# Charting the Course

Atlantic Canada Transportation Strategy 2008-2018



Newfoundland Labrador





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# Atlantic Canada Transportation Strategy 2008-2018











Department of Transportation

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# The Atlantic Canada Transportation Strategy 2008-2018

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# Table of Contents

Introduction	. 3
The Vision.	4
Atlantic Canada's Strategic Infrastructure    .      Strategic Highways    .      Strategic Railways    .      Strategic Airports    .      Strategic Marine Ports & Ferry Services    .	8 9 9
Challenges Facing Transportation in Atlantic Canada	. 11 . 12
Action plan	19
A Call for Action	21
Appendix A: Strategic Infrastructure Criteria .	22
Appendix B: Maps	25

We are very pleased to present *The Atlantic Canada Transportation Strategy, 2008 – 2018,* a 10-year transportation strategy for the Atlantic region.

The Strategy presents a vision for a state-of-the art transportation system in Atlantic Canada, covering all modes of transportation (road, rail, air and marine) that supports economic and social development in the region with benefits for all of Canada.

This document complements a comprehensive national transportation strategy entitled *Looking* to the Future: A Plan for Investing in Canada's Transportation System, which was released by the Council of the Federation (COF) in December 2005.

A safe, efficient and sustainable transportation system remains a key element of Atlantic Canada's prosperity and quality of life. In an age of globalization, it opens the door to the rest of

Hon. Dianne C. Whelan
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the world and presents new prospects for future development and commercial trade beyond our borders.

By focusing on the region's strategic transportation infrastructure, we have identified funding, policy, regulatory and service challenges that need to be addressed to support current use of our system and to facilitate future development opportunities in our region.

Action is needed if we are to properly position ourselves to seize new opportunities and respond to the existing challenges. This strategy will serve as a blueprint for future cooperation amongst Atlantic Ministers of Transportation, as well as other key partners, on progress towards the achievement of our vision for a state-of-the-art, multi-modal transportation system to, from and within Atlantic Canada.

Hon. Murray K. Scott Minister of Transportation & Infrastructure Renewal *Nova Scotia*  Hon. Ron W. MacKinley Minister of Transportation and Public Works *Prince Edward Island* 



# Introduction The Atlantic Canada Transportation Strategy 2008 – 2018

Good transportation infrastructure enables the movement of people, goods and numerous services effectively and efficiently while minimizing impacts on the environment. It connects communities, provinces, regions, and nations. Transportation allows businesses to develop and grow by providing seamless access to resources and markets. Transportation allows people to access health, educational, employment and recreational facilities. Transportation is the key to social and economic development and a good quality of life.

# Why is an Atlantic Canada transportation strategy needed?

Following the COF's National Transportation Strategy entitled Looking to the Future: A Plan for Investing in Canada's Transportation System, the provinces of Atlantic Canada - Newfoundland & Labrador, Nova Scotia, Prince Edward Island and New Brunswick - collaborated to develop a 10–year Atlantic Canada Transportation Strategy. The strategy builds on the national paper by focusing on the region's infrastructure, policy and regulatory challenges and service issues. While each province has individual transportation infrastructure needs and priorities, this strategy recognizes that each Atlantic Province is heavily dependent on one another's transportation networks for current and future economic and social activities.

The strategy recognizes the current challenges facing both the national and provincial governments in funding transportation systems but also recognizes that these challenges must be overcome if all areas of Canada are to contribute to a strong national economy that remains competitive internationally. Trading patterns throughout the world are realigning in favour of unprecedented development opportunities for Atlantic Canada. The region must be ready to seize these opportunities. This strategy presents an incontestable case for an accelerated and expanded program for funding covering rehabilitation and development needs in strategic air, rail, marine, and highway infrastructure in the region. It calls for increased participation by all orders of government as well as the private sector. It also calls for action on policy, regulatory and service issues to bring economic benefits to Atlantic Canada and, in fact, all of Canada. Time is of the essence if the region is not to forfeit current trading advantages to others who are equally interested.

### The Vision

A state-of-the-art transportation system in Atlantic Canada that supports economic and social development in the region with benefits for all of Canada

# The Vision

The vision, the driving force of this strategy, would see the achievement of a transportation system capable of supporting and growing a self-sustaining Atlantic economy that is a major contributor to a strong national economy.

To move forward on this vision and to understand why it is essential to focus on both current and future transportation demands, it is necessary to:

#### **Consider the Present**

#### Highways

There are over 1.3 million registered passenger vehicles and over 40,000 registered trucks, and two major intercity bus lines in Atlantic Canada. They operate on 55,000 km of provincially maintained roads and highways, including nearly 8,300 bridges. This also includes 4,700 km of National Highway System highways and intermodal linkages. These highways, connected by key ferry services, border crossings, and the Confederation Bridge, connect all communities within each province, and via the National Highway System, to points throughout the region, Canada, and the United States. Urban transit also plays an important role for travellers in municipalities in Atlantic Canada, moving over 24 million passengers a year.

#### Railways

In Atlantic Canada, there is one Class I railway, Canadian National Railway (CN). It provides twice daily double-stack container rail service between the Port of Halifax, the CN intermodal facility in Moncton with connections to Saint John and its major inland terminals in Montreal, Toronto and Chicago. There are also several short line railways operating over 1,600 km of track. Passenger rail is also active throughout the region. VIA Rail transports over 200,000 passengers annually with the greatest part of this traffic on the line from Halifax through Moncton, Miramichi, Bathurst and Campbellton to Montreal.

#### Canada/U.S. Surface Border Crossings

The three highest volume land commercial Canada-U.S. border crossings in Atlantic Canada are at Woodstock, St. Stephen, and Edmundston. Nearly 700,000 trucks per year travel between Canada and the United States through the 16 Maine-New Brunswick border crossings. In addition, close to 7 million passenger vehicles cross this border annually.

There are two major railway border crossings between Maine and New Brunswick, one at St. Croix, and the other at St. Leonard. These lines connect into the U.S. rail system, and facilitate rail trade with the U.S., and also directly link Montreal, Quebec, and Saint John, New Brunswick by rail through northern Maine.

