

# Transportation Information Update\*

Editor: Joseph Monteiro\*\*

August 2006, No. 24

Associate Editor: Gerald Robertson\*\*

## AIR TRANSPORTATION

### 1. WestJet Announces Completion of Financing for Next Six Aircraft

WestJet announced on July 31, 2006 that it has completed a debt financing facility (the "Facility") arranged by ING Capital LLC and supported by loan guarantees from the Export-Import Bank of the United States (Ex-Im) for US \$191.1 million. The Facility, which includes ING Financial Holdings Corporation and Societe Generale (Canada) as lenders, will support the purchase of five Boeing Next-Generation 737-600s and one 737-700 series aircraft.

### 2. WestJet Announces Enhancement to Web Check-in

WestJet announced on August 1, 2006 an enhanced web check-in feature making it easier for guests to check in online from the convenience of their own computer. By visiting westjet.com up to 24 hours before their scheduled domestic departure, guests can check in, select their seat and print their boarding pass.

### 3. WestJet posts huge profit growth

Profit at WestJet Ltd. rose almost tenfold in the second quarter of 2006 due to high load factors on its domestic flights. The company also managed to improve its on-time performance. Its chief executive officer told analysts that it is now the second best in the world on that score. On-time performance was 91.6 per cent in the quarter, up 4.3 percentage points from the second quarter of 2005. The company achieved increased load factors, despite a sharp increase in the number of seats it had available. During the quarter, the airline shifted 13.5 per cent of its total capacity from charters and "sun destinations" to its Canadian domestic operations.

### 4. WestJet Releases 2006 Second Quarter Results Announcing Record Second Quarter Earnings of \$22.4 Million

WestJet announced on August 2, 2006 its second quarter 2006 results. Its net earnings were \$22.4 million compared to net earnings of \$2.3 million achieved in the same period in 2005, an increase of 872.8 per cent. Its revenue increased by 30.3 per cent to \$425.4 million from \$326.4 million in second quarter 2005. Further, its diluted earnings per share was 17 cents compared to 2 cents in 2005. Its second quarter load factor was 77.5 per cent compared with 71.0 per cent in the same period in 2005. In the first six months of 2006, the airline reported net earnings of \$35.2 million as compared to a net loss of \$7.3 million during the first six months of 2005. Its revenue grew by 30.9 per cent to \$812.9 million from \$621.0 million in the same period in 2005 and its diluted earnings per share was 27 cents compared to diluted loss per share of six cents in 2005.

### 5. Air Canada continues expansion across western Canada; Inaugurates four non-stop routes

Air Canada continued its network expansion across western Canada with the inaugural of daily, non-stop flights between Edmonton-Victoria, Calgary-Comox, and Winnipeg-London, and twice daily flights between Edmonton-Kelowna on August 1, 2006. These new flights are also available for multi-flight passes. à

### 6. Air Canada reports July traffic - System passenger load factor at 83.6 per cent, matching July 2005 record

Air Canada on August 2, 2006 reported a system load factor of 83.6 per cent for July 2006. The mainline carrier flew 0.8 per cent more revenue passenger miles (RPMs) in July 2006 than in July 2005. Overall, capacity increased by 0.8 per cent, resulting in a load factor of 83.6 per cent, the same as in July 2005. Jazz's capacity

