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Rail Freight Service Review Secretariat
Suite 808 - 180 Elgin Street
Ottawa, Ontario
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Dear Sirs or Madam,

Thank you for the opportunity to submit this letter regarding rail service in Canada. I will try to explain the service issues we have experienced and where possible provide potential solutions.

We are based in Lloydminster, Sk and our business is the processing and exportation of pulses (peas, lentils, chickpeas). I will split my submission into two parts, one for ocean container shipments by rail to Canadian ports and one for hopper car shipments by rail to Canadian ports.

1- Source (Inland) Loaded Container Shipments

The process. Our truck picks up empty 20ft ocean containers in Edmonton, Ab , brings them to Lloydminster where we load them and then our truck delivers the loaded container back to CN's intermodal yard and occasionally CP's yard in Edmonton where they then are taken by rail to various Canadian ports.

The first complaint I have is that approximately 2 years ago CN and CP unilaterally decided that they wouldn't hold empty containers at any of their intermodal yards in Canada which forced the steamship lines to store all their empty containers at private yards. For decades it had always been the policy of the railways to hold both empty and loaded containers in their yards. It was the logical thing to do because all containers whether empty or loaded arrived and left through the railways own intermodal yards.

In Edmonton alone there are now 4 storage yards which has created huge costs and hardship for us. Now instead of delivering a loaded container to CN and then picking up another empty in the same yard our truck now has to drive 20-50 blocks through the busy streets and freeways of Edmonton to private storage yards to pick up our next empty.

This costs us 2 hours in extra wages, extra wear and tear on our truck and extra fuel costs for each and every trip. It also creates extra unnecessary traffic congestion, additional stress and fatigue for our driver, accident risk and damage to streets and highways. Don't just think of my one truck, think about the hundreds of extra trucks on the streets of Edmonton everyday and the thousands of trucks now driving through the streets of all the major cities in Canada because of this policy imposed by the railways.

I estimate this one change by the railways for our 1 truck costs us more than \$50,000/year. (\$100/trip x 2 trips/day x 250 days) The cost to shippers Canada wide would be in the millions of dollars.

It also results in extra "lift" and storage charges to steamship lines for lifting their containers on and off at private storage yards. These costs are most certainly passed on to shippers by way of higher container rates and ultimately paid for by Canadian farmers in the price paid to them for their products.

Also in the past when the railways stored the empties in their own yards, if we returned a loaded container at 7:00pm for example, we could pick up our next empty and be on our way. Now if we return a load at 7:00 pm we can't pick up an empty because the private yard is closed at that time of night so our driver either has to wait in his truck overnight or drive home 180 km without the next empty container.

What is most frustrating is that this change essentially cut the railway's workload in half yet they didn't cut their rates by one cent. In fact they continue to increase their rail rates for container movement every year. Imagine if we could all cut our workload in half and still earned the same amount of money at our customer's expense.

The next issue is container weights. Most 20 ft ocean containers are capable of carrying up to 30,000kg from Western Canada to any overseas destination. Three or four years ago both railways started limiting the weights shippers could load in these containers and by May 1 the limit for both railways will be down to approximately 21500kg. Simple math tells us that this means that every single container of the thousands of containers that are being loaded at inland points every day are being loaded at about 70% of capacity.

What a waste of scarce equipment and vessel space of which there is always a shortage. After decades of transporting maximum container weights of up to 30,000kg, all of a sudden they make the claim that their railcars can't handle these heavy weights and that it's a safety issue. This is not true. They have always been aware of the capacities of their railcars. Either they are not telling the truth or in the past they took the initiative of loading each railcar with perhaps two containers loaded with 30,000kg of agri products along with two containers loaded with a lighter bulkier cargo and kept within their total railcar weight limitations that way. Now they just don't want to be bothered.

And again the railways got away with shipping less weight while charging the same amount of money. They saved both time and fuel yet didn't reduce their charges one single cent.

As well, if railcar capacity really were the problem, it's the railway's responsibility to replace these cars with new ones of higher capacity to accommodate their customer's needs. The solution isn't to just limit the weights shippers can load.

