



**NORTHERN SUNRISE
COUNTY**

Submission

Rail Freight Service Review Panel
Transport Canada

Submission prepared by

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Introduction & Context

Northern Sunrise County would like to acknowledge Transport Canada for providing interested parties the opportunity to submit feedback and recommendations in regards to rail service in Canada.

Northern Sunrise County is located in Northern Alberta and its economy is largely resource based. Consisting of 21,000 square kilometres, the municipality is home to the Peace Oilsands, forestry operations and a large agricultural base. The majority of the goods produced must be transported to southern and western destinations emphasizing the reliance on rail.

The intent of this submission is to provide insight to the panel on our situation and provide suggestions based on consultation held with producers and shippers from the area.

Areas of Concern

1. Consistency and Quality of Service

Past are the days where a multitude of family farms mark the landscape of Northern Alberta. Farms are regularly moving to a corporate structure with fewer farmers cultivating larger areas of land. The corporate farmer has had to adapt by increasing efficiency with fewer resources. This involves highly sophisticated machinery and special attention to cost and timing. One area where producers have expressed great displeasure and concern is regarding their inability to properly plan shipments. Impromptu changes in schedules have forced farmers to alter plans resulting in time and financial losses time and again.

Shippers, being the point of contact for farmers, are often in the predicament where they can only notify producers of the availability of cars on a daily basis. This has the effect of increased labour costs to the shipper due to changes in scheduling and potential demurrage costs should anything go wrong in the process. In some scenarios, shippers have lost business in direct result of unavailable or delayed scheduled cars. In contrast, invoices sent to CN for delays in their delivery of service are routinely disregarded and practices are not altered.

2. Monopoly

The Peace Country is solely serviced by Canadian National Railways (CN). While this has streamlined the contacts for shippers to deal with, it has stifled innovation, flexibility and developments that traditionally result from healthy competition. CN's 'strong arm' approach has bullied shippers to accept service not satisfactory under the Canadian Transport Act, which requires railways to provide 'adequate and suitable accommodation' and requires that traffic be moved 'without delay, and with due care and diligence'. When presented with the option of recourse, companies often have felt that should they pursue legal action against CN, reprimands might ensue thereby jeopardizing their ability to run their business.

3. Limited Dispute Recourse

The current process by which a shipper contests a practice is prohibitive due to the cost and time required to see the process through. While major shippers may have had the personnel required undertake the lengthy process, most have indicated that resources were not sufficient to confront CN's legal counsel. Shippers in the area vary in sizes and corporate missions. Their versatility provides producers with the options necessary to access various markets and shipping dates. While CN may feel that smaller shippers do not provide a good return on investment, these entrepreneurs' involvement in the agricultural market is integral to the local economy.

4. Insecurity of Rail Bed

When the short line between Girouxville and Falher was announced as a potential closure, very little could be done to contest the decision. Announcements were quick and action was quicker. The community was provided with very few options to challenge the decision and drastic measures were needed to stop the imminent deconstruction of the rail bed.

While recognizing that community economic development is not part of the rail service provider's mandate, all stakeholders must recognize that the impacts of these decisions are far reaching. Smaller centres rely on a reduced tax base and rail closures with little or no warning may condemn the community to drastic changes. As a region, the true cost of losing rail infrastructure far exceeds that of maintaining and servicing it. Regional companies, governments and organizations must be given appropriate notice and a chance to react in a constructive manner.

5. Inability to Plan Collectively

Federal, Provincial and Municipal governments have all invested substantial time and money in the development of strategies for rural development and diversification. More agreements between municipalities and provinces are constantly established and re-established as we work to become a competitive player in the marketplace. The lack of transparency from rail service providers in their planning inhibits communities to properly plan and structure growth to become/remain sustainable. The need for industry to be at the table in the establishment of strategies for future generations is critical if they are to be successful.

Recommendations

1. *Rail ownership and operation should be managed separately.*

The strict control of Class 1 operators over their rail lines inhibits progressive planning and economic development. We recommend having joint running rights as mandatory should rail operators not provide competitive services and pricing. The concept of joint running rights is in the Transportation Act and new policy directing its enforcement, when adequate services standards are not met, would provide for increased services. While recognizing the strategic challenges of multiple operators running on a single line, failure to implement such agreements only benefit large operators and no advancements are made away from the main corridors. Strategic planning should be sought from all stakeholders to establish a system that provides rail operators with business opportunities that are not at the expense of Canadians.

2. *Moratoriums on rail closure.*

When a rail closure is announced, a moratorium should be placed on the physical infrastructure of the rail bed as well as on ownership transfers to allow potential owner and/or operators to develop a business case and put it into action. Communities must be given the opportunity to mobilize government and industry in an effort to sustain rural prosperity.

3. *Permanent review panel.*

Following the panel's review of submissions, a permanent panel should be instated to help review regional issues and work at facilitating discussions between parties. The panel should be mobile and travel to the regions to address the issues. With fewer impediments to mediation, more issues could be solved in a timely manner thus saving time and money.

Conclusion

Lumber, pulp, grain, oil and gas are produced and extracted in large quantities in our municipality. In many cases, it is less expensive to transport goods by way of trucks as opposed to rail. The impact this has on municipal and provincial roads will continue to be severe. The relinquishment of the rail beds downloaded the financial burden associated with transportation of goods to other levels of government. Ultimately, taxpayers are still paying the bill to provide this service while large rail operators have been able to transform their industry into a highly profitable business. Reductions and unpredictability in rail service force industry to haul its products longer distances to access nodes located closer to main distribution lines. Environmental, social and economic reasons make this unacceptable in a country that prides itself on being responsible to its citizens.

Being the northern-most agricultural production area in Canada, rail transportation is critical. Efficient and affordable rail service would ensure the Peace Country is entering market at a level playing field. Unfortunately, this is not currently the case. Producers and shippers in northern regions must pay inadequate prices to receive a service comparable to shippers in southern areas. Our capacity to consistently reach markets abroad in a dependable way is central to establishing a sustainable industry base that will continue to be one of the greatest economic drivers in Canada. The connector to the Northwest Territories will also gain importance as further resources are developed in the north which must be transported south. Much energy has been put developing rail infrastructure in Canada and efforts must be maintained if we are to remain competitive as a nation.