## Current Developments in Brief

### Air Transportation

#### CANADA

1. WestJet Announces Completion of Financing for Next Six Aircraft, July 31, 2006, [www.westjet.ca](http://www.westjet.ca)
2. WestJet Announces Enhancement to Web Check-in, August 1, 2006, [www.westjet.ca](http://www.westjet.ca)
3. WestJet posts huge profit growth, August 2, 2006, [www.globeandmail.ca](http://www.globeandmail.ca)
4. WestJet Releases 2006 Second Quarter Results Announcing Record Second Quarter Earnings of \$22.4 Million, August 2, 2006, [www.westjet.ca](http://www.westjet.ca)
5. Air Canada continues expansion across western Canada; Inaugurates four non-stop routes, August 1, 2006, [www.aircanada.ca](http://www.aircanada.ca)
6. Air Canada reports July traffic - System passenger load factor at 83.6 per cent, matching July 2005 record, August 2, 2006, [www.aircanada.ca](http://www.aircanada.ca)
7. WestJet Reports Strong Traffic Results, August 3, 2006, [www.westjet.ca](http://www.westjet.ca)
8. Low-cost alliance in the works? *Financial Post*, August 8, 2006, p. FP3.
9. Airline shares mixed, August 11, 2006, [www.globeandmail.ca](http://www.globeandmail.ca)
10. Canada's New Government Announces Increased Security Measures for Airports and Air Travel, August 10, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
11. Travel advisory: security enhancements, August 10, 2006, [www.aircanada.ca](http://www.aircanada.ca)
12. ACE readies for launch of Air Canada IPO, August 14, 2006, [www.globeandmail.ca](http://www.globeandmail.ca)
13. Air Canada boosts non-stop flights to sun destinations this winter with more than 600 weekly flights; introduces new service to Sarasota, Florida, August 15, 2006, [www.aircanada.ca](http://www.aircanada.ca)
14. Finding money in Air Canada, August 15, 2006, [www.nationalpost.ca](http://www.nationalpost.ca)
15. U.S. Stalls Open Skies Deal, *Financial Post*, August 17, 2006, p. FP18.
16. More Choice for Travellers to the Caribbean, August 17, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
17. Minister Cannon Issues Statement on Air Accident near Norman Wells, Northwest Territories, August 17, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)

\* The CTRF is not responsible for the information provided in this Update.

\*\* The information provided is from the Authors and neither the Competition Bureau or Industry Canada is responsible for it.

increased by 51.1 per cent, resulting in a load factor of 72.8 per cent, compared to 73.7 per cent in July 2005; a decrease of 0.9 percentage points. On a combined basis (Air Canada and Jazz) system traffic rose 3.3 per cent on a capacity increase of 3.7 per cent, resulting in a load factor of 82.7 per cent. North American traffic, on a combined basis, rose 6.5 per cent.

## 7. WestJet Reports Strong Traffic Results

WestJet on August 3, 2006 announced its traffic statistics for July 2006 featuring an increase in load factor to 81.5%, compared with 81.3% in July 2005. WestJet's revenue passenger miles (RPMs) increased 17% to 894.2 million for July this year, up from 763.7 million in July 2005. Available seat miles (ASMs) grew 17% to 1,097.1 million in July 2006, up from 939.6 million in July 2005.

## 8. Low-cost alliance in the works?

It has been reported that WestJet Airlines Ltd. has been discussing the idea of forming a strategic partnership with New York's JetBlue Airways Corp. This would create the first low-cost airline alliance in North America. However, nothing has so far resulted from these discussions.

## 9. Airline shares mixed

Most North American airline stocks fell on August 10, 2006 after British authorities thwarted a plot to blow up several aircraft flying to cities in the United States using explosives hidden in hand luggage. Airlines cancelled hundreds of flights out of London, and analysts worried that fear of terrorist bombs might dampen the thirst for airline travel. The airline stocks fell sharply at the opening, but most recovered somewhat as trading progressed. One analyst, who did not want to be identified, said an event like the bomb plot, which increases security costs and affects people's interest in flying, can be damaging to all airlines.

## 10. Canada's New Government Announces Increased Security Measures for Airports and Air Travel

The Honourable Stockwell Day, Minister of Public Safety and the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on August 10, 2006 increased security at all Canadian airports following a major counter-terrorism operation in the United Kingdom. Individuals in the United Kingdom were allegedly intent on committing acts of terrorism using explosives on flights destined to North America.

