

XIV. TRANSPORTATION

The transportation industry accounted for an estimated 8.2 percent of Gross Domestic Product (GDP) in the Province's service sector in 1987 and about 5.2 percent of total GDP. This industry employs a large number of individuals in the Province and includes the activities of firms and agencies which provide both inter-Provincial and intra-Provincial transportation services. The services provided by this industry include air, water, road and rail (Labrador only) transport, all of which are fundamental to the functioning of the economy. The transportation industry facilitates the movement of large volumes of freight to, from and within the Province. This is particularly critical for Newfoundland and Labrador since the bulk of the output of the primary and secondary industries such as fish products, newsprint and iron ore are exported while large volumes of consumer goods are imported. The industry also provides for the transportation of individuals within the Province, as well as to and from the Province.

TABLE XIV.1

**MARINE ATLANTIC PASSENGER TRAFFIC
PORT AUX BASQUES AND ARGENTIA, 1988 AND 1989**

	1988	1989	Percent Change
Port aux Basques - North Sydney			
Passengers	356,829	384,873	7.9
Passenger Related Vehicles	107,884	116,193	7.7
Argentia - North Sydney			
Passengers	21,146	28,026	32.5
Passenger Related Vehicles	7,076	9,292	31.3
Total			
Passengers	377,975	412,899	9.2
Passenger Related Vehicles	114,960	125,485	9.2

Notes: Figures include traffic travelling in both directions on the Port aux Basques-North Sydney and Argentia-North Sydney ferry services.

Source: Marine Atlantic; Economic Research and Analysis Division, Cabinet Secretariat.

An increasingly popular mode of transportation between Newfoundland and mainland Canada is the ferry service. Passenger traffic on Marine Atlantic's ferry service between Newfoundland and Nova Scotia rose by 9.2 percent in 1989 for a total of 412,899 passengers. Consistent with the growth in the number of passengers were increases in passenger related vehicles. In total, there were 125,485 passenger related vehicles transported by the service last year, an increase of over nine percent from the previous year. Strongest growth in passenger traffic last year was noted for the Argentia - North Sydney route, due to the increased number of ferry crossings in the 1989 season compared to 1988; mechanical problems with the MV *Ambrose Shea* during 1988 placed the ferry out of commission for part of the season and reduced the number of crossings on the Argentia run by about 26 percent. Increased passenger traffic was also observed on the Port aux Basques - North

Sydney route as a result of continued growth in tourist activity and increased recognition of the ferry service as an alternative means of travel.

Marine Atlantic took possession of the MV *Joseph and Clara Smallwood*, sister ship to the MV *Caribou*, in the latter part of 1989. The new ferry, constructed at the MIL-Davie Shipyard in Lauzon, Quebec at an estimated cost of \$146 million, will replace the MV *Ambrose Shea* on the seasonal Argentia route beginning in June. The *Smallwood* is expected to make the North Sydney - Argentia crossing in approximately 13 hours, a considerable improvement from the previous crossing time of 19 hours. Prior to beginning service on the Argentia route, the *Smallwood* will serve on the North Sydney - Port aux Basques crossing. The ferry's service on this route began early this year, but was interrupted in late January when the ship sustained slight damage when she grazed an island in Port aux Basques harbour. At the time of writing, repairs plus some minor mechanical problems had prevented the *Smallwood's* return to service.

Marine Atlantic's seasonal Argentia ferry service may be extended in the near future pending review by Transport Canada of a commissioned independent study. The study, requested by Transport Canada in the fall of 1989, examined the feasibility of extending the Argentia service from the current 13 week period, up to and including year-round operation.

The number of people travelling on the Canadian National Roadcruiser bus service in the Province during 1989 was slightly more than 157,000. This represented a decline of 9.7 percent compared to 1988 and is the continuation of a downward trend which began in 1984. Several factors have contributed to traffic declines including improved retail services in smaller centers which has reduced the need for some individuals to travel and a reduction in the reliance upon bus as a mode of travel.

