

Transportation Information Update*

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AIR TRANSPORTATION

1. WestJet Celebrates 10th Anniversary

WestJet celebrated their 10th anniversary by giving out \$25 travel credits to all 20,926 guests travelling on WestJet on February 28, 2006.

2. Air Canada inaugurates non-stop Calgary-New York (JFK) service with state-of-the-art, spacious Embraer E190 jet

Air Canada began daily non-stop service from Calgary-New York (JFK) on March 1, 2006 with a new, state-of-the-art Embraer E190 jet. These ultra-modern, spacious and comfortable aircraft allow Air Canada to pursue new market opportunities. From Calgary, Air Canada and Air Canada Jazz offer more than 650 scheduled, non-stop flights each week to 33 destinations across Canada, US, Europe, Mexico and the Caribbean. Since October 2005, daily non-stop flights to Las Vegas, Abbotsford and seasonal flights to Orlando have been launched.

3. Air Canada launches non-stop Embraer E190 service between Edmonton and Montreal

Air Canada began its non-stop service from Edmonton to Montreal with its Embraer E190 jet launching daily, year-round service between the two cities. From Edmonton, Air Canada and Air Canada Jazz offer more than 370 scheduled flights each week to 11 destinations across Canada and the U.S.

4. Air Canada reports twenty-third consecutive month of record system load factors for February

Air Canada reports twenty third consecutive month of record load factors (system) for February 2006 compared to February a year ago. The system passenger load factor in February 2006 was 78.7%, this represents a 0.8 increase in percentage points compared to a year ago. Overall capacity increased by 0.5% points for February 2006 compared to a year earlier. The domestic load factor was 79.6%, this represents a 2.0% increase in percentage points compared to February 2005. For Jazz, capacity, traffic and load factor increased by 81.5%, 81.9% and 0.1 in percentage points, respectively for February 2006 compared to a year ago.

5. Air Canada expands U.S. transborder network with introduction of daily non-stop service to Salt Lake City and San Diego from Toronto

Air Canada announced on March 7, 2006 that it will continue to expand its transborder network with the start up of two new daily non-stop services to the United States from its main Toronto hub. Effective June 2, 2006, the carrier will introduce daily non-stop service serving Salt Lake City to San Diego from Toronto

6. WestJet's February Load Factor Increases to 80.8%

WestJet reported that its load factor in February 2006 improved to 80.8% from 72.9% in February 2005. Available seat miles increased 10% for this period to 899.9 million and revenue passenger miles increased 22% to 727.3 million for this period.

7. Air Canada launches 'Oil Express Pass' to/from Fort McMurray, offers oil patch workers convenience of new multi-trip flight pass

Air Canada on March 8 introduced a multi-trip Flight Pass to/from Fort McMurray. It is specially tailored to meet the travel needs of oil patch workers in northern Alberta. It simplifies planning travel for work and leisure between Fort McMurray and Atlantic Canada, select destinations in Eastern Canada and the southwestern United States. Travel must commence or finish in Fort McMurray.

Current Developments in Brief

Air Transportation

CANADA

1. WestJet Celebrates 10th Anniversary, February 28, 2006. www.westjet.ca
2. Air Canada inaugurates non-stop Calgary-New York (JFK) service with state-of-the-art, spacious Embraer E190 jet, March 1, 2006, www.aircanada.ca
3. Air Canada launches non-stop Embraer E190 service between Edmonton and Montreal, March 3, 2006, www.aircanada.ca
4. Air Canada reports twenty-third consecutive month of record system load factors for February, March 8, 2006, www.aircanada.ca
5. Air Canada expands U.S. transborder network with introduction of daily non-stop service to Salt Lake City and San Diego from Toronto, March 8, 2006, www.aircanada.ca
6. WestJet's February Load Factor Increases to 80.8%, March 7, 2006, www.westjet.ca
7. Air Canada launches 'Oil Express Pass' to/from Fort McMurray, offers oil patch workers convenience of new multi-trip flight pass, March 9, 2006, www.aircanada.ca
8. Nexjet Aviation Inc.'s air operator certificate cancelled, March 7, 2006, www.tc.gc.ca
9. WestJet Announces Summer Schedule Enhancements, March 9, 2006, www.westjet.ca
10. Air Canada offers exceptional savings for trips this spring starting as low as \$99 with launch of 'Spring Sample Pass', March 13, 2006, www.aircanada.ca
11. CHC weighs going private, March 14, 2006, www.globeandmail.ca
12. CHC courts private equity, *Globe and Mail*, March 15, 2006, p. B4.
13. Transat swings to profit, March 15, 2006, www.globeandmail.ca
14. Jazz tries to improvise with U.S. airlines, *Financial Post*, March 15, 2006, p. FP 13.
15. Aircraft movement statistics, February 2006, *The Daily*, www.statcan.ca
16. Air Canada expands its network to the diamond capital of North America: Yellowknife, NWT - Adds new routes in western Canada, March 23, 2006, www.aircanada.ca
17. Ottawa more open to cuts to Pearson fees, *Financial Post*, March 23, 2006, p. FP4.
18. Air Canada adds additional capacity to Atlantic Canada for summer 2006, March 25, 2006, www.aircanada.ca
19. Projects Announced for Airports Capital Assistance Program, March 27, 2006, 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.