#### Airports and Air Services

Airports in Atlantic Canada now handle over 6 million passengers and over 60 million kg of cargo annually, with Halifax, St. John's, and Moncton handling over 80% of the passengers and 98% of the freight. Fredericton, Saint John, Charlottetown, and Deer Lake each handle approximately 200,000 passengers annually. Additionally, five other Atlantic airports transport a total of 300,000 passengers yearly. Gander International Airport handles over 70,000 domestic passengers and over 200,000 Trans Oceanic Plane Stop (TOPS) passengers annually. In addition to commercial aviation, there are many other users of airports, including: emergency services (Medivac, forest protection, policing), general / recreational aviation, corporations, flight training schools, and government services.

#### Marine Ports

Atlantic Canada's marine ports are a very prominent component of the national freight system, collectively handling approximately 120 million tonnes of cargo annually. Of the top four busiest ports by tonnage in Canada, three of them are in Atlantic Canada including: Come-by-Chance, NL, Saint John, NB, and the Strait of Canso, NS. All are critical for Canada's oil and gas industry. The Port of Halifax is Canada's third busiest container port, handling over 500,000 TEUs. Container facilities are also available in Saint John, NB, St. John's, NL and Corner Brook, NL.

The cruise ship industry has been an emerging tourism generator for Canada, with Halifax and Saint John being the second and third busiest cruise ship ports in Canada, after Vancouver. There are now over 400,000 passengers visiting Atlantic Canada by cruise ship annually, arriving on close to 250 vessels, contributing in excess of \$50 million to local economies. The cruise industry in Prince Edward Island has experienced steady growth in recent years, hosting more than 28,000 passengers and 13,000 crew members annually. The recently completed improvements at the Charlottetown wharf will support continued growth. Growth of cruise ship activity in Newfoundland and Labrador is also significant. In 2006, Newfoundland and Labrador was host to 105 cruise ship visits - bringing over 34,000 passengers and 17,000 crew members to several ports throughout the province. The global growth in the cruise industry, coupled with the development of provincial cruise itineraries and home ports, is increasing the size and value of the cruise market in Atlantic Canada.

#### Ferry Services

Ferry services are integral to the economy of Atlantic Canada. For Newfoundland & Labrador, a constitutionally guaranteed ferry service provides the crucial economic and social link to mainland Canada. On an annual basis, the Marine Atlantic service between Newfoundland & Labrador and Nova Scotia carries over 400,000 passengers, more than 135,000 passenger vehicles, and more than 88,000 commercial vehicles through Port aux Basques and Argentia. The interprovincial service between Newfoundland & Labrador and Blanc Sablon (Quebec), transports over 70,000 passengers and 24,000 vehicles annually. The international ferry service to and from the islands of St. Pierre and Miquelon transports over 25,000 passengers annually. Within Newfoundland and Labrador, intra-provincial ferry services transport over 750,000 passengers annually.

The ferry service operating between Wood Islands, Prince Edward Island and Caribou, Nova Scotia carries more than 165,000 vehicles and 400,000 passengers annually. This ferry service contributes approximately \$27 million each year to the Island's economy. The Souris, Prince Edward Island to Grindstone, Les Îles de la Madeleine (Quebec) ferry service carries more than 40,000 vehicles and 105,000 passengers annually.

Nova Scotia's intra-provincial ferry services transport over 1 million passengers annually. For New Brunswick, intra-provincial ferry services transport over 4 million passengers annually.

More than 140,000 passengers annually travel between Saint John, New Brunswick and Digby, Nova Scotia by ferry, and 150,000 passengers are carried on the ferry service between Nova Scotia and Maine. The future of the Saint John/Digby service is uncertain as a result of financial difficulties encountered by the operator. The Federal Government is exploring options for that service.

#### Trade

Exports drive the Atlantic economy. Atlantic Canada exports approximately \$22 billion worth of goods and services internationally, while importing nearly \$18 billion. Over \$17 billion, or 80% of the region's total international exports, were directed to the U.S. in 2005, representing an increase of over 100% in the past 10 years. Total international and interprovincial trade in the region is equivalent to almost 130% of GDP– higher than the national average.

#### Tourism

Natural beauty and renowned attractions have made our region a tourism destination for travellers worldwide. The tourism industry in Atlantic Canada generates over \$3 billion in revenues annually and employs over 100,000 people. There are nearly half a million visits annually to Newfoundland & Labrador, nearly 1.0 million to Prince Edward Island, 1.7 million to New Brunswick, and 2.2 million to Nova Scotia. Tourism is a leading economic generator in Atlantic Canada. Good transportation access to and within the region is required to sustain and grow the region's tourism industry.

#### Energy

The Energy sector continues to develop in Atlantic Canada at a significant pace. Transportation issues specific to this sector are being monitored and assessed and there will be matters requiring attention as the sector continues to expand. The oil and gas reserves in Newfoundland and Labrador, combined with the vast hydro potential, are positioning Newfoundland and Labrador as an "Energy Warehouse". New Brunswick is growing its energy hub in Saint John with action involving the new LNG facility, the potential new oil refinery, refurbishment of Point Lepreau and the potential of other developments. Nova Scotia's energy developments include a LNG terminal at Bear Head and the Maritime and Northeast Pipeline running into the New England States. Prince Edward Island is also developing energy projects, including wind energy.

#### **Consider the Future**

The 21st Century promises unparalleled trade opportunities. Atlantic Canada, with its strategic location on Canada's east coast, offers year-round, deep-water ports, proximity to major world shipping routes and some infrastructure that is not at capacity. The region has tremendous potential as Canada's Atlantic Gateway to attract these opportunities, benefiting the region, the country and the continent.

Trade is growing in three powerful and shifting trade networks; the north-south NAFTA network, the European Union-NAFTA network, and the Suez



Express networks (from South and East Asia via the Suez Canal). As volumes continue to grow on these routes, Canada will need strategically located multi-modal transportation infrastructure on its east coast capable of handling these shipments. As well, the importance of an Atlantic Gateway as a readily available mechanism to alleviate the current congestion and capacity constraints facing many of the east and west coast ports of entry of Canada and the United States needs to be recognized.

