



Rail Freight Service Review
Suite 808
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April 28, 2010

Dear Sirs:

RE: Submission to the RFSR Panel Transport Canada

Peace Region Economic Development Alliance (PREDA) is very pleased with the federal government's establishment of the Review Panel and its review of rail freight transportation issues and opportunities on business and communities.

Peace Region Economic Development Alliance (PREDA) is a partnership of 25 municipalities, educational institutions, business groups, and government agencies working together to guide regional economic development of Alberta's Peace Country. PREDA was incorporated as a non-profit Corporation under The Companies Act of Alberta in October 2000. PREDA's Business Plan and projects speak to building **regional capacity** that leads to strengthening our economy; exploring and facilitating **diversification** of existing industries and new emerging opportunities; and leveraging provincial and federal strategies of **innovation**.

The Peace Country has two north-south rail lines running through and serving the region. The easterly line runs between Edmonton, AB and Hay River, NWT and the westerly line runs between Swan Landing Hinton, AB and Fort Nelson, BC. Like the significant of Canada's initial east-west rail lines, our two lines play a similar and equally important role today and into the future in linking northern Canada and potentially Alaska to southern markets.

The attached report summarizes the comments we have received from our survey of companies and community leaders in the Peace region. The historical, current and future vitality of Peace Country is dependent on a mutually beneficial relationship with our rail service provider (currently CN). For the most part, that relationship has not been open or purposeful to building improved transportation services for our companies and to the region. On numerous occasions, our attempts to have open discussions with CN on developing business cases for new development have become an exercise in futility: CN has the local knowledge and statistics on market opportunities and freight traffic logistics but chooses not to share it. Rather the community is left to speculate an answer in a situation of undefined or nebulous criteria.

Our businesses depend on competitive transportation options and good service. Our future industrial opportunities will depend on an appropriate level of rail service as an important factor in site location decisions. Whether it is the potential expansion of the Peace Oil Sands and other northern mining operations, or influencing the competitiveness of our grains and forestry products, rail transportation is instrumental to the region. At our current diminishing level of service, (increasingly higher freight rates and inconsistent service) companies and the region are facing increasing 'distance to market' obstacles and a limiting future as tomorrow's decision-makers will not choose the Peace Country as a development option for new or expanding opportunities.

Our businesses view themselves as potential or existing customers of CN, however CN does not treat these companies and communities as valued customers but rather as annoyance to doing business in the region. Businesses can choose taking what CN has to offer as is, or truck their product or supplies. Beyond regional markets, trucking is not a viable option to building industrial opportunities in the Peace region.

In summary, we have a feeling that the importance or value of rail freight business derived to and from the Peace Country, northwest Alberta and perhaps Alberta does not compare to the traffic on the Prince Rupert Port/Chicago run. Given the impression that the situation will not improve but rather accelerate to the negative, we see CN running through our communities and we, the community and business leaders, just watch trains and our future go by.

Without good rail service, our companies and communities will have a more difficult time to sustain themselves and little hope for new development and growth. Many of the above concerns originate from a very poor process of 'trying to work with CN': a potential solution would be to entertain a new process whereby regional stakeholders including federal, provincial and regional economic and business development stakeholders come to the table with CN to negotiate and come to a decision on new guidelines or standards on rail service levels that are relevant to a region. This can happen under the watchful and persuasive influence of the Government of Canada.

Yours truly,



Jack O'Toole
PREDA Chair

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