## 11. Travel advisory: security enhancements

Due to heightened security measures, Transport Canada has advised that effective August 10, 2006, liquids or gels in containers of any size will not be permitted to be brought onboard by passengers as carry-on baggage on all flights (domestic Canada, U.S. transborder and international). Passengers may be subject to similar restrictions in other jurisdictions.

## 12. ACE readies for launch of Air Canada IPO

Air Canada will likely reappear as a publicly traded company at the end of 2006, two years after it emerged from bankruptcy protection. Air Canada's parent, ACE Aviation Holdings Inc. said on August 13, 2006 that it will sell a minority stake in the carrier in an initial public offering. ACE, over the past, has already created income trusts to unload minority stakes in Aeroplan, its customer loyalty program, and Jazz, its regional airline. It is looking to "monetize" — or sell — Air Canada Technical Services to a private equity firm, at the end of 2006, and wants to distribute the rest of Aeroplan and Jazz shares to investors.

## 13. Air Canada boosts non-stop flights to sun destinations this winter with more than 600 weekly flights; introduces new service to Sarasota, Florida

Air Canada announced on August 15, 2006 wide ranging improvements in scheduled services to many of its sun destinations in time for planning vacations this coming winter. The airline is increasing the number of seats between Canada and the sun destinations it serves by over 13 per cent, or almost 10,000 additional seats per week, compared to last winter. It will also feature use of two 93-seat Embraer E190 aircraft together with its in-flight entertainment.

## 14. Finding money in Air Canada

Analysts view the recent proposed initial public offering of Air Canada as a prelude to the breakup of ACE itself, since

18. WestJet Announces First International Destination With Service Three Days a Week to Nassau, Bahamas, August 17, 2006, [www.westjet.ca](http://www.westjet.ca)

19. Competition Bureau's Concerns About Advertising of Flights Into Toronto Island Airport Resolved, August 14, 2006, [www.cb-bc.ca](http://www.cb-bc.ca)

20. Changes affecting duty free goods on aircraft, August 22, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)

21. Air Canada introduces the only non-stop Edmonton-London Heathrow service, August 22, 2006, [www.aircanada.ca](http://www.aircanada.ca)

22. Contract Awarded for New Equipment at St. Anthony Airport, August 24, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)

23. Civil aviation operating statistics, *The Daily*, August 24, 2006, [www.statcan.ca](http://www.statcan.ca)

24. Air Canada provides update on wage review arbitration process, August 24, 2006, [www.aircanada.ca](http://www.aircanada.ca)

25. Competition Bureau investigates travel companies, August 25, 2006, [www.globeandmail.ca](http://www.globeandmail.ca)

26. Record High Load Factors Continue - Slow Down in the Middle East, August 30, 2006, [www.iata.org](http://www.iata.org)

27. Aircraft movement statistics, *The Daily*, August 31, 2006, [www.statcan.ca](http://www.statcan.ca)

28. 2006 Loss Forecast Drops to US\$1.7 Billion - Efficiency and Robust Revenue Environment, August, 31, 2006, [www.iata.org](http://www.iata.org)

29. WestJet looks to fly higher with Oneworld, August 31, 2006, [www.globeandmail.ca](http://www.globeandmail.ca)

## US/EU

1. Airlines On-Time Performance Slips in June, August 4, 2006, [www.dot.gov](http://www.dot.gov)

2. BTS Releases May 2006 Airline Traffic Data; Five-Month System Traffic Up 0.9 Percent From 2005, August 10, 2006, [www.dot.gov](http://www.dot.gov)

3. BTS Releases June Passenger Airline Employment Data; June 2006 Employment Down 5 Percent from June 2005, August 16, 2006, [www.dot.gov](http://www.dot.gov)

4. Pressure mounts to break up BAA airports, August 29, 2006, [www.nationalpost.ca](http://www.nationalpost.ca)

there would presumably no longer be a need for investors to hold ACE shares once all of its various parts -- Air Canada, Aeroplan, Jazz and ACTS -- are trading separately as public companies or income trusts. One analyst said "We believe that in the absence of an improving profit picture at Air Canada, a spinoff is unlikely to create significant value and may be very difficult to realize."