The 2007 Federal Budget announced a long-term Infrastructure Plan which included a new National Gateways and Border Crossings \$2.1 billion fund. The Atlantic Gateway is one of the gateways named by the Federal Government for federal support. The Federal Government has also released a national gateways and trade corridor policy framework to guide investments in strategic transportation infrastructure to support international trade volumes and values of national significance. The national fund will enhance infrastructure at key locations and support non-infrastructure elements that impact the effectiveness of national transportation assets. A Memorandum of Understanding (MOU) regarding the development of an Atlantic Gateway was signed by the Government of Canada and the four Atlantic Provinces on October 14, 2007. Work is ongoing under the terms of the MOU to identify: the components of the Atlantic Gateway; the analytical and planning work required to develop each of the components; and the appropriate approaches and timing for involvement of the private sector and other stakeholders and to promote the Atlantic Gateway in domestic and international markets. The Atlantic Provinces are unanimous in their position that the Atlantic Gateway must be developed in a manner which benefits the four provinces.

On December 12, 2007, the Council of Atlantic Premiers reiterated their commitment to the development of an Atlantic Gateway strategy and agreed that early marketing and investments in the initiative are necessary to strengthen the efficiency of the multimodal transportation system linking the four Atlantic Provinces to key markets. In addition, Premiers urged accelerated progress on key infrastructure as well as policy and regulatory enhancements under the MOU, with timely access to federal funding being a critical requirement.

# Atlantic Canada's Strategic Infrastructure

The first step in identifying the strategic transportation infrastructure for Atlantic Canada by mode began in 2005 with the COF's national transportation strategy *"Looking to the Future: A Plan for Investing in Canada's Transportation System".* That strategy presented criteria to identify the critical components of a national transportation system. Atlantic Canada's strategic infrastructure is based on the same criteria applied nationwide, resulting in a list of strategic highways, railways, airports, marine ports and ferries. The criteria are located in Appendix "A".

While the criteria for the nationally strategic network are comprehensive, additional regional considerations are required from an Atlantic Canada transportation perspective. The Trans-Canada Highway in Cape Breton, Highway 105, which runs on the north side of the Bras D'Or Lake, is a strategic highway for movement of freight and people to and from the eastern end of the province. In addition, as part of the definition of nationally strategic airports, the COF's strategy included other major regional hubs as one of the criteria for inclusion as a strategic airport. Regional hubs are defined by each province in Atlantic Canada based on individual transportation needs. Details can be found in Appendix "A".

# Strategic Highways

Strategic highways in Atlantic Canada include the National Highway System as defined in the COF Paper and Highway 105, the Trans-Canada Highway in Cape Breton. The National Highway System (NHS) also includes linkages that connect the NHS to intermodal facilities and to border crossings that meet the criteria identified in Appendix "A". For Prince Edward Island and the island of Newfoundland, which have no direct rail access, the reliance on highways is even greater for the movement of freight and passengers.



The Strategic Highways in Atlantic Canada by Route number are listed below and mapped in Appendix "B", Map 1:

#### Newfoundland & Labrador: NHS Highways

1, 2 (from TCH to Port of St. John's), 100, 340, 350, 430 (TCH at Deer Lake to St. Barbe ferry terminal), 500 (Trans Labrador Highway), 510

#### Intermodal linkages

- -Portugal Cove Rd from TCH to St. John's Airport;
- -Route 450A from TCH to Port of Corner Brook;
- -Route 340 from TCH to Lewisporte Marine Terminal;
- -Route 350 from TCH to Port of Botwood.

#### Nova Scotia:

#### NHS Highways

101, 102, 103, 104/Trunk 4, 125/105 (Sydney to North Sydney), 106, 111(Victoria Rd to 118), 118, 303

#### Intermodal linkages

- -Joseph Howe/Kempt/Barrington/Lower Water/ Hollis Sts. from Highway 102 to Port of Halifax;
- -Dartmouth Rtes 111 & 322 from Rte 118 to Port of Halifax (Autoport)

#### The Atlantic Canada Transportation Strategy 2008-2018

#### Prince Edward Island:

NHS Highways

1, 1A, 2, 3

#### Intermodal linkages

 Brackley Point Road from Route 1 to Charlottetown Airport

#### New Brunswick: NHS Highways

1, 2, 7, 8, 11, 15, 16, 17, 95

#### Intermodal linkages

- -Municipal streets to Port of Saint John from East side Route 1 to Port of Saint John – East side;
- -Municipal streets to Digby ferry & Port of Saint John from West side Route 1 to Digby Ferry/Port of Saint John - West side;
- -Route 111 from Route 1 to Saint John Airport;
- -Nevers Road & Route 102, from Route 2 to Fredericton Airport;
- -Route 15, Harrisville & Dieppe Blvd, Route 132 from Route 2 to Greater Moncton International Airport;
- -Turgeon Rd/Hwy 134 from Route 11 to Port of Belledune.

#### Border crossings

Woodstock, St. Stephen, Edmundston

### **Strategic Railways**

Railways, an integral component of a multi-modal system, connect marine ports to markets directly and to highways through trans-load and inter-modal facilities, such as the major terminal in Moncton that serves users from three of the Atlantic provinces. VIA Rail also provides an alternate form of passenger travel. Moncton is the 6th largest revenue generating station on the entire VIA Rail system. With the exception of VIA Rail, a federal Crown Corporation, the railways in Atlantic Canada are owned, operated and maintained by the private sector.

The strategic railways in Atlantic Canada are listed below and mapped in Appendix "B", Map 2:



#### Nova Scotia:

Canadian National Railway; Windsor & Hantsport Railway; Cape Breton & Central Nova Scotia Railway, VIA Rail

#### New Brunswick:

Canadian National Railway; New Brunswick Southern Railway; Chemin de fer de la Matapédia et du Golfe inc; New

Brunswick East Coast Railway; Montreal, Maine and Atlantic Railway, VIA Rail

#### Newfoundland & Labrador:

Québec North Shore and Labrador Railway

### **Strategic Airports**

Airports are the infrastructure link for air carriers providing passenger and freight service quickly and over long distances. The National Airport System (NAS) is comprised of airports that the federal government has considered critical to the air transportation system in Canada and it has retained ownership but leases them to not-for-profit Canadian Airport Authorities (CAA) to operate and maintain. Unlike the NAS airports, the federal government has transferred both ownership and operation of the regional / local airports to local airport authorities comprised of private and municipal interests. The airports with scheduled air service are eligible for certain capital funding support from the federal government but demand surpasses availability. The regional / local airports are all challenged by capital and operating funding requirements.

