

Railway regulation was developed in a period when railways enjoyed a virtual transportation monopoly. Measures to protect the public against excessive charges, unjust discrimination and other objectionable monopoly practices, together with measures to ensure safe operation, have subjected railways to the most comprehensive regulation of any Canadian industry. However, the rapid growth of road, air and pipeline services has ended the near-monopoly and forced the railways into a highly competitive situation.

The National Transportation Act (RSC 1970, c.N-17) defines a national transportation policy for Canada with a view to achieving maximum efficiency in all available modes of transportation at the lowest cost. The act established the Canadian Transport Commission (CTC) to carry out the functions formerly performed by the Board of Transport Commissioners for Canada, the Air Transport Board and the Canadian Maritime Commission. In addition, it created a framework within which the CTC might regulate interprovincial and international motor transport as well as the transportation by pipeline of commodities other than oil and gas.

In general, the purpose of the act is to develop the transportation industry while protecting the public against excessive or discriminatory charges. The railways are relieved of some of the more onerous and outdated restrictions on their freedom to meet competition. On the other hand, a shipper who has no practical alternative to rail shipment can apply to the commission to have a maximum rate fixed. The act also provides, subject to explicit safeguards in the public interest, for the abandonment of rail lines and the withdrawal of passenger services where they are no longer needed.

The Canadian Transport Commission has established several committees, five of which are Railway Transport, Air Transport, Water Transport, Commodity Pipeline Transport and Motor Vehicle Transport. The commission is a court of record. Its decisions are binding within its jurisdiction and may be reviewed only by appeal to the Supreme Court of Canada on a question of law or jurisdiction with leave of that court, or by the Governor in Council. However, a party to a licence application under the Aeronautics Act or the Transport Act may appeal to the Minister of Transport.

The commission has jurisdiction under several acts, including the Railway Act, the Aeronautics Act and the Transport Act, over transportation by rail, air and inland water.

Under the Railway Act the commission has jurisdiction over construction, maintenance and operation of railways that are subject to the legislative authority of the Parliament of Canada, including matters of engineering, location of lines, crossings and crossing protection, safety of train operation, operating rules, investigation of accidents, accommodation for traffic and facilities for service, abandonment of operation and uniformity of railway accounting. The commission regulates tolls for the use of international bridges and tunnels.

Except for certain statutory rates, and subject to certain powers to deal with rates that the commission finds to be contrary to the public interest, the railways are free to charge rates as they wish. However, rates must be compensatory, as defined in the Railway Act, and the commission may prescribe tolls for captive shippers if existing tolls unduly favour the railways.

The commission is responsible for the economic regulation of commercial air services in Canada and is required to advise the Minister of Transport on matters relating to civil aviation. The regulatory function relates to Canadian air services within Canada and abroad and to foreign air services operating in and out of Canada. It involves licensing all such services and regulating the licensees. The commission issues regulations dealing with, among other things, the classification of air-carriers and commercial air services, accounts, records and reports, and traffic tolls and tariffs.

The CTC takes an active part in the work of the International Civil Aviation Organization and may undertake bilateral negotiations for the exchange of traffic