#### **15. U.S. Stalls Open Skies Deal**

The Department of Transportation does not expect to complete regulations in time for an October meeting of European transport ministers. The regulations are intended to encourage foreign investment in carrier's decisions. Without the changes in the regulations, the EU is not going to approve an Open Skies Treaty. The treaty would allow carriers to fly between any European Union city and the US. There would no longer be restrictions on prices or the types of aircraft that carriers can use on transatlantic routes. Removing flight restrictions between the US and Britain would lower fares, and boost traffic 29% over five years, while adding US\$7.8 billion to the two countries' economies, according to a study by InterVistas.

#### **16. More Choice for Travellers to the Caribbean**

To give greater choices to Canadian travellers, the Minister of Transport, Infrastructure and Communities, announced on August 17, 2006 the designation of WestJet to operate scheduled international air services between Canada and the Caribbean countries of Aruba, Antigua & Barbuda, the Bahamas, Bermuda, the Cayman Islands, Dominican Republic, Guadeloupe, Jamaica, Martinique, and the Turks and Caicos Islands.

#### **17. Minister Cannon Issues Statement on Air Accident near Norman Wells, Northwest Territories**

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities released a statement on August 17, 2006 concerning the accident involving North-Wright Airways Ltd., which crashed on August 16, 2006 between Fort Good Hope and Norman Wells, Northwest Territories.

#### **18. WestJet Announces First International Destination With Service Three Days a Week to Nassau, Bahamas**

On November 5, 2006 WestJet will commence seasonal, non-stop service from Toronto to Nassau, with connections from other WestJet destinations across Canada. This service from Toronto will be offered three times a week until April 26, 2007.

#### **19. Competition Bureau's Concerns About Advertising of Flights Into Toronto Island Airport Resolved**

The Competition Bureau commenced an inquiry under the misleading advertising provisions of the *Competition Act* into Air Canada's marketing of flights in and out of the Toronto City Centre Airport (TCCA). On August 14, 2006, the Bureau announced that its concerns with Air Canada and Jazz Air LP (collectively Air Canada) regarding the advertising of flights have been resolved as Air Canada stopped all advertising and bookings for the TCCA. The problem arose because Air Canada is not currently operating out of the TCCA due to a legal dispute. Consumers who have already booked flights in or out of the TCCA will be contacted by Air Canada and will be offered a full refund or the option to fly in or out of Lester B. Pearson International Airport.

#### **20. Changes affecting duty free goods on aircraft**

Transport Canada announced on August 23, 2006 that as of 03:00 hours E.D.T. on Saturday, August 19, 2006 the sale of liquids, gels and aerosols at duty free stores at Canadian airports is being restored for passengers travelling on most international flights, with some restrictions.

#### **21. Air Canada introduces the only non-stop Edmonton-London Heathrow service:**

Air Canada announced on August 21, 2006, the introduction of the only non-stop flights between Edmonton and London Heathrow. The flights will operate three times weekly starting October 31, 2006 on Tuesdays, Thursdays and Saturdays and daily beginning April 1, 2007. The flights are timed to ensure convenient connections at Heathrow with its Star Alliance partners.

#### **22. Contract Awarded for New Equipment at St. Anthony Airport**

Government officials announced on August 24, 2006 that a \$181,069.20 contract was awarded to Eagle Airfield Ltd. from Campbellford, Ontario for the purchase of a new runway sweeper for use at the St. Anthony Airport.

#### **23. Civil aviation operating statistics**

From January to April 2006, the major Canadian air carriers reported a 4.8% increase in passengers and a 5.8% increase in passenger-kilometres compared to the same period in 2005. WestJet reported that total passenger-kilometres flown surged 21.6% during this four-month period, while the operations of Air Canada grew by 2.8%. The load factors of Air Canada and WestJet's were 80.1% and 76.4%, respectively.