The strategic airports in Atlantic Canada are listed below and mapped in Appendix "B", Map 3:

#### Newfoundland & Labrador:

St. John's, Gander, Deer Lake, Stephenville, -St. Anthony, Wabush, Happy Valley-Goose Bay, -Port Hope Simpson, Nain -

#### Nova Scotia:

Halifax, Sydney, Yarmouth

#### Prince Edward Island:

Charlottetown

#### New Brunswick:

Fredericton, Moncton, Saint John, Bathurst Charlo, St. Leonard

### Strategic Marine Ports & Ferry Services

Strategic marine ports support import and export cargo and passenger movements. With appropriate road and rail connections, they are integral components of the transportation network. Similar to the airports, the federal government owns the Canada Port Authority (CPA) ports that are operated by not-for-profit organizations. These local port authorities are comprised of private and municipal interests, which are responsible for their operation and maintenance. Regional cargo ports are owned, operated and maintained by private interests. For a maritime economy such as Atlantic Canada, marine ports are vital not just for trade but also for interprovincial and international ferry services, which provide yet another strategic transportation alternative to connect the region. For Newfoundland and Labrador, certain intra-provincial ferry services are deemed strategic due to geographic factors.

The strategic marine ports in Atlantic Canada are listed below and mapped in Appendix "B", Map 4:

#### Newfoundland & Labrador:

St. John's, Come By Chance, Whiffen Head, Corner Brook, Lewisporte, Botwood, Holyrood, Happy Valley Goose Bay

#### Nova Scotia:

Halifax, Strait of Canso, Syndey

#### Prince Edward Island:

Charlottetown

#### New Brunswick:

Saint John, Belledune, Bayside, Dalhousie

The Strategic Ferry Routes in Atlantic Canada are listed below and mapped in Appendix "B", Map 5:

#### **Newfoundland & Labrador and Nova Scotia:** Port aux Basques/North Sydney

Argentia/North Sydney

**Newfoundland & Labrador and Quebec:** St. Barbe/Blanc Sablon

**Newfoundland & Labrador and St. Pierre & Miquelon:** Fortune/St. Pierre

Nova Scotia and Maine: Yarmouth/Bar Harbor

Yarmouth/Portland

**Prince Edward Island and Nova Scotia:** Wood Islands/Caribou

**Prince Edward Island and Quebec:** Souris/Îles de la Madeleine

**New Brunswick and Nova Scotia:** Saint John/Digby



# Challenges Facing Transportation in Atlantic Canada

The challenges to transportation in Atlantic Canada are threefold: long-term, sustainable and sufficient funding; updated policies and regulations; and service enhancements – all in support of economic and social development in Atlantic Canada with benefits for all of Canada.

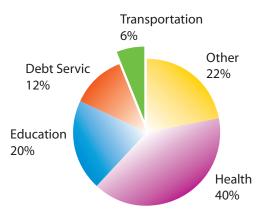
## **Funding Challenges**

The major challenge is long-term, sustainable and sufficient funding. Governments and private sector providers of transportation infrastructure are all facing a similar challenge: how to maintain and sustain infrastructure in the long term given the need and available funding sources.

Billions of dollars are needed for transportation infrastructure enhancements in Atlantic Canada. It is estimated that \$4.4 billion (2005 dollars) is needed to rehabilitate the National Highway System alone in Atlantic Canada. This includes \$2.0 billion in New Brunswick, \$1.2 billion for Newfoundland & Labrador, \$1.0 billion for Nova Scotia, and \$0.2 billion for Prince Edward Island. This amount does not include the significant investment requirements for highways that are not part of the NHS, constituting over 90% of the total highway network in the region. The financial burden of building and maintaining the full network falls primarily to provinces, as ownership of roads is divided on the basis of 83% provincial/16% municipal/1% federal.

In Atlantic Canada, there are also issues with the long-term viability of strategic small airports, short line railways, certain marine ports. and ferry services that are also facing funding challenges. Provincial governments in Atlantic Canada spend over \$1 billion annually on transportation, primarily on highways, in their efforts to sustain the system, which is more than they collect in provincial fuel taxes and licensing fees. It is essential that the Federal government continue to be a funding partner as a transportation infrastructure funding deficit, as identified in the COF's 2005 Strategy, continues to be an issue

# Figure 1: Approximate average program expenditures by Atlantic Canadian governments



With health and education investments continuing to account for the vast majority of public spending (Figure 1), the region's governments must find ways of ensuring that transportation is adequately funded now and in the future.

In its 2007 Budget, the Federal Government announced establishment of a 7-year \$33 Billion Infrastructure Plan, with transportation specifically identified as a prominent component of this Plan. This announcement constituted a significant milestone in that it not only represented an unprecedented level of federal support, but it also embodied the fundamental principle of ensuring long-term, predictable funding. These decisions were made in response to the position advanced by the COF and sustained representations by all provincial and territorial transportation departments to the Federal Department of Transport. The Federal Infrastructure Plan is a major step forward in helping the Atlantic Provinces to begin a renewed effort to address transportation infrastructure challenges, in recognition of fact that this infrastructure forms the backbone of the economy. A significant gap still remains between available funding and investment needs, but the foundation laid by the Infrastructure Plan provides the essential launching pad for moving ahead collectively on the path to tackling the infrastructure deficit. There is concern over delays in the development of the new federal program criteria, project selection and release of federal funding. The federal government must streamline and accelerate these processes if funding is to be utilized in a timely manner.

One of the key components that will help narrow the gap further between available federal funds and infrastructure needs will be the Atlantic Gateway and federal funding support provided through that program. Atlantic Premiers have spoken about this recently when they met in December, 2007. They called for accelerated investment via the Atlantic Gateway by the federal government for priority infrastructure projects. finalizing uniform special permit conditions for the movement of indivisible, over-dimensional loads within Atlantic Canada. Implementation of the concept of a "regional" permit will be pursued with the ultimate objective of allowing a special permit in one province to be recognized and accepted in the other three provinces. The Committee will be working on uniform permit conditions for nonconforming vehicles as well as overweight load permits. A uniform system regarding escort vehicles for oversize/overweight loads is being developed for the Atlantic region with uniform requirements such as driver qualifications and vehicles markings.

There are also important policy issues outside of Atlantic Canada, including Route 185 in Quebec, which is the external Trans-Canada Highway connection for the entire Atlantic region. Completion of the twinning of Route 185 in a timely manner is essential to maintain and support developing trade patterns. Also, the Trans-Canada Highway in Quebec is weight restricted during the spring. This has a direct negative impact on the economy of Atlantic Canada. Quebec is the only province that applies that restriction to the Trans-Canada Highway.