8. Nexjet Aviation Inc.'s air operator certificate cancelled

Transport Canada announced the cancellation of NexJet Aviation Inc.'s air operator certificate effective March 8, 2006. Without an air operator certificate, the company cannot provide commercial air services.

9. WestJet Announces Summer Schedule Enhancements

WestJet announced on March 9, 2006 numerous schedule enhancements, including new seasonal non-stop flights and increased frequencies between cities across Canada. These additional non-stop flights mean more flexibility for our guests travelling across Canada for business, pleasure or both.

10. Air Canada offers exceptional savings for trips this spring starting as low as \$99 with launch of 'Spring Sample Pass'

Air Canada launched a multi-trip Flight Pass for four one-way trips (or two round-trips) starting as low as \$396 -- just \$99 per trip including connecting flights on March 13, 2006. It offers a revolutionary new way of purchasing air travel.

Air Canada's 'Spring Sample Pass' is valid for flights anywhere Air Canada, Jazz and their regional partners fly within one of eight geographic zones in Canada and the continental United States. It is offered for a limited time.

11. CHC weighs going private

CHC Helicopter Corp.'s chairman, Craig Dobbin, has held talks with two private equity firms about making the company private. Mr. Dobbin would get a 14-per-cent stake in the newly formed "acquisition vehicle" in a deal that values the company at as much as \$1.39-billion. CHC Helicopter is the world's largest provider of helicopter services to the global offshore oil and gas industry, with aircraft operating in more than 30 countries. It was started in St. John's, it is now based in Vancouver.

12. CHC courts private equity

CHC Helicopter Corp.'s founder and executive chairman, Craig Dobbin, is in talks with U.S. private equity firms about a possible deal that could see the company go private in a transaction worth up to \$1.5-billion. It has been suggested that the talks were the result of the Chairman's view that CHC is not getting full credit from investors for the opportunities he sees in the global oil and gas exploration market. A takeover by its U.S. rival Bristow Group, is seen as unlikely because the combined company may be seen as having too big a share of the oil-rig services market in some countries.

13. Transat swings to profit

Transat A.T. Inc., one of the world's largest holiday travel companies, has swung to a first-quarter profit of \$5.2-million from a year-earlier loss as a larger number of travellers offset higher fuel costs. Traveller totals in North America and Europe rose 1.9 per cent and 18.5 per cent, respectively.

14. Jazz tries to improvise with U.S. airlines

Jazz Air has talked to US carriers regarding flying routes on their behalf. Jazz gets all its revenue flying for Air Canada. Adding agreements with other airlines would reduce its dependence on Air Canada. 80% of Jazz is owned by ACE Aviation Holdings, the remainder is owned by an Income Trust.

15. Aircraft movement statistics

The 42 Canadian airports with NAV CANADA air traffic control towers reported 297,621 aircraft take-off and landings in February 2006, down 6.9% from February 2005. Year-over-year decreases in aircraft movements were reported by 30 of the airports in February 2006.