#### **24. Air Canada provides update on wage review arbitration process**

Air Canada announced on August 24, 2006 that Arbitrator Donald Munroe has issued his wage review award for two employee groups represented by the International Association of Machinists and Aerospace Workers (IAMAW).

#### **25. Competition Bureau investigates travel companies**

Several travel companies in Quebec and Ontario are being investigated for alleged unfair competition, according to

reports provided by the Globe and Mail. The investigation stems from a complaint by travel operator Go Travel Direct, which says it made a complaint to the Bureau in 2003 and has been gathering information for the Competition Bureau since the complaint.

## **26. Record High Load Factors Continue - Slow Down in the Middle East**

The International Air Transport Association (IATA) reported that for the first seven months of the year statistics show dramatic growth of 6.4% for passenger traffic and 5.3% for freight over the same period last year. The average load factor for the period was 76%. In July 2006, 80.8% of seats were filled worldwide with North American carriers achieving 85.9%. However, the statistics for the Middle East indicated a slow down in growth of 12.9% for passenger and 15.2% for cargo for July 2006.

## **27. Aircraft movement statistics**

The 42 Canadian airports with NAV CANADA air traffic control towers reported 409,205 aircraft take-offs and landings in June 2006. This represents an increase of 4.8% when compared to a year earlier. Toronto's Pearson airport was the most active increase in both overall and itinerant movements with 35,445 movements respectively.

## **28. 2006 Loss Forecast Drops to US\$1.7 Billion - Efficiency and Robust Revenue Environment**

The International Air Transport Association (IATA) announced a revised forecast of industry losses for 2006. It is estimated that airlines will lose US\$1.7 billion compared to a US\$3.2 billion loss in 2005. This is a significant improvement over the previous year and over the previous forecast of a loss of US\$3.0 billion made in June 2006. This revised forecast is due to stronger than anticipated economic growth that has boosted airline revenues and elevated load factors to record levels. Regional differences are narrowing. The North American industry is expected to reduce its net losses to US\$4.5 billion; European airlines are expected to see their profits rise to US\$1.8 billion.; and Asian airlines are expected to see their profits at US\$1.7 billion.

## **29. WestJet looks to fly higher with Oneworld**

WestJet Airlines Ltd. is holding preliminary talks to join Oneworld, a global alliance. This is expected to narrow the gap between it and the country's largest carrier, Air Canada, a member of the rival Star Alliance. Their strategy should take it beyond its traditional role as a regional carrier. Recently, the discount carrier has introduced frills and geared its marketing campaigns at business travellers.

## **WATER TRANSPORTATION**

### **1. Port of Montreal takes on second semester 2006 with growth in sight**

The first six months of 2006 represents the best semester since the early 1980's according to the Montreal Port Authority (MPA). The MPA also indicated that the results indicate that it will fulfil its year end forecasts. Traffic results indicate that general cargo (containerized and non-containerized), liquid bulk and dry bulk changed by +0.7%, +8.5% and -7.9% for the first six months of 2006 compared to the first six months of 2005. The number of cruise passengers also increased by 37.5% for the period.

### **2. Canada's New Government Enhances Aerial Surveillance to Detect Illegal Discharges from Ships in Canada's Arctic Waters**

The Canadian government is enhancing its marine pollution prevention program by introducing dedicated flights, August 1 to 17, 2006, over Canada's Arctic waters under Transport Canada's National Aerial Surveillance Program. These flights are a primary tool for detecting ship-source pollution and to enforce the *Arctic Waters Pollution Prevention Act*.

### **3. NIT League rejects liners' EC proposals**

The National Industrial League said the proposal by the European Liner Affairs Association suggest a mindset that "aims to preserve traditional collective discussions among the carriers to the maximum extent possible." It indicated that joint meetings among carriers, as proposed by the ELAA, "provide the opportunity for collusion." They did support a third ELAA proposal that the carriers publicly publish the cost factors involved in their terminal handling charges, bunker adjustment factors, currency charges, port charges and other surcharges as it supports greater understanding of these costs.

