ECONOMIC ANALYSIS OF ST. LAWRENCE SEAWAY

The report of an extensive study by a firm of consultants of the economic and financial aspects of the St. Lawrence Seaway Authority was tabled in the House of Commons recently by the Minister of Transport, Mr. Don C. Jamieson.

Volume I of this two-volume report, presenting a general analysis and conclusions, was submitted to the Government late in 1970 and is now available to the public in both English and French. Volume II, containing supporting detail, is expected to be completed in the near future.

The report envisages both an interim and a long-term approach to the Seaway's problems. Interim proposals include: (1) the removal of the Authority's liability to repay capital debt, with the retention of the obligation to pay interest on the investment; (2) the reduction of present capital loans to more appropriate levels; and (3) a 5 percent-a-year increase in tolls over five years on a unilateral basis.

The long-term approach involves the further development of certain basic principles of public investment in transportation set forth in the report, and looks toward the eventual rationalization of the recoverability aspect of investment in all transportation modes, including the Seaway. The achievement of this long-term objective would form part of the on-going study by the Ministry of Transport, which should contribute to the solution of the Seaway's problems.

RELATIVE CONTRIBUTIONS AND BENEFITS

The consultants' study also examines the sharing of benefits and financial contributions by Canada and the United States on the St. Lawrence-Great Lakes waterway, and makes it clear that Canada bears a considerably larger burden of the costs than the U.S., though both countries share about equally in the benefits. According to the report, Canada provides about two-thirds of the total public investment in canals, locks and connecting channels. "On the lakes and rivers above Lake Erie," it states, "the United States provides most of the investment, but its use of those facilities is also quite predominant. On the waterway below Lake Erie, the United States provides about 11 per cent of the investment but has a traffic usage of about 50 per cent on the Seaway and 33 per cent from Montreal downriver to the Atlantic. In annual expenditures, Canada provides an even larger share than it has in long-term total investments. On the Seaway alone, under conditions existing in 1969, though traffic was about evenly divided between the two countries, Canada carried about five-sixths of the investment costs and about six-sevenths of the deficits."

In the exchange of notes in 1967 that confirmed the agreement between Canada and the United States on the level and sharing of tolls on the St. Lawrence Seaway, it was agreed that the sufficiency and division of these tolls could, at the request of either, be subject to review at the end of the 1970 navigation season. In 1969, the St. Lawrence Seaway Authority asked the Ottawa firm of D. Wm. Carr and Associates to prepare a report on the outlook and potential for Seaway traffic and to assess the economic implications of tolls and possible changes in the level of tolls. Subsequently, Dr. Carr was asked to expand the project to include an appraisal of the Seaway financial structure, a comparison of Canada-United States use and expenditures on the waterway and an analysis of the competitive outlook for the Seaway.

FINDING FAVOURS SEAWAY

Volume I of the report concludes that the Seaway is an economically-viable transportation mode that should continue to enjoy traffic growth, though not, perhaps, at the rate that has characterized the first 12 years of its operation, during which cargo tonnage increased from 20 million tons in 1959 to a record 51 million in 1970. According to the report, "there is evidence of substantial savings in the costs of transportation (direct benefits) and major indirect benefits as a result of the public investments made in the St. Lawrence Seaway". The report goes on to say, on the question of responsiveness of traffic to tolls, that "most of the major commodity groups in Seaway traffic would not be significantly influenced in the long run by a moderate change in tolls and lockage fees".

CANADIAN EQUESTRIANS AT PAN-AM GAMES

Canada's equestrian team has received a financial boost from the Federal Government with the offer to help pay some of the transportation costs of sending the team to the Pan-American Games next August.

Despite repeated international successes by the jumping and dressage teams in recent years, the equestrians have been the only body that has not received total assistance from the Fitness and Amateur Sports Directorate in Ottawa while attending Olympic and Pan-American Games.

Official policy has been to finance the riders only, not their mounts.

EXPENSIVE BAGGAGE

"We now look at horse and rider as an entity," said Lou Lefaive, director of the sports administration centre. "In the past, we regarded the horses as