16. Air Canada expands its network to the diamond capital of North America: Yellowknife, NWT - Adds new routes in western Canada

Air Canada on March 22, 2006 announced that it will expand its network with the start up of two new, daily non-stop services to Yellowknife, NWT. Air Canada Jazz will begin daily non-stop service to Yellowknife from Edmonton on July 3rd and from Calgary on July 4th. The airline will also launch daily, non-stop service on August 1, 2006 on the following new routes: Edmonton-Victoria, BC; Calgary-Comox, BC; Edmonton-Kelowna, BC and Winnipeg-London, ON.

20. Canada Exceeds International Requirements for Screening of Checked Baggage, March 29, 2006, www.tc.gc.ca

21. Air Canada expands Calgary service to provide hourly flights year-round to Vancouver and Edmonton, March 29, 2006, www.aircanada.ca

22. Airport Security today and tomorrow, Speaking Notes for James Cherry, CAC Airports, March 29, 2006, www.cacairports.ca

23. WestJet lays down the law on staff conduct, *Globe and Mail*, March 30, 2006, p. B2.

US/EU

1. IATA Urges Rejection of French Proposal for Aviation Tax to Fund Development, February 28, 2006, www.iata.org

2. US Transportation Chief announces air travel will top one billion passengers by 2015; predicts future capacity relies on trust fund reform, February 28, 2006, www.dot.gov

3. Airline On-Time Performance Improves in January, March 1, 2006, www.dot.gov

4. BTS Releases 2005 Airline Traffic Data; Domestic Passenger Traffic Up 4.1 Percent From 2004, March 16, 2006, www.dot.gov

5. Revised Forecast for Airline Financial Performance - 2006 Losses Reduced to US\$2.2 billion, March 23, 2006, www.iata.org

17. Ottawa more open to cuts to Pearson fees

The new Transport Canada's Minister said he is willing to look at ways to reduce the burden of federal rent payments on Toronto's International Airport, the world's most expensive airport for aircraft to land. Airport rent is generally passed along to airlines and their passengers in the form of landing fees. The Minister is also taking a different view on foreign ownership issues than the previous Minister. It is believed that he first wants to pursue more open-skies agreements.

18. Air Canada adds additional capacity to Atlantic Canada for summer 2006

Air Canada announced on March 23, 2006 wide ranging improvements to its scheduled services in many of its Atlantic Canada destinations for the summer of 2006. These include: 9% increased capacity compared to summer 2005; 107 additional flights a week compared to summer 2005; more than 1300 weekly flights to and from Atlantic Canada; 12 destinations served by Air Canada and Air Canada Jazz; and new direct daily service from St. John's-Fort McMurray.

19. Projects Announced for Airports Capital Assistance Program

Lawrence Cannon, Minister of Transport, Infrastructure and Communities announced on March 27, 2006 that airports across Canada will receive more than \$27 million to fund 41 new projects to enhance their safety. This funding, established in 1995 and renewed for five years in April 2005, is under the Government of Canada's 2006-07 Airports Capital Assistance Program. Since April 1, 1995, funding from the program totals more than \$379 million for 480 projects at 154 airports.

20. Canada Exceeds International Requirements for Screening of Checked Baggage

The Minister of Transport, Infrastructure and Communities, announced on March 29, 2007 that Canada has exceeded international requirements by screening all checked baggage onboard international flights as well as on most domestic commercial passenger flights. The international requirements mandated that all member countries screen 100 per cent of all baggage on international flights by January 1, 2006.

21. Air Canada expands Calgary service to provide hourly flights year-round to Vancouver and Edmonton

Air Canada on March 29, 2006 announced that it is boosting its Calgary frequencies to offer hourly flights, 74 weekday departures and greater convenience for travellers to and from Vancouver and Edmonton year-round.

22. Airport Security today ... and tomorrow, Speaking Notes for James Cherry, CAC Airports

James Cherry Chairman of the Canadian Airport Association said at the Canadian Aviation Security Council that Canada's airport security & facilitation polices must adapt to worldwide change.

23. WestJet lays down the law on staff conduct

WestJet has amended its code of business conduct. It makes it clear that hiring spies to snoop on Air Canada and carelessly throwing company secrets into the trash is tantamount to treason. It is part of WestJet's attempt to reassert itself as a honest and courteous airline. It filed the code of conduct document with the Canadian securities regulators.

