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Rail Freight Service Review
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Panel Members:

The Northern Alberta Development Council (NADC) commends Transport Canada and the Rail Freight Service Review Panel for conducting a review of service issues and problems related to the rail-based logistics system and recommending changes. The NADC agrees with the panel's stated preference of developing commercial solutions rather than increased regulation to resolve transportation issues.

The following observations raise a number of concerns regarding the draft report.

- Delaying a review until 2013 may require another additional year for assessment which will result in the risk of not implementing needed change until 2015 or later.
- Furthermore, stipulating 2013 as the date for further review may weaken Transport Canada's position to take action at any time prior to 2013 if the current system deteriorates for any reason.
- There is some merit to the dissenting panel member's opinion that some stakeholders might be reluctant to enter in agreements with railroads on the chance that potential regulations might be implemented that would give shippers greater influence with the railroads. However, a more legitimate and important concern is that while it is anticipated that railroads will do their best to reach agreements with other stakeholders to avoid further regulation, options need to be considered to ensure shippers and other stakeholders also have an incentive to cooperate. The impact on developing agreements based on whether or not legislation or regulations are developed prior to 2013 by itself is debatable, as it is not a secret that the new legislation might include recommendations as outlined in chapter six of the draft report.

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- The draft report states that there are no “practical” ways to increase competition (p.43). A better term would be “easy.” Section 4.2.1 lists a few options that can be done and have been done in other jurisdictions but will not be easy.
- Shippers with access to only one railway have very low satisfaction rates with rail services. This is not acceptable. While the recommendations might improve performance this does not necessarily translate into increased competitiveness of the system.
- There is some surprise that there are no recommendations on ways to increase and improve rail service to reduce the environmental impact of greenhouse gases compared to that generated by truck traffic.
- The Terms of Reference for the Review states that one of the objectives is to develop recommendations aimed at improving service to facilitate economic growth and trade expansion. The existing recommendations while directed to improving service are not directly linked to how growth and trade expansion are to be facilitated including: improved access to emerging economic development opportunities; reduced costs and improved competitiveness in global markets.

Recommendations

- The Panel should recommend continued ongoing monitoring of progress and performance of all sectors involved in transporting Canada’s goods.
- The date of another intensive review should be at the discretion of Transport Canada but no later than 2013. Time is required to implement these recommendations but also time is of essence in addressing transportation issues and improving Canada’s competitiveness in global markets.
- The panel should also recommend that performance measures must be developed for other components of the transportation system in addition to the panel’s recommendations for performance measures for rail service. The results should be public and transparent. This will increase the accountability and commitment of attempts to improve non-rail performance; should reduce the reluctance of non-rail components to cooperate; and identify areas that need attention.

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- Increased regulation is also not the answer. Transport Canada cannot be reluctant to take action if the situation deteriorates. While we can all remain hopeful that the objective of resolving these issues can be met through contractual agreements, there is widespread belief that this will not succeed and will not provide long-term satisfactory results. Increased regulation will only increase litigation and bureaucracy.

Priorities

- Transport Canada must closely monitor service and if necessary take action to increase competitiveness in regions with access to only one railway. It is possible that rail, shippers and other components will work together to improve movement of goods in one-rail access regions. However, we cannot wait until 2013 or later to determine if improvement is occurring. A number of options were identified in the report including the division of rail infrastructure and operations to create competitive solutions which are particularly important for one-rail access regions. Transport Canada must take the lead if improvement does not occur.
- Issues such as needed investment in transportation infrastructure which the panel deemed outside of their mandate must still be addressed by Transport Canada.
- The panel should also recommend that Transport Canada review how rail might be enhanced to reduce the impact of greenhouse gases emitted by the trucking industry.

Again the Northern Alberta Development Council extends their appreciation to the panel for leading this review and all those who made submissions on this very important issue.

Sincerely,



Robin Campbell, MLA
Chair
Northern Alberta Development Council