Another important aspect of Marine Atlantic's service between Newfoundland and North Sydney is the provision of a transportation link for commercial vehicles. Commercial traffic, consisting of trucks and trailers, move freight both to and from the Island. Commercial activity on the North Sydney and Newfoundland service dropped by 4.2 percent last year to 60,157 units. The decrease in commercial traffic over this period was due to a decline of about 17 percent in the number of drop trailers transported by the service.

Other freight moved by Marine Atlantic's service between Newfoundland and North Sydney last year included containerized cargo and new vehicles. The number of containers and new vehicles transported between North Sydney and Port aux Basques declined in 1989. There were close to 7,500 containers carried by the service, less than half the number transported during 1988, and just over 1,200 new vehicles carried, a decline of approximately 79 percent. Declines in the amount of freight handled at the Port aux Basques crossing point can be partially attributed to the closure of the Island railway, which took place in the fall of 1988, and to increased handling of cargo by private carriers.

The total amount of freight transported by Marine Atlantic's coastal services in the Province increased by about two percent in 1989 to over 91,000 tons. The South Coast service experienced strong growth as freight rose by more than 26 percent while cargo transported on the Labrador service declined marginally (1.3 percent) from the high level of 79,789 tons in 1988.

The total amount of water-borne cargo moving in and out of the port of St. John's during 1989 approximated 976,600 metric tonnes, an increase of 3.4 percent compared to 1988. Increases in the amount of dry bulk (6.9 percent to 94,990 metric tonnes) and general cargo (12.6 percent to 535,636 metric tonnes) were more than enough to offset a decline in liquid bulk (down 9 percent to 346,006 metric tonnes). Growth in dry bulk shipments was due to an increase in the amount of salt shipped into the port during the year, while the decline in liquid bulk was the result of reduced shipments of gas and fuel oil. General cargo accounted for the largest share of the overall increase in tonnage during the year due to increased handling of containerized freight. During 1989,

containerized freight rose by 18.0 percent to 393,762 metric tonnes. The increase in the amount of cargo passing through the port last year was largely due to the closure of the Island railway.

Water-borne cargo moving in and out of the port of Corner Brook was estimated at approximately 664,989 metric tonnes during 1989, an increase of almost 14 percent over 1988. Increased freight movement in the Corner Brook port in 1989 was attributed to higher shipments of newsprint products, containerized cargo and automobiles. Shipments of newsprint products rose by over 25 percent last year to 223,862 metric tonnes, while more than 112,800 metric tonnes of containerized freight moved through the port, more than double the amount for 1988. Close to 6,800 automobiles were shipped, about eight times the figure for 1988. Growth in the amount of freight handled at the port in 1989 was partly attributed to the closure of the Island railway, increased handling of cargo by private carriers and the recent enhancement of cargo handling facilities in the port.

The outlook for the transportation industry during 1990 is positive. Continued growth in both consumer spending and tourism is expected to stimulate activity in the industry. The arrival of the *MV Joseph and Clara Smallwood* on the Argentia - North Sydney ferry route and Marine Atlantic's new Argentia ferry terminal, which is scheduled to be completed this year, will improve the services provided to users of this route. Improvements to port infrastructure, undertaken at the ports of St. John's and Corner Brook, have enhanced services offered to users of water transportation. The St. John's port redevelopment program, started in 1984, was completed in 1989, thus improving vessel handling capabilities. Further plans to expand the main terminal are scheduled for 1990. The revitalization program at the Corner Brook port has also been largely completed thus improving this port's ability to handle increased cargo. A negative factor in the outlook for the transportation industry in 1990 is the weaker performance anticipated in the primary fishing industry and hence in manufacturing output. Reduced output in the manufacturing industry may negatively impact on some transportation services this year. For example, many trucking firms which now transport goods into the Province also carry fish products to markets outside of the Province. A reduction in the amount of fish leaving the Province can be expected to have a negative impact on round-trip revenues received by some carriers. Consequently, the decline in the amount of freight leaving the Province could put upward pressure on freight rates. Nevertheless, major changes in the transportation industry have resulted in large infrastructure projects in recent years. This expansion has been precipitated by a change in the manner in which some freight now moves into the Province. With improvements ongoing, and the addition of more efficient passenger ferries, the future of the transportation industry is promising.