

A REVIEW OF CANADIAN TRANSPORTATION DEVELOPMENTS IN 2018¹

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I. Introduction

This paper reviews the noteworthy developments in Canadian transportation in 2018. It briefly examines the state of the industry in various transportation subsectors (air, rail, water and road) by examining the statistics for 2018. It then examines regulatory and policy developments that have occurred in each of the subsectors such as the passage of new laws, other transportation bills, and proposed policy, etc. It then briefly touches on developments on other transportation fronts.

II. Air Transportation

The State of the Industry

Air Canada's load factor, available seat miles (capacity), and traffic (revenue passenger miles) for 2018 were: 83.3 points, 110.866b and 92.360b, compared to 82.3% points, 103.492b and 85.137b for 2017, representing a change of 1.0 points, 7.1% and 8.5%, respectively. Its net earnings were \$167m in 2018 compared to \$2.029b in 2017, a decrease of 91.8%. [1] WestJet's load factor, available seat miles (capacity), and traffic (revenue passenger miles) for 2018 were: 83.8 points, 32.939b and 27.587b, compared to 83.6% points, 30.998b and 25.904b for 2017, representing a change of 0.2 points, 6.3% and 6.5%, respectively. WestJet recorded net earnings of \$91.5m in 2018 compared to \$279.1m in 2017, a decrease of 67.2%. [2] Both airlines began a few innovative projects and introduced several new services. In recognition of these accomplishments both won several awards.

Recent Issues or Developments - Air Liberalization:

Liberalization of air agreements is not only important for increasing the flow of traffic (passengers and goods) but also important for the tourism industry in Canada. Liberalization has been occurring since 1977 and in 2018 the new or amended agreements were with: Ethiopia, Cameroon, South Africa, Qatar, Morocco, Israel, Egypt, United Arab Emirates and UK. [3]

Bills or Regulatory Developments:

In 2018 a number of legislative developments occurred ranging from the Royal Assent of the major transportation law to safety regulations. The major developments are described hereafter.

Transportation Modernization Act receives Royal Assent

The Minister of Transport on May 23, 2018 issued the following statement regarding the Royal Assent of the *Transportation Modernization Act*. "I am pleased that the *Transportation Modernization Act* has received Royal Assent today, which shows the Government of Canada's commitment to improving our transportation system. ... The first major element of this Act is that air passengers should know their rights and are entitled to clear, consistent, transparent and enforceable compensation, as well as minimum standards of treatment when things do not go as planned. ... The Act is part of the Government's strategic

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plan for the future of transportation in Canada, Transportation 2030.” It includes amendments to the *Canada Transportation Act* and other related transportation acts. [4]

Proposed Air Passenger Protection Regulations

The first major element promised by the Minister was delivered recently (December 17, 2018). The proposed *Air Passenger Protection Regulations* will establish airlines' minimum obligations toward passengers – including standards of treatment and in some circumstances, minimum compensation – for flights to, from and within Canada. Highlights of the proposed regulations include: 1) A requirement that airlines communicate in a simple, clear way with passengers regarding their rights and recourses, and provide the reasons for flight delays and cancellations; 2) The obligation for airlines to provide passengers with food, drink, and accommodation when their flights are delayed; 3) Compensation of up to \$1,000 for flight delays and cancellations within an airline's control that are not safety-related; 4) Compensation of up to \$2,400 if a passenger is denied boarding because an airline has over-booked the flight or because of other actions within an airline's control; 5) Rebooking and refund entitlements when flights are delayed, including, in some cases, the obligation for an airline to use a competing airline to get passengers to their destination; 6) A requirement that passengers be allowed to leave the airplane, when it's safe to do so, if a tarmac delay lasts for over three hours and there's no prospect of an imminent take-off; 7) A requirement that airlines facilitate the seating of children under 14 years in close proximity to an accompanying adult, at no extra charge; 8) Compensation for lost or damaged baggage, including a refund of any baggage fees; 9) Clarity on the policies that airlines must establish regarding the transportation of musical instruments; and 10) Administrative monetary penalties of up to \$25,000 for airlines' non-compliance with their obligations under these regulations.[5]