# Policy and Regulatory Challenges

Policies and regulation guide how infrastructure is used and managed, and ensure the safety and security of the travelling public. Appropriate policies and regulations will support efficient, effective, safe and secure use while facilitating trade and development. Following are the areas identified for continuation of current initiatives or improvement.

#### **Highway Policy**

#### Harmonization of regulations respecting vehicle weights and dimensions, and simplification of regulatory burden throughout eastern Canada and the New England states

The Atlantic Committee on Vehicle Weights and Dimensions succeeded in implementing uniform vehicle weight and dimension rules in all Atlantic Provinces in early 2002. The Committee is currently Increased allowable vehicle weights on highways in the United States, specifically Maine, need to be sought as well. Certain Interstate highways allow 100,000 lbs (45,360 kg), while Interstate 95 connecting to New Brunswick is still only allowing 80,000 lbs (36,290 kg). Interstate 95 is the only interstate highway connecting to Atlantic Canada, therefore the weight limits place considerable restrictions on the region's primary freight



#### The Atlantic Canada Transportation Strategy 2008-2018

connection to its major trading partner, the United States. This has direct negative impacts on the economy of Atlantic Canada and does not support the developing NAFTA trade corridor.

# More use of Intelligent Transportation Systems (ITS) and transportation technology

The use of ITS, such as Road Weather Information Systems (RWIS), allow improved management of highway maintenance operations, improved highway safety, and provide traveller information. As well, enhanced scale operations with more Weigh-in-Motion (WIM) systems on major routes can expedite the flow for legal weight loads by allowing bypass of scale facilities and have been shown to greatly reduce carrier costs. Safety is enhanced through a random audit process. Since not all vehicles are reporting, enforcement personnel have more time for safety inspections. This technology benefits all users.



# A legislative and policy framework that balances the interests of rail users, including rail users who access the national system via short lines, with the national carriers

Many shippers across Atlantic Canada are dependent upon the rail mode to move their products to market. The long distance to market, high volume of products shipped and low value of these products makes rail the mode of choice.

Only two of the four Atlantic Provinces have access to a Class I carrier and this access is limited to one carrier, Canadian National. The current proposed amendments to the rail provisions of the *Canada Transportation Act* are expected to provide improved shipper recourse to the Canadian Transportation Agency in situations where competition is weak or absent and shippers have issues with carriers concerning rates and service. Federal policies must do more to ensure that the interests of rail users are balanced with those of the national rail carriers.

As short line railways are often captive to Class I railways to transport freight to and from their lines, these short line rail carriers require effective regulatory recourse if faced with rate and service issues that unfairly restrict freight movement. Governments must be prepared to support all railways in their efforts to seek improved freight movement. An option, for example, could be coproduction agreements between CN and the Atlantic short lines to improve access to Halifax and Saint John.

#### Canada/U.S. Border Policy Initiatives to improve border efficiency while not compromising security

Because of Atlantic Canada's dependence on exports to the United States and the growing NAFTA, European Union - NAFTA and the Suez Express trade networks, the timely and secure movements of people, goods and services across the Canada-U.S. border is integral to the economy of Atlantic Canada. Initiatives are needed to improve efficiency of these trade flows without compromising security.

Currently there are border inspection policy issues that restrict the free flow of rail freight from Atlantic Canada through Maine to destinations in Quebec. These issues include the requirement by the U.S. government for a complete and comprehensive cargo manifest for sealed rail cars, even though the final destination of cargo is in Canada. This has adversely affected a highly successful intermodal rail service due to the volumes of paperwork required for transit. The federal government must continue to take steps to resolve this issue soon to avoid further negative trade impacts.

Work is underway at the St. Stephen/Calais border crossing to construct a new crossing. The agreements call for this work to be completed by the end of 2008. The road work and the new bridge will meet that target. The Canadian Border Services Agency has confirmed they will have their facility operational by the end of 2008. There is concern that the U.S. customs facility may not meet the agreed completion date.

#### Air Policy

#### International / trans-border air policy liberalization

Many countries, including the United States, are avidly pursuing "open skies" type agreements. International air policy liberalization will foster an innovative and competitive air transportation environment that will benefit all users and the communities housing these services. The federal government's new international air policy "Blue Sky" will be a key factor in future growth. New air services for strategic airports in Atlantic Canada are being pursued and federal policy support to that end is necessary.

Further liberalization of Canada's air bilateral agreements is needed. Negotiations must take into consideration an overall "value-for-value" exchange of benefits, as opposed to the narrow concept of "carrier benefits," and must also consider regional needs and perspectives within the nation. Opportunities to expand air bilateral agreements as they relate to air cargo must also be considered.

The federal government must also, over the longer term, explore the development of an open North American aviation market and eventually, a multilateral approach to "open skies." It is also important for Canada to conclude an open skies agreement with the European Union.

#### Small airport viability

The viability of Canada's small airports is an issue of importance across all jurisdictions, including the four Atlantic Provinces. As an integral part of the nation's air transportation system, small airports require access to long-term and stable capital funding as well as appropriate policy and regulatory support. This will require involvement by all three orders of government and the private sector.

In September 2004, the Council of Ministers Responsible for Transportation and Highway Safety agreed that the viability of small airports is a shared responsibility. Each province and territory and the federal government participated in a national study which was released in September 2006. Recommendations included ensuring small airports were eligible for certain federal funding support programs.

#### Federal Air Revenues and Charges

In the interest of preserving a healthy and competitive aviation system in Canada, the aviation policy and regulatory environment must be reviewed, with a focus on reducing the discrepancy between the money removed from the system and invested back.

In May 2005, the federal government announced a new airport rent policy that revised the formula for calculating the rent received from National Airport System (NAS) airports. The new formula will



provide NAS airports across the country with reductions over the long term. However, the issue of airport rent is still a significant one for stakeholders nationwide and further negotiations must be undertaken to address residual concerns.

Aviation regulations that impose costs on airports and air carriers, and consequently, other users, are also issues for many airports and carriers. While many regulations are viewed as necessary and desirable, this is not always the case. It is incumbent upon the federal government to take a cautious and considered approach to regulation, while considering the merits of providing financial compensation for new regulatory requirements.

