



**Transportation and Infrastructure Renewal  
Office of the Minister**

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April 13, 2010

Mr. Walter Paszkowski, Chair  
Rail Freight Service Review  
180 Elgin St, Suite 808  
Ottawa, ON K1A 0N5

*Sent via email (original to follow by mail) - rfsr-esmf@tc.gc.ca*

Dear Mr. Paszkowski:

The Province of Nova Scotia has long served North America as a primary gateway for Canadians, cargo, and visitors from every corner of the world. Trade activity is a key component not only the provincial economy, but the national one as well. As international trade has evolved, a change recognized by the federal government in the development of the National Gateways and Trade Corridors policy framework, the Province has worked with transportation stakeholders to identify new opportunities to attract and effectively manage and promote trade flows through the region.

A fundamental aspect of Nova Scotia's transportation and logistics network is the rail-based logistics system that facilitates the movement of marine freight to inland or outbound markets. Efficient, reliable, and predictable rail service and connectivity to inland markets in Central Canada and the Midwest United States is integral to the value proposition of the Atlantic Gateway within Canada's network of gateways and trade corridors.

Nova Scotia is served by one Class 1 railway, Canadian National; therefore it is imperative to have a productive and positive relationship with the railway. For the Province, ensuring that rail connections are efficient, predictable, and competitive is vital to preserving and growing Nova Scotia's position in international trade.

As an outcome of this review, the Province desires an environment where stakeholders in the supply chain are strategic partners in its success. As such, the Province supports measures that encourage voluntary compliance and collaboration over regulatory obligations for parties.

It is the Province's position that this service review must contemplate the rail freight system as a key driver of Canada's success as a trading nation, and that Canada's coast-to-coast rail service constitutes a national rail corridor. To that end, the Province proposes the following solutions and remedies to address the current challenges in rail freight service and promote greater clarity in the overall regulatory environment:

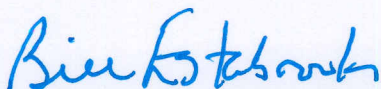
1. There is a lack of clarity under the *Canada Transportation Act* regarding parties who can make a level of service complaint. The parties permitted to act as complainants should reflect the full scope of the logistics chain. In the opinion of the Province of Nova Scotia, these parties include Canadian port authorities operating under the *Canada Marine Act*, terminal operators, and short-line railways.

2. Promotion of level of service agreements as a foundation for the relationship among parties is a meaningful and significant step forward. These levels of service agreements should state definitions and assumptions, identify service expectations, key performance indicators, acceptable variances, and remedies if service expectations are not upheld by any party to the agreement. Where possible, collaboration on data collection and systems to improve accuracy, predictability, and accountability within the system should be encouraged.
  - a. Within level of service agreements, there needs to be a framework for addressing operational service changes, including defined protocols and timelines for notifying all partners of service changes by any party.
  - b. With level of service agreements, the parties should agree on a dispute resolution mechanism, whether that is a commercial dispute resolution mechanism, the adjudicative authority of the Canadian Transportation Agency (CTA), or Agency mediation services. The dispute resolution mechanism should be clearly articulated within each level of service agreement, with appropriate penalties and remedies.
3. The Province supports the federal government's oversight of the national rail freight system and would support the CTA's authority to audit level of service. This authority will also serve national interests if the Agency retains the right to audit rail service pricing as a measure to assess the overall competitiveness of the Canadian rail freight system.
4. The Province recognizes the significant impact of a change in ownership, merger, abandonment of the line, or other divestiture, particularly since Nova Scotia is served by only one Class 1 railway. Implicit within the federal government's oversight of the national rail freight system is the responsibility to ensure national interests are protected in the event of a significant or strategic change in ownership of a national rail corridor. Therefore, the Province supports the federal government's right to require regulatory approval of the sale, divestiture, merger, or other significant change in ownership or operation of a national rail corridor.

Having consulted with the Province's stakeholders about rail service and the focus of this service review, the Province is confident that solutions like the ones proposed in the preceding section will benefit the Canadian rail freight system. These measures establish a clear framework for managing the complex relationships among stakeholders in Canada's supply chain and ensure that appropriate mechanisms are in place to promote efficient operations, measure success, and ultimately, improve the competitiveness of our system.

Thank you for the opportunity to provide a submission in this important review. The Province of Nova Scotia has no objection to posting this submission in its entirety on the Rail Freight Service Review website.

Respectfully submitted,



Bill Estabrooks, M.B.  
Minister