Protection to Canadians from laser attacks on aircraft

On June 28, 2018, the Minister of Transport, announced a new measure which prohibits the possession of battery-operated hand-held laser over 1 milliwatt (mW) outside of a private dwelling without a legitimate purpose, such as for work, school, or education purposes. This Interim Order takes effect immediately and applies to: 1) a municipality within the greater Montréal, Toronto, and Vancouver regions; and 2) a 10-kilometre radius around any airport or certified heliport across Canada. The new measure allows Transport Canada and delegated law enforcement to issue fines on the spot to anyone who possesses a hand-held laser within a prohibited zone without a legitimate reason. The maximum fines are \$5,000 for an individual and \$25,000 for a corporation. In addition to the Interim Order, Transport Canada is also designating laser attacks on aircraft as offences subject to immediate fines under the *Canadian Aviation Regulations*. Air Transportation Association of Canada strongly applauded the Minister's actions. [6]

New fatigue regulations to make air travel safer for all Canadians

On December 12, 2018, Minister of Transport, announced changes to the Canadian Aviation Regulations to improve air travel safety for passengers and flight crews. The changes to the Canadian Aviation Regulations introduce: Prescribed flight and duty time limits that respect modern fatigue science and international standards to limit the amount of time a crew member can be on the job; and Fatigue Risk Management Systems that will allow operators the flexibility to set flight hours based on their unique operations if they can demonstrate that alertness and safety will not be affected. [7]

Other Developments: *Seamless air travel?* The Government of Canada has decided to collaborate with the World Economic Forum and partners to test emerging digital technologies and how they can improve security and the seamless flow of legitimate air travellers, with the launch of the Known Traveller Digital Identity prototype. *Airline competition?* For the first time in years, competition in the Canadian airline

industry is heating up. In June 2018, WestJet Airlines Ltd. launched its ultra low-cost carrier (ULCC) Swoop, offering cheaper flights for the more price-sensitive traveller. In 2018, Flair Airlines Ltd., another discount carrier, already in the air began to attract attention, and two additional ULCCs -Enerjet's FlyToo and Canada Jetlines Ltd.were eagerly eyeing entry together with International carriers. [8]

III. Rail Transportation

The State of the Industry

In 2018, the two major Canadian railways struggled to keep up with its performance in 2017. For CN, net income for 2018 was C\$4,328m compared to C\$5,484m in 2017, a 21.1% decrease, despite the 9.8% increase in total revenue and 4.8% increase in operating revenue. Its operating ratio was 61.6 compared to 59.8 in 2017, an increase of 0.8 (an increase in operating ratio means that efficiency has gone down).JJ Ruest, CN President and CEO said “With approximately C\$1.3 billion of revenue growth in the final three quarters of the year, CN regained its position of strength and demonstrated again its ability to grow at low incremental cost. 2019 will be a year of building on this momentum.” [9] For CP, net income for 2018 was C\$ 1,951m compared to C\$ 2,405m in 2017, a 19% decrease, despite the 12% increase in both total revenues and operating revenues. Its operating ratio was 61.3 compared to 61.6 in 2017, a decrease of 0.3 (a decrease in operating ratio means that efficiency has gone up). Keith Creel, CP President and CEO said “2018 was a record by almost every measure and will be remembered as a watershed year for our company, our record operating results are proof that the CP family is committed to making this company the best it has ever been.” [10]

Recent Issues or Developments–Bills or Regulatory Developments:

Transportation Modernization Act

On May 23, 2018 the *Transportation Modernization Act* received Royal Assent. The provisions that received Royal Assent on rail transportation are: 1) Providing a more transparent, fair, efficient and safer freight rail system that meets the long-term needs of users and facilitates trade and economic growth for years to come; and 2) Increasing safety by requiring railways to install voice and video recorders in locomotives to better understand events leading to an accident as well as help prevent future accidents.[11] It is worthwhile noting that the government only partially accepted three of the ten recommendations of the Senate Report (the need for additional flexibility for shippers to access the proposed “Long Haul Interswitching”, the need to permit the Agency to undertake rail investigations on its “own motion” and the need for railway operational and costing data to be made available to shippers when accessing the “Final Offer Arbitration” process to resolve rate disputes).