Despite some reductions, the Air Travelers Security Charge (ATSC) continues to place an additional cost on this mode of transportation. The security of airports is a national issue and related costs should be funded from general revenues and not by air passengers alone.

# Canada Border Services Agency (CBSA) level of service and cost recovery policy at Atlantic Canadian airports

Until recently only one National Airport System airport in Atlantic Canada had access to 24/7 customs service (Gander International) The Halifax Stanfield International Airport received these services in April, 2007. More Atlantic Canada airports need significant enhancements regarding CBSA services to be able to attract and retain international air services. In meeting the demands for customs services that fall outside an airport's core hours of service, the CBSA implements a full-cost recovery policy. This system is inequitable across the country.

There are several airports in Atlantic Canada that are disadvantaged by this cost recovery regime. With limited or no CBSA service, smaller airports have difficulty attracting and retaining trans-border and international air service. These cost recovery fees, which range from \$300 to \$4,500 per flight, can be sufficient reason for airlines to favour airports with 24/7 CBSA service outside Atlantic Canada.

A lack of efficient international and trans-border air service can act as a deterrent to economic growth in Atlantic Canada. The federal government must review the base services provided by CBSA at Atlantic Canadian airports with the intent of providing CBSA services on an equitable basis.

The CBSA level of service and cost recovery policy is also an issue for other modes, including certain of the region's marine ports, particularly those smaller ports that receive cruise ship traffic.

#### Marine Policy

# Borrowing limits for Canada Port Authority (CPA) ports and innovative financing tools

Ports are an important part of Canada's transportation system as key connectors to the global marketplace. As the emerging trade patterns discussed earlier develop, the role of these ports is expected to increase. Changes in federal policy are needed to ensure that Canada's ports remain viable and have the capacity to pursue growing opportunities, such as short sea shipping.

CPA ports are currently constrained in the amount they can borrow for capital projects by the terms of their Letters Patent. While CPA ports can request an increase in their borrowing limits by applying to the federal Minister of Transport, the process can be long and cumbersome.

Pending amendments to the *Canada Marine Act* attempt to address this issue. Under the proposed amendments, a tiered approach will be implemented that will permit larger CPA's to move to a commercially-based borrowing regime while smaller CPA's will be subject to a code that governs borrowing rather than a fixed borrowing limit, as well as enhanced accountability requirements. The Atlantic Provinces believe that eliminating the borrowing limits for CPAs and replacing them with whatever level of borrowing is acceptable in the market will allow the ports to better respond to future growth and development opportunities.

# Federal participation in port investments of national significance

U.S. governments at all levels consider their ports to be vital parts of the transportation system. American ports have access to a variety of financing mechanisms, including the ability to issue tax-free revenue bonds. In order to ensure that Canadian ports are able to realize future business opportunities, the federal government must create a policy and regulatory environment that allows CPA ports to access innovative and flexible financing tools.

Under the existing *Canada Marine Act*, CPA ports do not have access to federal funding or loan guarantees. Pending amendments to this legislation



would allow these ports to apply for contribution funding related to infrastructure, environmental sustainability and the implementation of security measures.

These are important first steps in allowing ports access to the capital funding they require to finance infrastructure that will allow them to effectively serve customer needs and take advantage of growth in various areas of port traffic.

#### Short sea shipping

With the developing trade networks discussed under the vision, short sea shipping is expected to play an increasing role in the transportation of goods along the east coast of North America. As larger container ships enter service, a hub-and-spoke model could develop for container traffic. The largest ships will call at a very limited number of ports, with smaller ships dispersing their cargoes to local and regional ports. There may be a need for these ports to acquire or improve container-handling capabilities. The national governments in Canada and the United States need to address policy and regulatory changes to allow this mode of transportation to develop to its fullest potential.

#### Inter-provincial/international ferry links

Inter-provincial and international ferries are an important example of short sea shipping. Several such services in the Atlantic provinces provide a valuable, shorter, alternate transportation route for people and goods. Ferries also serve as a strong catalyst for tourism development.

In recent years the federal government has taken steps to reduce funding support for ferry services, with potentially serious consequences for the region. Key stakeholders have banded together to present forceful representations to prevent planned cutbacks from actually occurring. The Atlantic provinces will continue to be vigilant in ensuring that the federal government fully understands the significant contribution these services make to the regional and national economy and provides long-term financial support commensurate with their importance.

### Atlantic Canada Service Challenges

The greatest challenges on the service side relate to the availability of a seamless, multi-modal transportation network that provides a choice of services that respond to users' needs. Such a system will facilitate efficient, effective, safe, secure and environmentally responsible choices among users. The lack of adequate service options among modes will lead to sub-optimal transportation choices. In support of economic and social objectives and international competitiveness, both the public and private sectors will have to be responsive to the needs of users and proactive in addressing service issues.

# Improving air services to larger Canadian, U.S., and international markets

Regional access to larger Canadian, U.S. and international markets is crucial for the economy of Atlantic Canada. This includes retaining and expanding direct passenger air service to Toronto, Montreal, and Ottawa and other key centres.

Since the United States is Canada's largest trading partner, the availability of adequate direct air service between the two countries is essential. As well, increased service between Atlantic Canada and other growing international markets in Asia and Europe is necessary to ensure emerging trade opportunities can be fully developed by Atlantic Canada. For example, Newfoundland and Labrador wish to reestablish their link with the United Kingdom.

# Ensuring an adequate service level is maintained for constitutionally guaranteed transportation services

The role of the federal government must be maintained and strengthened in providing constitutionally guaranteed ferry service between Newfoundland & Labrador and mainland Canada. The federal government, through its budget decisions, directly impacts funding and service levels, which in turn, impacts access to and from Newfoundland & Labrador. The importance of this key constitutionally guaranteed link to the mainland is underlined by the lack of multi-modal transportation alternatives. Fares on the Marine Atlantic Inc. service between Nova Scotia and Newfoundland must be kept at reasonable levels and an aggressive Vessel Replacement Strategy is required.

