

Rail Freight Service Review Panel Submission

Atlantic Gateway Advisory Council

Submission

Background:

The Atlantic Gateway Advisory Council (AGAC) consisting of private sector representatives from all four Atlantic Provinces and two national representatives was formed in February 2009. The Advisory Council includes a mix of private sector transportation providers and system users with knowledge and expertise in global markets and gateway related industries and sectors. The AGAC came together to ensure region wide representation of private sector interests and a strong business voice in the development of the Atlantic Gateway and Trade Corridor Initiative, and to complement existing Gateway Councils in Atlantic Canada.

As a key regional level private sector-led body, the AGAC plays a unique role in its ability to provide insight and advice to both the federal and provincial governments on issues having a direct impact on the competitiveness of the gateway. In particular, the Advisory Council sees its mandate as providing private sector advice to the Federal Minister Responsible for the Atlantic Gateway.

Atlantic Gateway Advisory Council Members

- Wes Armour, President & CEO, Armour Transportation Systems (chair)
- Derek Oland, Executive Chairman, Moosehead Breweries Limited
- David Ganong, Chairman, Ganong Brothers limited
- Patrick Sinnott, Senior Vice President Supply Chain, Canadian Tire Limited
- Francois Hebert, Senior Vice President of Network Strategies, CN Rail
- Joseph Shannon, President, Atlantic Canada Corporation
- Doug Rose, President & CEO, Halterm Container Terminal
- Capt. Sidney Hynes, Executive Chairman, Oceanex Inc.
- Wade MacLauchlan, President, University of Prince Edward Island
- Henry Demone, President & CEO, High Liner Foods Incorporated
- Joseph Randell, President & CEO, Air Jazz
- James Irving, President, J.D. Irving Limited
- Bernard (Tanny) Collins, President, P.F. Collins

Atlantic Gateway & Trade Corridor

A gateway is a system of transportation infrastructure having a significant role in international commerce, including major ports, airports, key border crossings, and road and rail connections to North America's major markets and the global economy. Gateways move goods and commodities that are a vital part of the economy, welcome visitors, and facilitate the flow of travelers to their next destination.

The Atlantic Canada and Trade Corridor have served as a vital gateway to North America for over 400 years, as the first and last points of contact for goods and passengers on the continent's east coast. Atlantic Canada's unique geographic advantages coupled with its modern, world-class transportation network have seen the Atlantic Gateway and Trade Corridor grow into an important trade hub.

Upon entry, goods and people flow easily through Atlantic Canada's transportation corridors to Central Canadian and U.S. markets. An extensive rail network anchored by CN and supported by five short line railways move containers, forestry products, chemicals, ore, coal, minerals and other manufactured products from manufactures to market.

Rail

Canada's railways are part of the economic engine for the country. Railways across Canada move approximately 75 per cent of all freight. Canada's strength as an export-oriented trading nation depends on the railroad as an integral component of a multi-modal system, that connects marine ports to markets directly and to highways through trans-load and inter-modal facilitates.

Many shippers and business across Atlantic Canada are dependent upon the railway system to move their products to market. There are approximately 2,350 kilometers of rail track in Atlantic Canada. CN, the only Class 1 railway, controls about 38% of the rail track in Atlantic Canada. CN operates long distance train services through the Atlantic region.

- Halifax – Montreal - Toronto (container traffic, double stacked)
- Saint John-Toronto (boxcar, tank cars, autoracks and some containers) and
- Dartmouth-Toronto (boxcars, tank cars and autoracks)

Both the Port of Saint John, NB and Port of Halifax, NS is dependent on rail infrastructure to connect to the marine container supply chain. For example, about 70% of the Port of Halifax's container cargo moves inland via CN to markets in Quebec, Ontario and Mid-West United States. CN's container train operates 7 days a week and have a transit time of 46 hours into Toronto and 73 hours into Chicago (3rd largest city in U.S.). Approximately 20% of Halifax cargo

is destined to or originates in the U.S. Mid–West by rail. The Port of Halifax container service plays a strategic importance to Canada’s trade activities.

Improving the Rail – Based Logistics System

The Atlantic Gateway Advisory Council makes the following recommendation to the National Rail Freight Service Review Panel.

The CN railroad network is critical to the continued growth of the Atlantic Gateway and Trade Corridor. It operates as a unified supply chain for the ports in the region connecting them to global markets. Currently, there does not appear to be a mechanism in place to monitor the overall container operations and rail services to ports in Atlantic Canada. Port authorities, container terminal operators and its key stakeholders are all impacted by service level issues. There needs to be a standard to measure service and to set appropriate service level benchmarks. When there is a service level issue, there is a lot of finger pointing without any detailed information on the facts. The port stakeholders need to be required to develop a service level agreement that binds them all too specific service levels which can serve as a benchmark.

Therefore, the Atlantic Gateway Advisory Council recommends the federal government facilitate and encourage the development of service level agreements between CN Rail and Atlantic Canada ports and stakeholders. The service level agreement would describe a series of service level benchmarks that are important to port users to monitor and evaluate services to its clients. The service level agreement will accomplish two objectives: provide for a factual account of rail services and once a database is established it can be used as an informational tool for existing clients as well as a marketing tool to attract new business to the Atlantic Gateway Ports.

Due to the small size of the Canadian population and marketplace, Canadian ports compete with United States ports for cargo. The Canadian government needs to ensure we continue to provide our global customers with premium high quality services.

Canada, as a trade dependent nation, should set the benchmark for its ports by having a series of service level agreements in place with key stakeholders and our national railroads.