Canadian Transportation Agency Launches Consultation on Rail Transportation

As part of its Regulatory Modernization Initiative, the Canadian Transportation Agency (CTA) launched consultations on rail-related regulations and guidance materials. These consultations will support the implementation of the *Transportation Modernization Act* (Bill C-49), which amends the *Canada Transportation Act* (Act) to introduce new measures related to freight rail. The CTA invited affected stakeholders to share their views to ensure that the CTA's rail-related regulations and guidance materials are relevant, clear and up to date. A discussion paper explains many of the regulations and guidance materials under review, eg. Interswitching, Administrative Monetary Penalties, insurance requirements and coverage for freight and rail passenger. [12]

Volume-Related Composite Price Indices for CN and CP (2018-2019)

The Canadian Transportation Agency (CTA) has redetermined the 2018-2019 Volume-Related Composite Price Index (VRCPI) for each of CN and CP, which will be used in determining the maximum revenue entitlement for the CN and the CP for the movement of western grain in the 2018-2019 crop year. Originally issued on April 25, 2018, the VRCPI was redetermined based on a provision included in the *Transportation Modernization Act* (Bill C-49), which received Royal Assent on May 23, 2018. *Determination No. R-2018-225* sets the revised indices at 1.4114 for CN, an increase of 2.1% from the 2017-2018 crop year, and at 1.4608 for CP, an increase of 5.7% from the 2017-2018 crop year.[13]

Railway Safety and Labour Developments: Railway safety has always been a major concern and priority of the government. Statistics compiled by the Transportation Safety Board indicate that serious accidents involving both rail and pipeline transport of dangerous substances like crude oil and gas increased in 2017 over the previous year. Of the total 1,090 railway incidents that were serious enough to be deemed “accidents” last year, 115 involved dangerous substances, including five accidents where the substances leaked. That’s up from 100 accidents involving dangerous goods in 2016 that included only two involving leaks. [14] The 2 railways CN and CP concluded 7 labour agreements in 2018, 3 by CN and 4 by CP.[15]

Investment in Railways: Several major planned investments in the railways were reported in 2018 for example: a bypass railway line in Lac-Mégantic; a capital spending program by CN; a replacement of VIA Rail’s fleet; the GO Regional Express Rail in Ontario; an improvement of B.C.’s Ashcroft Terminal; the investment by CP on new grain hopper cars; the rail safety equipment in Mont-St-Hilaire and Alberta; the infrastructure at the Central Manitoba Railway Pine Falls; and a New Etobicoke GO Station.[16]

Other Developments: 1. *Railway emission reduction* - A report released by the Railway Association of Canada (RAC) indicates that Canada’s railways are on pace to meet greenhouse gas (GHG) reduction targets set out by the rail sector and the federal government, according to the latest Locomotive Emissions Monitoring (LEM) Program. The LEM report summarizes the progress that railways have made towards reducing GHGs and criteria air contaminants (CAC) from locomotives operating in Canada, and highlights the initiatives that the industry has taken in reaching its goals in this area. [17] 2. *VIA Rail - Sustainable Mobility Report* - The highlights of VIA Rail’s *Sustainable Mobility Report* are: 1) Increased number of passenger trips: 4.39 million, +10.5% over 2016; 2) Increased inter-modal ridership: +97% since 2012; 3) Reduced GHG emissions: -34% per passenger-kilometer since 2005; 4) Planned investments in safety and efficiency: \$88.4 million; 5) Reduced train incidents: -77% per million train-miles since 2014; and 6) Increased average hours of training per employee: 46 hours, +48% over 2014. As part of its transformation plan it has launched phase 1 of its procurement process. [18] 3. *Churchill rail service resumes:* In 2017, Churchill lost its only rail service provided by Omnitrac due to severe spring flooding. Omnitrac was unable to make the repairs. The Federal Government then stepped in and the line was sold to Arctic Gateway Group, a private-public partnership. The deal from Ottawa included at least \$117m from the federal government. Arctic Gateway completed the repairs and inspections that were required and confirmed that the track is now safe for passenger operations. On October 31, 2018, rail service to Churchill resumed. [19]