#### Sustaining ferry services

Both the Wood Islands / Caribou and Saint John / Digby ferry services have been identified as strategic ferry services in the COF's national transportation strategy. The Wood Islands / Caribou service is an important service link to eastern PEI and northeastern Nova Scotia for economic and tourism reasons and provides the only link to the mainland should the Confederation Bridge be out of service for an extended period of time. The Saint John / Digby run provides a significant inter-modal service alternative for passengers and commercial users and is a strong tourist attraction. Long-term, predictable federal funding of these strategic inter-provincial ferry services needs to be achieved.

The inter-provincial ferry service operating between St. Barbe, NL and Blanc Sablon, Quebec is a critical link for the residents on the Quebec North Shore and



the South Coast of Labrador. Residents rely on this service to access goods and services as well as to bring tourists to their region.

Within Newfoundland and Labrador there are 19 vessels which provide ferry service to a number of isolated communities, and establish critical transportation links between the island and Labrador because of the province's vast geography

#### Sustaining strategic small airports in Atlantic Canada

The viability of strategic small airports remains a concern for Atlantic Canada. In collaboration with the private sector, all orders of government must be willing to address policy and regulatory issues that affect small airports in Atlantic Canada. Small airports service important roles regarding medivac services, forest protection, general aviation and tourism.

# Sustaining scheduled air service in smaller regions of Atlantic Canada

Over the last 10 years, there has been a dramatic decrease in the amount of scheduled passenger air service available in certain regions of Atlantic Canada. There are opportunities for the provision of passenger service, and air carriers will be encouraged to recognize these business opportunities and implement new services. The cost of air travel between smaller regions and larger communities that house most essential medical services, education and institutions is also a significant concern.

#### Sustaining VIA Rail Service

VIA Rail continues to attract significant ridership levels in the areas of Atlantic Canada that it serves. It is important that VIA Rail service continues as an alternate mode of passenger transportation. The existing service from Montreal – Campbellton – Moncton - Halifax (the Ocean) should be increased to daily service. Further enhancements should consider a new daily service from Montreal via Edmundston and Grand Falls to Moncton during the peak tourist season.

17

#### Intercity bus scheduled services across the region

Intercity bus scheduled services provide a valuable and affordable public transportation service to many communities across the Atlantic region and beyond. This transportation alternative will continue to play an important part of a comprehensive multi-modal transportation network across the region.

#### Urban transit

Urban transit services are provided throughout Atlantic Canada and are being enhanced through federal funding. Appropriate funding levels directed at this passenger transportation alternative should encourage its use in the Atlantic Provinces with the objective of preventing the congestion and pollution problems currently experienced in larger urban centers.



# Action plan

Transportation is a key enabler of economic and social development. This Atlantic Canada Transportation Strategy is a blueprint for guiding public and private sector collaboration on critical transportation funding, as well as policy, regulatory, and service requirements, thereby enabling the economy of Atlantic Canada to build on its strengths and opportunities, with benefits for all of Canada.

All provinces and territories have developed common positions on a range of national transportation issues. The Atlantic Provinces have been active participants in achieving consensus and developing these positions and they are included in this paper.

# The Most Pressing Need

The most pressing need at this time is the region's strategic highways and needed rehabilitation funding to restore them to their design service levels. All across Canada, rehabilitation requirements are outstripping current sources of funding. For Prince Edward Island and the island of Newfoundland, which have no direct rail access, the reliance on highways is even greater for the movement of freight and passengers.



Other national priorities of particular importance to Atlantic Canada are:

- -Sustained funding sufficient to address the longterm transportation infrastructure needs across all modes;
- -Further air policy liberalization;
- · -Reduction/elimination of airport rents;
- -Strategic small airport sustainability through partnered initiatives;
- -Canada Border Services Agency (CBSA) level of service enhancements at airports and ports and application of their cost recovery policy;
- -Enhanced financial flexibility for Canadian Port Authorities;
- Attaining full recognition of the unique role of international and inter-provincial ferry services in Atlantic Canada, including constitutionally guaranteed service, and securing the long term federal financial commitment commensurate with this role;
- Improved Canada-U.S. Border Efficiency;
- -Improving the rail system freight flows regionally, nationally and internationally;

Additional issues the Government of Canada needs to assist in correcting include:

- -The upweighting of Interstate 95 in Maine from 80,000 lbs to 100,000 lbs from the New Brunswick border to Augusta, Maine;
- -The timely completion of the new U.S. border facility in Calais, Maine;
- -Work with the Province of Quebec to have spring weight restrictions removed from the National Highway System and most particularly the Trans Canada Highway; and
- -Work with the Province of Quebec under the Continental Gateway initiative to accelerate the completion of the twinning of route 185 between the New Brunswick border and Rivière-du-Loup.

• -Sustaining and expanding VIA Rail service.

The Atlantic Provinces are also co-ordinating efforts on transportation measures within the region. Priorities for regional co-operation include:

- The Atlantic Gateway, incorporating a balanced approach that benefits each province;
- The Atlantic Harmonized Trucking Strategy;
- -Assessing the potential for developing short-sea shipping;
- -Assessing future prospects for short line railways;
- -Increased use of Intelligent Transportation Systems.



# A Call for Action

For Atlantic Canada to be successful in developing a multi-modal transportation system that will support regional and national economic growth, new partnerships among the Atlantic provinces, the federal government, municipalities and the private sector will be essential.

#### Provincial governments

Provincial governments in the region collectively invest over \$1 billion annually in transportation, primarily on highways, in their efforts to sustain the system. This is more than they collect in provincial fuel taxes and licensing fees. This funding will have to be increased if the strategic objectives identified here are to be addressed in a timely fashion. New, collaborative approaches to funding and service delivery with other orders of government and the private sector need to be identified. As well, policy and regulatory initiatives must be complementary to the achievement of these objectives.

#### Federal government

While current federal funding programs are welcomed, additional and sustained federal funding is needed to address the transportation infrastructure deficit. Accelerated federal approvals regarding current funding programs are also important. Early access to additional funding via the Atlantic Gateway initiative is essential. The federal government must ensure its policies and legislation reflect and support the region's requirements.

The federal government must also intervene with others, external to the Atlantic Provinces, in support of priorities to enhance economic opportunities for Atlantic Canada, and in fact, for all of Canada.

#### Municipal governments

Municipalities have responsibility for various aspects of transportation within their jurisdictions and have a lead role to play in the local movement of freight and passengers. They need to continue to be active partners with provincial governments in local and regional transportation planning and funding for strategic transportation infrastructure.