WATER TRANSPORTATION

1. Monthly Statistics Year-to-Date December, the Port of Halifax

The Port of Halifax released its traffic statistics for 2005. The number of TEU's increased by 4.7% in 2005 (to 550,462) compared to 2004. Total cargo traffic, imports and exports, (consisting of bulk, containerized, ro/ro and breakbulk cargo) decreased by 1.1% for 2005 compared to 2004. The decline in bulk cargo was basically responsible for the decrease.

2. Will West Coast ports miss the boat?

The rising tide of Chinese imports has clogged North America's West Coast ports, increasing costs for both business and consumers. The solution may lie in the ice-free deep-water port of Prince Rupert. Mr. Stalk, a senior vice-president of Boston Consulting Group and author of *Competing Against Time* does not believe that Canada will be able to change Prince Rupert to a mega-port in time. He says that a multibillion dollar, public-private initiative is needed to build capacity to more than 5 million TEUs. This will turn Canada's west coast into a true gateway to China before China builds their own deep-water super port in Mexico.

3. Transport Minister Announces Measures to Improve Fishing Vessel Safety

Minister of Transport, Infrastructure and Communities, announced on March 10, 2006 a new policy which will help fishing vessel operators better understand the stability

stability limits of their vessels. The policy requires operators of new and existing fishing vessels between 15 and 150 gross tons, or less than 24.4 metres in length, to have a stability booklet if the vessel meets certain risk criteria. This

Water Transportation

Canada

1. Monthly Statistics Year-to-Date December, the Port of Halifax, March 1, 2006, portofhalifax.ca
2. Will West Coast ports miss the boat?, *Globe and Mail*, March 6, 2006, p. B3.
3. Transport Minister Announces Measures to Improve Fishing Vessel Safety, March 10, 2006, www.tc.gc.ca
4. B.C. ferry sinks; all on board accounted for, March 22, 2006, www.globeandmail.ca
5. Minister of Transport, Infrastructure and Communities Issues Statement on *Queen of the North* Accident, March 22, 2006, www.tc.gc.ca
6. Mounties probe BC Ferries, March 31, 2006 www.nationalpost.ca

US/EU

1. Great Lakes Carriers Expect Cargo Volumes to Grow, February 6, 2006, www.marad.gov

announcement follows Transport Canada's action to deal with the stability of small fishing vessels as 'safety is the priority'.

4. B.C. ferry sinks; all on board accounted for

The Queen of the North sailing south to Port Hardy from Prince Rupert, a 450-kilometre trip known as B.C.'s Inside Passage, ran aground. All of the 102 passengers and crew of the ferry have been accounted for. It took about an hour for the ship to sink so most of the people did manage to get onto lifeboats. Some people were hurt, but not seriously. According to the B.C. Ferries website, the ship was built in Germany in 1969 and refitted in 2001. It could hold up to 700 people and 115 cars.

5. Minister of Transport, Infrastructure and Communities Issues Statement on *Queen of the North* Accident

The Minister of Transport, Infrastructure and Communities, released the a statement on March 22, 2006 concerning the grounding and sinking of the ferry *Queen of the North* off the coast of British Columbia. He indicated that he was relieved that no lives were lost. Safety is Transport Canada's top priority. It indicated that it is cooperating with the Transportation Safety Board on the matter and has appointed a Minister's Observer.

6. Mounties probe BC Ferries

Two passengers are missing and presumed drowned in the March 22 sinking of the Queen of the North. On March 31, 2006, it was reported that Police have launched a criminal investigation of this sinking. It is looking at potential violations of federal Bill C-45, which deals with criminal liability of organizations. This investigation has nothing to do with the Transportation Safety Board investigation.

RAIL TRANSPORTATION

1. ICF, CPR announce historic \$236 million agreement

The Island Corridor Foundation, a not-for-profit organization, reached a historic agreement with Canadian Pacific Railway. The CPR owned Rail Corridor valued at 236 million dollars was donated to the Foundation in perpetuity.

2. Canadian Pacific Railway confirms 2006 revenue guidance at 5-8 percent growth rate

Canadian Pacific Railway on March 8, 2006 stated that a newswire story that appeared indicating a change in the company's revenue guidance is not correct. The company confirms that its revenue guidance for 2006 remains in the range of 5-8 per cent growth over 2005 revenues as was previously stated.