IV. Water Transportation

The State of the Industry

In 2018, three of the four largest Canadian ports did well recording increases in container traffic compared to 2017. This can be seen from the port statistics described hereafter. For the Port of Metro

Vancouver, the number of containers (TEUs i.e. twenty-foot equivalents) moving through it increased by 4.4% to 3,396,449 TEUs in 2018 from 3,252,220 TEUs in 2017, imports increased 4% to 1,781,069 TEUs from 1,713,247 TEU and exports increased 5% to 1,615,380 TEUs from 1,538,973 TEUs. For the Port of Montreal, the number of containers increased by 9.2% to 1,679,351 TEUs in 2018 from 1,537,669 TEUs a year earlier, imports increased 12.1% to 834,057 TEUs from 743,931 TEUs and exports increased 6.5% to 845,294 TEUs from 793,738 TEUs. For the Port of Prince Rupert, the number of containers increased by 12% to 1,036,009 TEUs in 2018 from 926,540.25 TEUs a year earlier, imports increased 9% to 569,070.50 TEUs from 523,985.25 TEUs and exports increased 16% to 466,938.50 TEUs from 402,555 TEUs. For the Port of Halifax, the number of containers decreased by 2.1% to 547,445 TEUs in 2018 from 559,242 TEUs a year earlier, imports increased 0.4% to 280,695 TEUs from 279,602 TEUs and exports decreased 4.6% to 266,750 TEUs from 279,640TEUs. [20]

Recent Issues or Developments - Bills or Regulatory Developments:

Arctic Shipping Safety and Pollution Prevention Regulations

To uphold the Government of Canada’s high standards for marine shipping in the north, Transport Canada introduced new *Arctic Shipping Safety and Pollution Prevention Regulations*. The regulations incorporate the International Code for Ships Operating in Polar Waters (the Polar Code) into Canada’s domestic legislation. The Polar Code addresses the unique hazards encountered by certain vessels that operate in the Arctic and Antarctic. The Polar Code and Canada’s new regulations include a variety of safety and pollution prevention measures, including those related to vessel design and equipment, vessel operations and crew training. Drawing from decades of experience as an Arctic regulator, Canada played a key leadership role in developing the Polar Code at the International Maritime Organization. [21]

Noxious Substances Protocol

On April 23, 2018, the Government announced its ratification of the 2010 Hazardous and Noxious Substances Protocol, a global regime that ensures compensation for those affected by a hazardous and noxious substances spill. Though these types of spills are rare, they can have severe consequences on coastal communities, tourism activities, fishing industries, and can incur significant clean-up costs. The Government has long recognized the marine risk associated with the transportation of hazardous and dangerous goods along our coasts. By ratifying the Protocol, Canada agrees to apply the “polluter pay principle” – making ship owners liable for hazardous and noxious substances spills. Once the Protocol comes into force, a new global compensation fund to compensate affected individuals and communities will be established through contributions from industry. [22]

New regulations to better financially protect marine passengers in the event of marine accidents

On December 12, 2018, Minister of Transport, announced new regulations that require Canadian passenger vessel operators to carry a minimum of \$250,000 in liability insurance for every passenger on board. This will ensure that all passengers and their families receive fair compensation in the event of injury or fatality in a marine accident, while protecting vessel operators against catastrophic losses and possible civil actions from passengers. Most vessel operators already carry this level of insurance; however, the new regulations make liability insurance mandatory under the *Marine Liability Act* for passenger vessels. The new regulations will come into force on January 11,2019. [23]

Oceans Protection Plan

On October 30, 2018, the Government proposed legislative changes to the Oceans Protection Plan. These amendments would improve marine safety and environmental protection by: 1) modernizing Canada’s Ship-Source Oil Pollution Fund, including unlimited compensation for victims and responders in the

event of an oil spill from a ship; 2) strengthening the legal authority to regulate marine vessels in order to protect the marine environment, including for example to protect endangered whale populations; 3) authorizing the Transport Minister to issue interim orders to allow for immediate actions to be taken to address a pressing risk to marine safety or environment; 4) enabling more proactive, rapid, and effective response to oil spills in Canada's waters, while maintaining the polluter pays principle; and 5) supporting research and innovation to enhance marine safety and environmental protection. Two inter-related pieces of legislation would be amended: the *Canada Shipping Act, 2001*; and the *Marine Liability Act*. [24]