#### The private sector

The transportation industry needs to continue to be innovative in the provision of freight and passenger services in Atlantic Canada, seeking a more multimodal approach and increased efficiencies. As well, private sector interests in transportation need to participate more fully with governments in identifying funding alternatives for the provision of infrastructure and providing suggestions on policy and regulatory initiatives.



# Appendix A: Strategic Infrastructure Criteria

### Strategic National Highway Criteria

For a highway to be included in the National Highway System it must meet criteria agreed to by the Council of Ministers in Calgary in September 2005. The criteria were endorsed by the provincial and territorial premiers in the COF national transportation strategy document in December 2005. The criteria for these routes and linkages are:



Existing routes that connect to:

- -Capital cities;
- -Major provincial population centres defined by Census Metropolitan Area and Census Agglomerations (CMA/CA), representing a population of at least 50,000 with an urban core representing at least 50% of this total, or urban area of at least 5% of the jurisdiction population;
- -Economic Activity, based on population adjusted by high average income and CMA/CA with a high incidence of the labour force engaged in tourism;
- -Major land border crossings with \$2 billion worth of foreign trade (imports and exports) and tourism, carried by the road mode.

And existing highways which:

- -Are classified as primary or arterial highways (by function) by the provincial or territorial jurisdiction, and either
  - -Provide a connection (shortest route) from a -Census Agglomeration to the nearest Census -Metropolitan Area, or: -
  - -Serve 5% of the population of a jurisdiction, and
  - Have at least 200 trucks per day (AADTT), and

 -Have a seasonal peak increase in traffic of at least 25% -

And existing or planned routes (that have passed environmental impact assessment) that:

- Are arterial highways (by function), and
- -Provide year round service, and
- -Are the only primary connector for the region, or
- -Are the only primary connector to an adjacent province or territory, and

Satisfy one or more of the following:

- Provides access to 20% of the jurisdiction's area, or
- Provides access to 10% of the jurisdiction's population, or
- -Supports \$150 million per year in economic activity for the region (exports), or
- -Supports 5% of the provincial or territorial GDP

The National Highway System (NHS) also includes linkages that connect the NHS to intermodal facilities and to border crossings that meet the following criteria:

#### The Atlantic Canada Transportation Strategy 2008-2018

#### Airports

- -An existing roadway link (shortest route) to a National Airport System airport, or
- -An existing roadway link (shortest route) to a non-NAS airport which has a minimum 200,000 passengers per year or 50,000 tonnes of freight

#### Marine Ports

- -An existing roadway link (shortest route) to a Canada Port Authority port, or
- -An existing roadway link (shortest route) to other ports which have a minimum 100 trucks per day (in each direction) or 50,000 TEU's of freight per year, or
- -Existing roadway links (shortest routes) to ferry terminals at both ends of an interprovincial ferry service which provides a connection between two routes on the National Highway System

#### Rail

- -An existing roadway link (shortest route) to an existing Class 1 railway freight terminal which has a minimum of 100 trucks per day (in each direction) or
- -50,000 TEU's of freight per year

#### Border Crossings

- -Crossings that carry a minimum of \$500 million in trade and tourism per year and are open 24 hours; -or-
- -Crossings that carry a minimum of 1.5 million
  vehicles per year

## Strategic Railway Criteria

The criteria for inclusion in the National Strategic Rail Network as defined by the COF are:

- -Core inter-regional line (class 1 rail lines); or
- -Non-core line to territories, U.S. or alternate international gateway; or
- -Class 1 railway freight terminal with a minimum of 100 trucks per day (in each direction); or

- -Class 1 railway freight terminals with a minimum of 50,000 TEUs of freight per year or its equivalent in weight; or
- -Non-Class 1 rail lines (short lines) and freight terminals that connect to Class 1 lines and carry a minimum of 25,000 car loads per year or its equivalent in weight
- Intercity rail passenger lines and terminals that serve a minimum of 50,000 people per year; or
- -Accommodate \$50 million in tourism value per year

### Strategic Airport Criteria



The criteria for inclusion in the National Strategic Air Network as defined by the COF are:

- -Existing NAS airports,
- -Non-NAS airports located in provincial/territorial capitals, or
- -Non-NAS airports with a minimum of 200,000
  passengers per year,
- -Non-NAS airports with a minimum of 50,000 tonnes of freight per year,
- -Second largest airport in province/territory, or

23

- -Designated polar or high latitude overflight emergency or alternate stop,
- -Other major regional hubs

### Strategic Marine Port Criteria

The criteria for inclusion in the National Strategic Marine Network as defined by the COF are:

- -Existing CPA ports, or
- -Non-CPA ports with a minimum of 100 trucks per day (in each direction), or
- -Non-CPA ports with a minimum 50,000 twentyfoot equivalent units (TEUs) of freight per year or equivalent in weight, or
- -Busiest port of significance to the economy of each province/territory handling interprovincial or international trade, or
- -St. Lawrence Seaway

### Strategic Ferry Services Criteria

The criteria for inclusion in the National Strategic Marine Network as defined by the COF are:

- -All Canadian-owned interprovincial/ international ferries and associated infrastructure (year-round or seasonal), or
- -Intra-provincial ferries and associated infrastructure that connect directly on both ends to a NHS road

### **Regional Hub Airports**

As part of the definition of nationally strategic airports, the COF's National Transportation Strategy **included other major regional hubs** as one of the criteria for inclusion as a strategic airport. Regional hubs are defined by each province in Atlantic Canada based on the transportation needs of each province.

For Nova Scotia, this includes Yarmouth. The Yarmouth International Airport had scheduled passenger service from 1946 to 2003. In December 2005, three municipalities in the area reached an agreement with the Yarmouth Airport Commission whereby they will assume responsibility for operation of the airport and guarantee base funding for ten years.

For New Brunswick, this includes Bathurst, Charlo and St. Leonard. Bathurst currently hosts scheduled passenger service with Air Canada Jazz, and is central for northeastern New Brunswick. St. Leonard had scheduled passenger service until 2003, and is strategic based on geographic and population coverage in northwestern New Brunswick.

The designation of regional hub airports in Newfoundland and Labrador is dictated by geographic factors. While passenger volumes may be low, airports are a critical link in connecting the province's vast geography. These airports are: Stephenville, St. Anthony, Wabush, Happy Valley-Goose Bay, Port Hope Simpson and Nain.