3. Transport Canada revises CN's safety requirements in the Squamish area

Transport Canada announced on March 7, 2006 that the Canadian National Railway Company (CN) must retain a number of special safety requirements while operating on the Squamish route. CN has also received permission to increase the length of their distributed power operated northbound trains from 99 cars to a maximum of 114 cars in the area. This action follows completion of CN's 60-day trial period on the rail line on February 11, 2006.

4. Labour agreements ratified between CPR and Rail Canada Traffic Controllers and with CP Police Association

Canadian Pacific Railway has announced separate three and four year collective agreements with its Rail Traffic Controllers and CPR's Police Service, respectively.

5. Rail line to link Montreal

The Quebec government has announced the construction of a \$300 million rail line that will link northern Montreal suburbs with the city's downtown core. The line is expected to be in service within 2 or 3 years. More than 5,500 commuters are expected to use the new rail line each day.

6. CPR responds to Fording Coal Trust announcement on 2006 sales expectations

Canadian Pacific Railway on March 20, 2006 indicated that in response to the announcement by Fording Canadian Coal Trust of its range of coal sales for the calendar year 2006 that, it does not plan to make a change at this time to its previously announced 2006 earnings guidance of \$3.60 to \$3.85 per share.

7. On track for further gains

Railroads in the United States have enjoyed a renaissance in the past two years. A shortage of capacity and increased

Rail Transportation

Canada

1. ICF, CPR announce historic \$236 million agreement, February 28, 2006, www.cpr.ca
2. Canadian Pacific Railway confirms 2006 revenue guidance at 5-8 percent growth rate, March 8, 2006, www.cpr.ca
3. Transport Canada revises CN's safety requirements in the Squamish area, March 7, 2006, www.tc.gc.ca
4. Labour agreements ratified between CPR and Rail Canada Traffic Controllers and with CP Police Association, March 15, 2006, www.cpr.ca
5. Rail line to link Montreal, suburbs, *The Globe and Mail*, March 18, 2006, p. A12
6. CPR responds to Fording Coal Trust announcement on 2006 sales expectations, March 20, 2006, www.cpr.ca
7. On track for further gains, *National Post*, March 21, 2006, pp. FP9-10.
8. Railway carloadings, January 2006, *The Daily*, www.statcan.ca

US/EU

1. New Federal Rule Aims to Reduce Human Error As Cause of Train Accidents, March 2, 2006, www.dot.gov
2. Train Accidents and Derailments Decline in 2005, Highway-Rail Grade Crossing Collision Rate at All-Time Record Low, March 21, 2006, www.dot.gov

demand has led to higher prices, higher earnings and higher stock prices. Further gains are expected. Union Pacific Corp's, Burlington Northern Santa Fe Corp.'s, CSX Corp and Norfolk Southern Corp's earnings per share in 2006 are expected to increase by 45%, 15%, 12% and 17%, respectively according to one analyst.

8. Railway carloadings, January 2006

Canadian railway loadings declined in January 2006 compared with December 2005, but only slightly. In total, railways loaded 23.3 million metric tonnes of freight in January, down only 1.3% from the previous month. It was the smallest decline from December to January in the last three years. However, on a year-over-year basis, tonnage increased at its fastest pace in three years in January 2006. Loadings in 2006 were 6.1% higher than they were in January 2005

HIGHWAY TRANSPORTATION

1. Clarke Transport reaches agreement with workers

Approximately 60 unionized dock workers will be heading back to work after reaching a four-year agreement with Clarke Transport, a subsidiary of Halifax-based Clarke Inc. The Teamsters Local Union No. 938 ratified the deal, ending nearly two months of labour disruption.

2. Slow the truckers

The Canada Safety Council supports the proposal to mandate speed limiters on trucks set to a maximum of 105 km per hour. The benefits include: fuel savings, reduction of greenhouse gas emissions, reduction of crashes, reduction of tailgating and improper lane changes, reduction of stress on truck drivers, and improved tire and break wear. Speeding is implicated in 17% of road fatalities.

3. For-hire motor carriers of freight, top carriers

The top 91 (\$25 million revenue or more) for-hire Canadian motor carriers of freight generated operating revenue of \$2.36 billion and expenses of \$2.20 billion in the fourth quarter of 2005. Average per-carrier revenue decreased 3.2% to \$25.9 million in the fourth quarter of 2005 from the fourth quarter of 2004. Average per-carrier expenses decreased 2.5% to \$24.2 million. The operating ratio (operating expenses divided by operating revenue) was unchanged at 0.93 for the same two quarters.