Pilotage Act Review

Marine pilotage makes an important contribution to marine shipping, and ensures the safe transit of vessels. On May 31, 2017, the *Pilotage Act* Review was launched to modernize the *Pilotage Act* while keeping the elements that support Canada's excellent pilotage safety record. The Review was concluded on April 30, 2018 after extensive engagement across the country. The final report recommends strengthening five key components of the legislation: purpose and principles, governance, labour structure, safety framework, and tariff setting process. The Transport Minister will engage with key stakeholders and Indigenous peoples on the findings of the Review's final report. Potential changes will be aligned with the existing and future realities of the marine transportation. This Review supports the delivery of safe, efficient and environmentally responsible marine pilotage services into the future. [25]

Canada's Ports Policy

The National Marine Policy was introduced in December 1995. In May 2018, Transport Canada published the Ports modernization review: discussion paper following an announcement by the Transport Minister in March that the Ports Modernization Review was being launched. In a recent article, Professor Brooks indicates that Canada needs to revisit its port policy and remove CPAs that no longer serve a national strategic purpose yet remain eligible to draw on government funding. Canada's CPA ports need a better governance framework; their governance needs modernization, not their operations. Not only should CPAs meet the best governance practice reporting standards of publicly traded companies, but, as federal agencies, they must be transparent given that they're responsible to the citizens of Canada and the communities where they're located.

The current Port Modernization Review wants not just efficient trade gateways, but also ports that are socially and environmentally responsible to their local communities. Currently, Canada's CPA ports are inconsistent in their financial, social and environmental performance reporting. This implies that a public-private relationship is needed, not a private one focused only on shareholder value. The Port Modernization Review should lead to greater clarity of port purpose, less political control through board appointments, and better reporting standards for Canada. [26]

Investment in shipping infrastructure: A number of investments were made in 2018 for example: the Nunavut Fisheries and Marine Training Consortium; the terminal in the city of Contrecoeur; the Port of Prince Rupert initiative to help communities; the two programs aimed to remove abandoned boats; the St. Lawrence Seaway Management Corporation infrastructure maintenance; the infrastructure spending at the Ports of Montréal, Québec; Nanaimo; Thunder Bay; Prince Rupert and Hamilton's to increase transportation options; the construction of four double-hulled barges; a new maritime awareness information system in Canada; and the assessment of one boat and the removal of 18 in BC. [27]

Other Developments: 1. *Protection of endangered whales.* The commitment to protect whales is now also being undertaken in British Columbia. In March 2018, the Fisheries and Ocean Canada announced the investment of more than \$12 million on research study projects. Then, on June 22, 2018, Canada's Whales

Initiative (a \$167.4 million initiative) was announced in Vancouver.2. *Review of Marine Atlantic subsidies quashed.*The Federal Court of Canada has dismissed a claim for judicial review from Oceanex on Marine Atlantic subsidies. Oceanex had been arguing that the terms of union between Newfoundland and Canada stipulate that the federal government must operate a ferry service between the island and Cape Breton, but it doesn't say Ottawa must subsidize the service of Marine Atlantic. It says that the minister should have considered Oceanex's competitive position with Marine Atlantic when setting freight rates. 3. *B.C. container truck drivers.*The B.C. government has committed to beef up enforcement and increase trip rates and hourly wages for container truck drivers.These steps the government is starting to make sure Canada's busiest port runs as efficiently as possible while ensuring the sector's long-term stability and competitiveness.4. *Need for Coastal Strategy.* There is a growing concern that without a central strategy on Canada's East Coast and the modest funds available, Eastern Canadian port projects will fail to achieve a major national cargo gateway on the East Coast. [28]

