in Part III of the Estimates in support of personnel expenditure requirements specified in the Estimates.

## **Appendix 3 - Additional Financial Information**

### **3.1 Net Agency Expenditures by Business Line/Activity**

	<b>Financial Requirements 1997-98 (thousands of dollars)</b>
	<b>Total Agency Main Estimates</b>
Canadian Transportation Agency Program	21,744
Estimated Cost of services by other Departments	3,246
<b>Net Agency Expenditures</b>	<b>24,990</b>

### **3.2 Transfer Payments by Business Line/Activity**

<b>(thousands of dollars)</b>	<b>Actual 1994-95</b>	<b>Actual 1995-96</b>	<b>1996-97 Estimates</b>	<b>1997-98 Estimates</b>	<b>1998-99 Planned</b>	<b>1999-2000 Planned</b>
<b>Contributions</b>						
Contribution to the Canadian Transportation Research Forum	3	0	4	4	4	4
<i>Western Grain Transportation Act</i>	644,028	209,802	n\a	n\a	n\a	n\a
<i>Atlantic Region Freight Assistance Act</i>	97,752	35,413	n\a	n\a	n\a	n\a
<i>Maritimes Freight Rates Act</i>	9,328	2,169	n\a	n\a	n\a	n\a
<i>Railway Act</i>	9,863	9,707	7,309	n\a	n\a	n\a
<i>National Transportation Act, 1987</i>	17,413	9,676	0	n\a	n\a	n\a
<b>TOTAL</b>	<b>778,384</b>	<b>266,767</b>	<b>7,309</b>	<b>4</b>	<b>4</b>	<b>4</b>

### 3.3 Crosswalk between Previous and New Activity Structure

The 1996-97 Estimates were prepared on the basis of five Activities. As mentioned in Section II of the document, the Agency modified and simplified its Activity Structure to more properly reflect its new mandate.

#### 1996-97 Main Estimates Crosswalk (Financial and FTEs)

(Thousands of dollars)	Previous Structure by Activity					
	Rail Transportation (note 1)	Air & Accessible Transportation	Marine & Trucking Transportation (note 2)	Members & Regulatory Support (note 3)	Administration	Total
<b>New Structure</b>						
<b>Canadian Transportation Agency Program</b>	\$ 13,886 93 FTEs	\$ 6,238 99 FTEs	\$ 866 12 FTEs	\$ 4,209 52 FTEs	\$ 5,204 79 FTEs	<b>\$ 30,403</b> <b>335 FTEs</b>

Note 1: Includes an amount of \$7,309 millions are transfer payments relating to the payments to railway and transportation companies under the *Railway Act*.

Note 2: The difference in the total dollars and FTEs count published in the 1996-97 Part III and the ones above is due to the \$171,000 - 2 FTEs relating to the closing of the Western Regional Office being assigned towards the downsizing target.

Note 3: The difference in the total dollars and FTEs count published in the 1996-97 Part III and the ones above is also explained by the fact that the dollar and FTEs count associated to the Industry Monitoring and Analysis (\$1,433 million - 19 FTEs) has been removed. Under the new legislation, this responsibility is now assumed by the Minister of Transport. These resources were affected towards the downsizing target.

### 3.4 Presentation by Standard Object (thousands of dollars)

(thousands of dollars)	Actual 1994-95	Actual 1995-96	Estimates 1996-97	Estimates 1997-98	Planned 1998-99	Planned 1999-2000
<b>Personnel</b>						
Salaries and wages	23 385	24 192	17 573	13 908	13 370	13 370
Contribution to employee benefit plans	3 097	3 017	2 548	2 365	2 273	2 273
Other personnel costs	-	-	-	1 400	-	-
	26 482	27 209	20 121	17 673	15 643	15 643
<b>Goods and Services</b>						
Transportation and communication	1 494	1 278	1 468	1 788	1 718	1 718
Information	276	199	271	347	391	391
Professional and special services	1 495	1 210	1 470	925	1 058	1 058
Rentals	134	89	132	106	100	100
Purchased repair and upkeep	95	37	94	142	99	99
Utilities, material and supplies	621	427	610	520	597	597
Other subsidies and payments	13	2	13	39	18	18
	4 128	3 242	4 058	3 867	3 981	3 981
<b>Minor capital</b>	1 124	200	515	200	200	200
<b>Transfer Payments</b>	778 388	266 767	7 313	4	4	4
<b>Total Expenditures</b>	810 122	297 418	32 007	21 744	19 828	19 828

**Appendix 4 - Federal Statutes Either Administered by the Agency or which Confer a Duty or a function on the Agency**

*Aeronautics Act*

*Budget Implementation Act, 1995*

*Budget Implementation Act, 1996*

*Canada Shipping Act*

*Canada Transportation Act*

*Canadian Environmental Assessment Act*

*Coasting Trade Act*

*Energy Supplies Emergency Act*

*Pilotage Act*

*Railway Act*

*Railway Relocation and Crossing Act*

*Railway Safety Act*

*Shipping Conferences Exemption Act, 1987*

*St. Lawrence Seaway Authority Act*

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