4. Passenger bus and urban transit

Combined ridership on 10 large urban transit systems in Canada was 2.4%

higher in January 2006 than it was for the same month in 2005. They accounted for about 80% of total urban transit. Approximately 109.1 million passenger trips were taken generating \$170.4 million in revenue excluding subsidies, a 5.8% increase over January 2005.

5. Transportation Management Trends: The Gathering Storm

This article highlights the three most critical elements (fuel prices; driver shortage; and capacity constraints) of the gathering storm and identifies some of the primary causes for them. It suggests a number of implications of the storm: reliable transportation is no longer a given so lock in capacity with reliable service providers; increase collaboration with carriers as shippers can no longer keep drivers waiting hours at the dock; look for alternative transportation modes, ports and routes; increase in consumer prices can result; create labour incentives to induce people to take truck and train driver jobs; and increase political visibility and dialogue on the looming transportation capacity crisis.

6. Canada and British Columbia Sign Agreement for Kicking Horse Canyon Highway Improvements

An agreement has been signed between Canada and British Columbia to replace the Park (10-Mile) Bridge, upgrade approach curves, and construct and realign over 5 kilometres of new four-lane highway east of Golden, in the Kicking Horse Canyon. Under the agreement, the Government of Canada will provide up to \$62.5 million, and the Government of British Columbia will provide the remainder of the budget for the project, estimated at \$130 million.

7. Ontario unveils transportation budget

The Ontario government will put \$1.2-billion into public transit, municipal roads and bridges as part of a year-end spending package according to its March 25, 2006 provincial budget. Of the \$1.2-billion, \$670-million will go toward extending the Spadina subway line in Toronto into the rapidly-growing York Region; the City of Toronto will receive \$200-million for its subway operations; and Mississauga and Brampton will receive a total of \$160-million to develop

Highway Transportation

Canada

1. Clarke Transport reaches agreement with workers, March 1, 2006, www.ctl.ca
2. Slow the truckers, *National Post*, March 4, 2006, p. FP19.
3. For-hire motor carriers of freight, top carriers, fourth quarter 2005, *The Daily*, March 8, 2006, www.statcan.ca
4. Passenger bus and urban transit, March 16, 2006, www.statcan.ca
5. Transportation Management Trends: The Gathering Storm, *LQ*, Volume 12, No. 1, 1996.
6. Canada and British Columbia Sign Agreement for Kicking Horse Canyon Highway Improvements, March 21, 2006, www.tc.gc.ca
7. Ontario unveils transportation budget, March 25, 2006, www.globeandmail.ca
8. Border Transportation Partnership Announces Specific Options for Further Study for New Border Crossing in Windsor-Detroit, March 28, 2006, www.tc.gc.ca

US/EU

1. Federal Motor Carrier Safety Administration Appoints First Medical Review Board, March 7, 2006, www.dot.gov
2. BTS Releases North American Surface Trade Numbers for 2005: 2005 Surface Trade with Canada and Mexico Grew 10 Percent from 2004 (State Rankings in Tables 5 and 7), March 14, 2006, www.dot.gov
3. Study Concludes Driver Behaviour Causes Most Truck Crashes, March 24, www.dot.gov

bus lines. The government announced in last year's budget that it plans to spend \$30-billion over five years on the province's long-neglected infrastructure, including highways, public transit and hospitals.

8. Border Transportation Partnership Announces Specific Options for Further Study for New Border Crossing in Windsor-Detroit

The Border Transportation Partnership (Ontario Ministry of Transportation and Transport Canada), leading the Canadian portion of the Detroit River International Crossing (DRIC) environmental study, has identified five options for the access road, three inspection plazas, and three river crossing locations for further analysis and community consultation. Detailed evaluation of these options will lead to identification of a single preferred alternative by mid-2007.

GENERAL

Current Developments in Brief

General
CANADA

US

1. BTS Releases Transportation Services Index (TSI) on Accelerated Schedule: Index Fell 0.1 Percent in January from December, March 7, 2006, www.dot.gov