V. Road Transportation

The State of the Industry

The top four for-hire trucking companies in 2018 were Transforce Inc., Mullen Group In., Canadian National Transportation and Day & Ross. How the largest two companies fared can be seen in the following results.Transforce's total revenue amounted to\$5.123billion, up 5.91%from \$4.837 billion a year earlier in 2017. Net income was\$292 million, or \$3.22per diluted share, versus \$158 million, or \$1.70 per diluted share, a year ago. Its operating income was\$430.5 million, versus \$178.4 million, a increase of 141%. Mullen Group in 2018generated revenue of\$1.2608 billion, an increase of \$122.3 million or 10.7 percentas compared to \$1.1385 billion in 2017.Its net income was-\$43.8 million (or -\$0.42 per share), a decrease of 166.7% ascompared to the \$65.5 million (or \$0.63 per share in 2017).[29]

As far as urban transit is concerned, it is doing marginally well. Total operating revenue (excluding subsidies) for 10 of Canada's largest urban transit properties increased to \$4.002b in 2018 from \$3.906b in 2017, a 2.45% increase. Over the same period, passenger ridership levels increased 4.1% to 1.856bin 2018 from 1.783b in 2017. [30] The Couriers and Messengers Services Price Index increased rose 3.9% in 2018 compared to a year earlier. Both the couriers (+3.6%) and the local messengers and local delivery components (+5.0%) increased. [31]

Mergers and acquisitions (M&A) in the Canadian trucking industry have picked up in recent years. In 2018 alone, the sector has absorbed more than a dozen significant deals. What's driving all the activity? And should it be a big concern for consumers and fleet technology vendors? In short, the deals are being driven by a host of factors — none of them foretelling any real doom and gloom for the industry. In fact, one could make the case that this consolidation trend could represent a positive move for trucking. [32]

Recent Issues or Developments - Bills or Regulatory Developments:

Strengthening Motor Vehicle Safety for Canadians Act

The *Strengthening Motor Vehicle Safety for Canadians Act* (Bill S-2) received Royal Assent. It is a major step in improving road safety. This Act provides the Minister of Transport with new powers and the ability to: 1) Order a company to recall a vehicle to correct a defect; 2) Order a company to pay for the cost of repairs so consumers don't bear the cost; 3) Order a company to conduct tests on a vehicle and to provide the results back to the Minister; 4) Order a company to fix a new vehicle before it's sold; and 5) Negotiate a settlement with a company which is alleged to be in violation of the *Motor Vehicle Safety*

Act. In addition, the *Act* gives Transport Canada the ability to: 1) Perform more in-depth vehicle inspections in relation to safety concerns; and 2) Allow more flexibility to support innovative technologies, such as connected and automated vehicles. The *Act* also paves the way for TransportCanada to impose future administrative monetary penalties (i.e. fines) on manufacturers of up to \$200,000, per violation, for any contraventions of the *Motor Vehicle Safety Act*. [33]

Tougher Penalties for Dangerous Driving Start September 1

Ontario's Government for the People is taking steps to ensure Ontario's roads are safe for everyone. Starting September 1, 2018 there will be tougher penalties for careless driving endangering pedestrians. Drivers convicted of careless driving causing bodily harm or death will face: Fines from \$2,000 to \$50,000; Six demerit points; A driver's licence suspension of up to 5 years; and Up to 2 years in jail. [34]

Saskatchewan government – Mandatory driver training

In the first week of Dec. 2018, the Saskatchewan government announced mandatory training for new semi drivers, which will take effect in March 2019. Drivers will be required to take at least 121 hours of training in the classroom and behind the wheel. The government decided to grant farmers an exemption from mandatory entry level training. The exemption prompted reaction from Canadian Trucking Alliance president S. Laskowski. He told media that all commercial semi truck drivers should be required to take mandatory training. Why a vehicle is on the road should not matter in deciding safety. [35]