### **4. OSC: North American port throughput to rise 85% within decade**

A report *Container port markets in the Americas to 2020*, by Ocean Shipping Consultants said North American container port throughput has doubled in the last decade and could expand by as much as 85 percent more in the next decade. The report, indicated that throughput in the hemisphere has expanded 121 percent from 1995 to 2005 and by 47 percent from 2000 to 2005, to 71.2 million TEUs. North American throughput has increased 42 percent from 2000 to 2005, to 46.4 million TEUs, while throughput in the Caribbean Basin/Central America region increased 151 percent over the last decade to 13.5 million TEUs.

## 5. Seaway traffic stronger

The Canadian and U.S. Seaway agencies, reporting traffic results to July 31, 2006 from the waterway's opening on March 23, 2006 reported that cargo on the St. Lawrence Seaway totalled 21.6 million metric tons in just over four months of the current shipping season, up 15.3 percent from 18.7 million tons in the year-ago period. There were 2,145 vessel transits in the period, up from 1,929 a year ago. Grain and iron ore, as well as general cargo including steel, led traffic.

## 6. Port Divestiture Program Extension

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on August 22, 2006, the extension of Transport Canada's Port Divestiture Program until March 31, 2007. Only 83 ports remain to be divested.

## 7. Review of Toronto Port Authority Issues Now Due in October

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on August 23, 2006 that the report detailing the findings of the review of decisions and issues associated with the Toronto Port Authority and with transportation links to the Toronto City Centre Airport, will be submitted by October 15, 2006.

## 8. Appointments to Toronto Port Authority

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on August 25, 2006 the following appointments to the Toronto Port Authority's board of directors: Mr. Christopher M. Henley and Mr. Douglas Reid for terms of three years; Ms. Krista L. Scaldwell and Mr. Colin D. Watson for terms of two years; and Mr. Cameron J. Turner for a term of one year.

## RAIL TRANSPORTATION

### 1. Short Line railroad traffic climbs 3.8 percent

RMI has reported that US short line carload traffic increased by 3.8 percent in the first half of 2006, ending July 1, 2006. Class I traffic experienced an overall increase of 3.0 percent.

### 2. Canadian Pacific Railway limited declares dividend

On August 2, 2006, the Board of Directors of Canadian Pacific Railway Limited declared a quarterly dividend of \$0.1875 Canadian per share on the outstanding Common Shares. The dividend is payable on October 30, 2006, to holders of record at the close of business on September 29, 2006.

### 3. Rail service better: survey

Bear Stearns's quarterly survey of 1,000 shippers indicated that North American rail service improved in the second quarter of 2006. The survey respondents named CSX, Canadian National, and Canadian Pacific as having the most improved service.

### 4. Railway carloadings

Canadian railways carried slightly less tonnage in June 2006 than it did in May 2006, with bulk commodities such as mineral ores and grains showing the biggest declines. Railways hauled 23.9 million metric tonnes of freight in June, down 3.3% from May. Non-intermodal freight carried declined while intermodal freight carried remained the same. On a year-over-year basis, containerized freight in June was 7.0% higher than it was in June 2005, a fourth consecutive month where tonnage was greater than in 2005. On a quarterly basis, intermodal (containerized) loadings between April and June 2006 was a record high of 7.3 million metric tonnes, up 3.4% compared with the second quarter last year. Second-quarter non-intermodal freight fell 1.0% to 65.1 million metric tonnes. Non-intermodal second-quarter freight has declined for two consecutive years.

