



NORTHGATE TERMINALS LTD.

April 29, 2010

Rail Freight Service Review
Suite 808 – 180 Elgin Street
Ottawa ON
K2P 2K3

SUBMISSION TO THE RAIL FREIGHT SERVICES REVIEW PANEL TRANSPORT CANADA

Dear Sirs:

Northgate Terminals Ltd. is pleased to provide the following submission to the Rail Freight Services Review Panel.

Northgate Terminals Ltd. is a wholly privately owned and operated transload facility located on CN rail trackage in North Vancouver BC. Northgate Terminals Ltd. are in the business of receiving customer railcar orders of wood pulp, paper, lumber, and panel orders for storage and ultimate reload to export containers for movement to the Port Metro Vancouver Terminals. The purpose of this submission is to provide the panel with information regarding CN Railway service issues and to identify the detrimental affect the service issues have on Northgate Terminals ability to service our customers.

A) Service Issues and Impact to Northgate Terminals Ltd. and Northgate Customers:

1. CN Rail's decision to move railcar orders from shippers facilities south of Prince George north via Prince George hence through Kamloops to Thorton Yard in Surrey BC, results in unnecessary service delays to customer orders and exacerbates rail equipment shortages due to longer transit time.
2. CN does not provide advance notice of service failures that result in late and missed switches at North Vancouver.
3. Northgate Terminals can suffer considerable revenue loss due to late and missed switches in North Vancouver.
4. CN does not provide Northgate Terminals an empowered contact person to deal with service issues. The Customer Service Group at CN is unable to affect changes to the operation of the railway.
5. CN Rail is in conflict of interest. CN controls the traffic from the shipper's mills and can affect customer decisions as to which transload facility will be used including facilities owned and operated by the railway.
6. CN can initiate confidential agreements with their preferred transload terminals affecting the competitiveness of other transload Terminals.
7. CN has the opportunity to subsidize rates to CN controlled transload terminals creating an unfair advantage to other transload facilities.
8. CN Rail has the power to influence shipper business decisions to the railway's benefit.
9. Customers are forced to truck product at higher cost due to the shortage of rail equipment resulting from poor business practices.
10. The process for settling disputes with the Railway, provided by the Canada Transportation Act, can be expensive and risky for a company as they are challenging their only rail service provider and a direct competitor at that.
11. The fear of retaliation by the Railway is sure to deter many companies from filing a complaint and fear they should!
12. Without competition CN has too much power and has no need to be accountable.
13. CN equipment repair and maintenance practices have noticeably deteriorated resulting in safety issue concerns.
14. CN takes the position that it does not have service obligations to transload facilities and traffic delivered to transload facilities, which results in arbitrary decisions on switching and delivery, the imposition of unreasonable charges and service deterioration for the traffic.

B) Proposed Actions and Solutions:

1. CN transit delays on Northern BC rail car orders should be immediately remedied by continuing the operation of the old BC Rail line direct to North Vancouver.
2. Customers and container terminals must have the statutory power to invoice CN to recover losses due to service failures.
3. CN must be required to provide direct contacts for customers and container terminals. The CN contacts must be empowered to make decisions to better serve customer and transload terminals needs.
4. The Canadian Transportation Agency (“CTA”) must be provided the statutory authority to determine if the National railways are in conflict of interest or engaging in unfair practices, and be allowed to make rulings to have the railways reverse actions that are considered to be in conflict.
5. Railway confidential agreements must be filed with the CTA so that the CTA will be in a position to determine conflict of interest or unfair practices.
6. CN Supply Chain must be considered a company other than a rail carrier and must be subject to penalties if unfair practice is identified by the CTA.
7. CN World Wide (now CN Supply Chain) is not a railway and should not be provided the benefits that a railway enjoys. Do their reload centers pay Municipal taxes, pay or own the lands they operate on or are they subsidized by the taxpayer?
8. This gives them an unfair advantage and makes it difficult for other transload facilities to compete.
9. The Canada Transportation Act should be amended to confirm and clarify the current situation (being denied by CN) that the railways have service obligations to transload facilities and to traffic delivered to transload facilities.

Northgate Terminals Ltd. is very appreciative of the opportunity to provide this submission and we wish to express our gratitude to the Rail Freight Services Review Panel for their endeavors. We look forward to the results of this review and we welcome ongoing participation to further this process.

Sincerely,

Michael Douet
President
Northgate Terminals Ltd.