Electronic Logging Devices

The Canadian Trucking Alliance (CTA) submitted comments responding to Transport Canada's publishing of the electronic logging device regulations in *Canada Gazette Part 1*. On February 27, 2018, the Canadian Trucking Alliance, Teamsters Canada and the Private Motor Truck of Canada called on governments to move quickly in the implementation of the electronic logging device (ELD) mandate. The major groups representing trucking interests across Canada are asking the federal and provincial governments to all commit to a process that would see a publication of the final rule by June 2018 and the ELD rule enforced in each province by December 2019. The three groups believe the safety benefits of ELDS cannot be delayed and that an 18-month transition will allow industry and governments to properly transition to the mandate. The CTA senior vice-president of policy said that the process mirroring the impending Canadian ELD mandate with the U.S. rule is going smoothly. "The goal of this effort in Canada is to mirror the effort here in the U.S.," so that there is no conflict between the countries over e-logs. David Carruth CEO of 55-truck LTL fleet ONE For Freight says electronic logging devices can save fleets money and pay for themselves. [36]

Canadian and Mexican States sign MOU on information sharing

Scott Streiner, Chair and CEO of Canadian Transportation Agency and Benjamín Alemán Castilla, Chief Executive of the Rail Transport Regulatory Agency (on behalf of the Secretariat of Communications and Transports of the United Mexican States), signed a Memorandum of Understanding (MOU) committing their organizations to share information and best practices related to the discharge of their adjudicative and regulatory mandates, and developments in rail transportation. [37]

Investment in highway infrastructure: Several investments on highway infrastructure were reported in 2018 for example: the Champlain Bridge; the Ontario Widening of Highway 401; the Trillium line; the Pink Road and De La Vérendrye Boulevard; the transportation infrastructure in the Northwest Territories; the Buffalo and Fort Erie Border Crossing; the Highways 6 and 39 in Saskatchewan; and the Gordie Howe International Bridge.[38]

Other Developments: 1. *Trucking harmonization* - The Canadian Trucking Alliance (CTA) has made 11 suggestions for improving trucking harmonization in Canada, in a submission to the Council of Transport Ministers. 2. *Autonomous Vehicles* - The Senate Committee on Transport and Communications has suggested that Canada is “ill-prepared” for the arrival of driverless vehicles and calls for a national self-driving cars strategy (in a new report - "*Driving Change: Technology and the Future of the Automated Vehicle*"). The report consists of two parts. 3. *Ride sharing regulation for B.C.* - Ride sharing in B.C. took a big step forward on February 15, 2018. An all-party committee in the legislature unanimously supported a plan for ride-hailing services throughout the province and made 32 recommendations. Eight months later, the B.C. government introduced legislation to allow ride-hailing companies to enter the market by fall of 2019, while putting priority on safety for passengers. Besides the above-mentioned developments there were others such as: Transitional Funding for Discontinuation of Greyhound Bus Routes; Bill 4, the Cap and Trade Cancellation Act 2018; Winter roads in the North threatened by climate change; and Bill C-81, the Accessible Canada Act: An Act to Ensure a Barrier-free Canada [39]

VI. Conclusion

The major transportation subsectors in 2018 struggled to keep up with the exceptional results of these subsectors in 2017. The financial results (net earnings) were disappointing notwithstanding that the statistics on traffic were positive. To add to this, the new agreement with the US and the imposition of tariffs added to the uncertainty because transportation follows trade.

Major progress was made on the regulatory front. The *Transportation Modernization Act*, the major transportation Bill covering all transportation subsectors received Royal Assent. In air transportation, new regulations were made on safety (laser and air travel) and regulations were proposed to protect air passengers. In rail transportation, regulations were made to give effect to the new provisions in the new transportation act (volume-related composite price indices for CN and CP) and consultations were begun on (interswitching, administrative monetary penalties, insurance requirements and coverage for freight and rail passenger). In water transportation, safety regulations to protect passengers were passed (insurance and noxious substance) or proposed (Arctic shipping, ocean protection plan and pilotage). In road transportation, *Strengthening Motor Vehicle Safety for Canadians Act*, a major step in improving road safety, received Royal Assent. Provincial governments also followed the federal government in passing regulations on safety (tougher penalties for dangerous driving in Ontario, mandatory driver training in Saskatchewan).

Apart from the regulatory front, significant investments were reported in the rail, water and the road subsectors together with numerous other interesting developments. The balance of the year ahead, despite the threats of tariffs and the new United States-Mexico-Canada Agreement appears to be expansionary, but slowing. No contraction is expected until 2020 or 2021.

(Endnotes are available on request: barry_prentice@umanitoba.ca)