## Water Transportation

### Canada

1. Port of Montreal takes on second semester 2006 with growth in sight, July 31, 2006, [www.portofmontreal.ca](http://www.portofmontreal.ca)
2. Canada's New Government Enhances Aerial Surveillance to Detect Illegal Discharges from Ships in Canada's Arctic Waters, August 1, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
3. NIT League rejects liners' EC proposals, August 7, 2006, [www.joc.com](http://www.joc.com)
4. OSC: North American port throughput to rise 85% within decade, August 9, 2006, [www.americanshipper.ca](http://www.americanshipper.ca)
5. Seaway traffic stronger, August 16, 2006, [www.joc.com](http://www.joc.com)
6. Port Divestiture Program Extension, August 22, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
7. Review of Toronto Port Authority Issues Now Due in October, August 23, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
8. Appointments to Toronto Port Authority, August 25, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)

### US/EU

1. LA on-dock rail shipments heading for record year, August 1, 2006, [www.joc.com](http://www.joc.com)
2. FMC seeks comments on agency rules, August 15, 2006, [www.joc.com](http://www.joc.com)
3. Lines say U.S.-Asia agricultural rates to rise, August 25, 2006, [www.joc.com](http://www.joc.com)

## Rail Transportation

### Canada

1. Short Line railroad traffic climbs 3.8 percent, August 3, 2006, [www.ctl.ca](http://www.ctl.ca)
2. Canadian Pacific Railway limited declares dividend, August 2, 2006, [www.cpr.ca](http://www.cpr.ca)
3. Rail service better: survey, August 16, 2006, [www.joc.com](http://www.joc.com)
4. Railway carloadings, *The Daily*, August 24, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
5. Rarely-used rail lines added to CTA Three-Year Discontinuance Plan, August 24, 2006, [www.cpr.ca](http://www.cpr.ca)

## 5. Rarely-used rail lines added to CTA Three-Year Discontinuance Plan

Canadian Pacific Railway has placed six branch lines on its Canadian Transportation Act (CTA) Three-Year Network Plan for potential discontinuance, due to low-traffic volumes on these lines. The six branch lines (or parts of it) were: Glenboro line (MB), Gravelbourg line (SK), Hatton line (SK), Macklin line (SK), Tyvan line (SK) and Former Macleod line (AB).

## HIGHWAY TRANSPORTATION

### 1. Couriers and Messengers Services Price Index [June]

The Couriers and Messengers Services Price Index increased 1.7% to 120.3 (2003=100) in June. The courier portion rose 1.1% while the local messengers component jumped 4.0% due to fuel charge increases.

### 2. Large urban transit

Combined ridership on 10 large urban transit systems in Canada was 2.7% higher in June 2006 than it was in June 2005. Approximately 115.4 million passenger trips were taken on these transit systems in June 2006. These systems account for about 80% of total urban transit in Canada. The trips generated \$185.4 million in revenue in June 2006 (excluding subsidies), up 3.3% compared with June 2005.

### 3. Canada and Ontario Improving Highway 402 Leading to Sarnia

Government officials announced on August 23, 2006, the start of a project to rebuild Highway 402 east of Sarnia to improve traffic flow and safety. Highway 402 leads to one of Canada's top three busiest border crossings with 4,900 trucks and \$127 million worth of goods crossing the Sarnia border each day. That adds up to about \$46 billion in imports and exports every year. Coco Paving Group was awarded the project and has recently commenced construction. This investment of more than \$44 million is being cost-shared by the governments of Canada and Ontario. The

Government of Canada's funding for this project comes from the \$600-million Border Infrastructure Fund. This year, the Government of Ontario is investing over \$1.4 billion in highway improvements through its five-year *ReNew Ontario* infrastructure investment plan.

### 4. Agreement Reached for Repair Work on Honoré-mercier Bridge

Government officials and the Mohawk Council of Kahnawake have reached an agreement in principle regarding repair work on the Honoré-Mercier Bridge in Montreal, Quebec. This connects Ville LaSalle in Montreal with the Mohawk Reserve of Kahnawake and carries approximately 28 million vehicles each year, with an estimated 3,400 trucks daily. It is one of the region's busiest bridges.