And I don't want to hear how the railways can't afford to buy new equipment. Imagine if twenty years ago truckers in Western Canada had refused to change from single tandem axle trailers to double trailer (super-b) units capable of handling much higher weights. It's the railways responsibility to meet their customer's needs, not vice versa.

It should be noted that this is one of the single most costly changes made by the railways affecting Canadian farmers whose products like pulses are shipped by ocean container. The cost difference between shipping 28,000kg as compared to shipping 21500kg is about \$35/metric tonne or almost \$1/bushel and comes right out of Canadian farmer's pocketbooks. This is a horrendous loss for Canadian farmers.

If Canadian port facilities announced that they were reducing there handlings by 30% or the railways announced they were mothballing 30% of their hopper car fleet everyone would be up in arms but this wasteful use of containers goes unnoticed.

As for transit times from Edmonton to the ports, CP's service is extremely unreliable while CN's in most instances is very good. Occasionally CN fails to deliver our containers to Vancouver on time to meet the intended vessel but normally they arrive on time in an average of 3 days which is quite good. However in some instances they deliver the containers to the port too early in which cases the port then charges us container demurrage due to early arrival. This is very frustrating since we have no control over CN's movement of our containers to the port. They have the ability to control which containers go on which train at their intermodal yards so that the correct containers arrive on or near the correct dates to meet their intended vessels at the port but CN has instead adopted a policy of taking any container that enters their intermodal yard and loading it on the very next train regardless of whether it should leave that day or would be better held until the next day or the day after that. It's a cost to shippers that is fully preventable by the railway but they of course choose to ignore this problem.

What are the solutions to these problems? Immediate government intervention to roll back these policies described above. The policies are devastating to the economy, the environment and ultimately Canadian farmers.

There seem to be caps, performance level expectations and regulations supposedly enforced by the Canadian Transport Agency (CTA) albeit seemingly ineffective for the movement of grain by hopper car but I am not aware of anything controlling railway's policies for container shipments and the unfair, unreasonable and devastating policies imposed by the railways that I have described above.

Railways with their monopolistic powers cannot be allowed to continue to unilaterally impose changes and increase rates that have such a negative impact on shippers and Canadian farmers.

2- Hopper Car Shipments

For twenty years we had loaded only hopper cars in Lloydminster with bulk product which was shipped by CN to Vancouver where it was transloaded in bulk or bagged into ocean containers.

We quit shipping hopper cars from Lloydminster five years ago not so much because of transit times to Vancouver but due to the long wait times for ordering and the final placement of hopper cars. Hopper cars had to be ordered two weeks in advance and then we might have to wait another 2 or 3 more weeks after allocation until CN finally spotted the cars for loading.

There is a large canola crusher located in Lloydminster who brings canola to their facility by hopper car from various points in Western Canada. After these cars were unloaded they could have been given to us or any other shipper without any delay yet CN would refuse to give them to us claiming they had to be allocated through CN's ordering process. Often these cars sat in Lloydminster for two weeks until they were finally allocated to us when they could have been in operation for those two weeks instead of sitting idle.

Again it's a waste of scarce equipment. I don't know what the solution is. A company like CN has become too centralised and is incapable of responding in a logical and common sense manner.

Five years ago it became clear to us that the railways were not interested in small shippers like us and were only interested in serving customers with large rail sidings that could load 100 cars at once.

We can source load ocean containers, ship them to Vancouver and have them sail on a vessel in Vancouver within 8-10 days. The same shipment by CN hopper car could easily take 30 days or more.

Each year we attempt to do some extra business by contracting a processing facility in Limerick, Sk who load CP hopper cars for us. They load on a line served by a short line rail service called Great Western Railway. This short line delivers the loaded cars to CP Rail in an exemplary fashion. CP's service is a whole other matter.

Every year we try to do a few hopper cars through this plant and have so much grief and lose so much money due to contract cancellations by our buyers because of late shipment that we just say enough is enough and stop trying to do this extra business. It takes weeks to order and then ever get the hopper cars and then the transit times are always horrendous. From the time cars are ordered, finally spotted and then delivered to Vancouver, it can often take 2 ½ to 3 months.

So when we abandon this additional potential business, sales and jobs are lost.

Here is a summary of the cars we shipped this year from this location by CP Rail. These are not "cherry picked", they are the transit times for all the railcars shipped this winter.