### 5. Speaking Notes for the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, at the 7th International Conference on Short and Medium Span Bridges, Montreal, Quebec, August 24, 2006

The Minister spoke about the importance of bridges to all Canadians, how it helped build Canada, the history of bridges in Montreal and the 15 bridges that connect the Island of Montreal to mainland Canada. He indicated that the government has provided unprecedented funding specifically for infrastructure, as announced in the last budget. He announced the legislative changes in connection with bridges and the tabling of Bill C-3, *the International Bridges and Tunnels Act* which is currently before the Senate. Bill C-3 confirms federal jurisdiction, and permits us to establish guidelines for the approval of new bridges or tunnels. It gives us the power to set conditions for bridge maintenance and operation, including security.

## Highway Transportation

### Canada

1. Couriers and Messengers Services Price Index, August 3, 2006, [www.statcan.ca](http://www.statcan.ca)
2. Large urban transit, *The Daily*, August 22, 2006, [www.statcan.ca](http://www.statcan.ca)
3. Canada and Ontario Improving Highway 402 Leading to Sarnia, August 23, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
4. Agreement Reached for Repair Work on Honoré-mercier Bridge, August 24, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
5. Speaking Notes for the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, at the 7th International Conference on Short and Medium Span Bridges, Montreal, Quebec, August 24, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)

### US/EU

1. BTS Releases North American Surface Trade Numbers for June: June Surface Trade with Canada and Mexico Rose 12.6 Percent from June 2005, August 29, 2006, [www.dot.gov](http://www.dot.gov)

## GENERAL

### **1. Mandate Review Panel for National Capital Commission**

The Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, announced on August 2, 2006 the members of a panel that will review the National Capital Commission's (NCC) mandate. The chair is Gilles Paquet, and the members are Barbara L. Farber and Guy Benoit. The purpose of the review is to assess the continuing relevance of the mandate, mission and activities of the National Capital Commission.

### **2. Restoring Canada's Fiscal Balance: Consultations on Immediate and Long-Term Funding Support for Infrastructure**

The document *Restoring Canada's Fiscal Balance* outlines the focus of the recent consultations with the provinces and municipalities and is on both long-term and immediate funding and accountability frameworks as well as on the transition, as warranted, from one framework to the other. The Prime Minister in a recent speech said "*The federal role must be defined to deal with projects of national significance. Federal funding must be put on a predictable, long-term track.*" In total, federal support for provincial, territorial and municipal infrastructure will reach \$16.5 billion over the next four years.

### **3. Global Trade Logistics – Sharing secrets to getting it from there to here**

The trend to global sourcing has made for radical shifts in transportation and logistics practices, leaving supply chain professionals scrambling to find cost and service effective solutions. This has resulted in a number of critical issues affecting the movement of freight such as port congestion, capacity constraints, infrastructure challenges, fuel prices and driver shortages. To add to this are economic changes, security issues and cultural differences, etc. This is the subject of CITT's National Symposium for Supply Chain and Logistics Professionals on November 8 – 10 in Saint John, NB.

## ***Current Developments in Brief***

### **General**

#### **CANADA**

1. Mandate Review Panel for National Capital Commission, August 2, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
2. Restoring Canada's Fiscal Balance: Consultations on Immediate and Long-Term Funding Support for Infrastructure, August 10, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)
3. Global Trade Logistics – Sharing secrets to getting it from there to here, August 29, 2006, [www.ct.ca](http://www.ct.ca)

### **Conferences**

1. National Trucking Week 2006 will take place from September 17 - 23, 2006.
2. 17th International ECMT/OECD Symposium on Transport Economics and Policy, Berlin, 25-27 October 2006.

### **Publications**

1. Final report "*Preparing for Success: Forecasting Surface Freight Demand*", [www.westac.com](http://www.westac.com)
2. *Transport and International Trade*, Round Table 130, OECD

### **Speeches**

1. Statement by the Minister of Transport, Infrastructure and Communities, Lawrence Cannon, on Increased Security Measures for Airports and Air Travel, Ottawa, Ontario, August 10, 2006, [www.tc.gc.ca](http://www.tc.gc.ca)