



ADVANCING TRADE THROUGH TRANSPORTATION

# In the Corridor

## **SUBMISSION on Phase II of the Rail Freight Service Review**

To the Rail Freight Service Review Panel

This submission is from the Northwest Corridor Development Corporation, P.O. Box 1414, Grande Prairie, Alberta, Canada T8V 4Z2

The Northwest Corridor Development Corporation has no objection to publishing of this, our full submission

Should an opportunity arise, the Northwest Corridor Development Corporation wishes to appear before the Rail Freight Service Review Panel to speak to our submission

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## Introduction

The Northwest Corridor Development Corporation (NCDC) is a federally incorporated not-for-profit organization, established since April, 1998. Included in NCDC's membership are both private and public sector organizations from British Columbia, Alberta and the Northwest Territories. NCDC's membership includes railway, shippers, port, terminal and other stakeholders with active interest in rail freight services. Working in unison as a public/private partnership of member organizations, NCDC advocates improvements to all modes of transportation, economic development, trade, and tourism infrastructure along, and connecting to, the Northwest Corridor.

On a port-to-port basis, the Northwest Corridor extends from the west, coastal, ports of Prince Rupert, Kitimat and Stewart, in British Columbia, to Winnipeg, Manitoba's developing inland port, CentrePort Canada. Rail freight service being integral, NCDC promotes Canada's Northwest Corridor as North America's seamless, high-velocity, supply chain connection to the Asia-Pacific Gateway.

The importance of rail infrastructure and service in the vast expanse of the Northwest Corridor region is regularly documented as essential to economic development and trade. Moving goods by rail is documented as a highly efficient mode of transportation with substantial economies realized for fuel consumption for freight tonnages transported. Additionally, the transport of goods by rail can represent substantial reductions in Green House Gas emissions versus other modes of transportation and alleviate wear and tear on Northwest Corridor region roads and highways.

The board of directors of NCDC considered a submission on rail freight service to the federal Rail Freight Service Review Panel as imperative. This submission flows from a decision taken at a December 1, 2009 NCDC board meeting. A request for input on rail freight service from our member organizations was made in writing, December 18, 2009. Consultation with other organizations and individuals in the Northwest Corridor region also occurred toward this submission to inform on the process. NCDC remains respectful and cognizant of our individual member stakeholders' opinions on rail freight service issues. NCDC's submission, however, is made constructively with intention of fostering, not straining, future relationships.

This submission does not attempt to set out nor comment on every problem or issue associated with the rail-based logistics system. What NCDC submits herein, as a "Stakeholder of Stakeholders" are some suggestions and recommendations formulated from a common vision. Organizationally that vision being, "Connecting Canada with its global trading partners through the Northwest Corridor."

NCDC wishes to express appreciation for the Rail Freight Service Review process. Implementation of recommendations eventually flowing from review-related analysis of quantitative and qualitative data and other relevant information, including that gleaned from consultations with stakeholders, could mark a turning point in rail freight service in Canada's Northwest Corridor and Canada as a whole.



## Comments and Suggestions

### 1. The rail-based logistics chain

NCDC notes significant positive feedback received from, and supported by data collected during Phase I of this Rail Freight Service Review; this from port and terminal entities specific to the Northwest Corridor. NCDC notes a key reason for this positive impression, recorded by the Rail Freight Service Review, was credited that, “CN is very engaged in the planning and marketing of the port – lots of dialogue and in synch with terminals’ goals and service.” Same needs applied across the rail-based logistics chain.

There remain challenges identified through input received and/or reviewed by NCDC. Problems and issues most often are grain sector, producer car and short line related. Also, potential underutilization of low density rail lines, proximity to transload facilities and equipment are issues that NCDC has heard of from some of its membership. NCDC suggests improved communications between all affected parties within each related rail-based logistics chain could mitigate much of this.

Better ways of connecting to the rail-based logistics chain need to be discovered through eventual implementation of recommendations flowing from this Rail Freight Service Review. Recommendations must not impede - what has been admitted by all terminal operators related to the Northwest Corridor in this review’s Phase I research as - better railway performance in terms of shipment velocity.

Significant to attempting improvements to rail freight service over time is the majority of shippers surveyed (57%) in research conducted in Phase I of the Rail Freight Service Review felt they were not very knowledgeable about the Canada Transportation Act (CTA). NCDC suggests this again to be resolvable through improved communications.

### 2. Railway inter-relationships

The issue identified in Phase I of the Rail Freight Service Review of a deficiency in effective collaboration in supply chain planning and operations is also of concern to NCDC. The lack of performance measurements being applied to interchange agreements is a key issue to address through eventual recommendations flowing from the Rail Freight Service Review. Again, NCDC suggests this is an issue which could be resolved in large part through concerted efforts by all affected parties in improving on their related communications.

### 3. Roles for governments in rail freight service

NCDC suggests municipalities, provinces, and territories based on facilitating economic development and trade, need consider playing active roles in public/private partnerships for improved rail freight service within their jurisdictions. This is particularly an area needing immediate consideration with respect to low density rail lines and other potential candidates for rail service discontinuance in the Northwest Corridor.



This suggestion by NCDC is not without basis. One need only refer to the Council of the Federation's own plan for investing in Canada's transportation system, released in December 2005. Therein was commitment to jurisdictional railway transportation by province's and territories as follows:

***Continue to work with the industry on initiatives to increase capacity***

*Provincial and territorial governments work diligently with industry stakeholders to identify opportunities to increase rail business and capacity in their jurisdictions and are committed to continuing this work in the future.*

The existence of shortline railways across all Northwest Corridor jurisdictions is many times predicated by provincial supports for the same. NCDC suggests a potential example of a jurisdiction where short line rail is being fostered is the Province of Saskatchewan. The Province of Saskatchewan has a Railway Act. It warrants mention that in October 2009, Saskatchewan ushered in their tenth short line railway.

#### **4. Best Practices**

A key issue of concern to NCDC is that Communications Best Practices specifically developed/adapted to Customer Rail Freight Service appear lacking. Communications Best Practices in the provision of Customer Rail Freight Service need to be considered as crucial as any Railway Operations Best Practices.

Joint accountability and communicability are evidentially at issue in the current rail-based logistics chain as identified throughout the Rail Freight Service Review. The development and implementation of Customer Rail Freight Service Best Practices, could in NCDC's opinion, serve to alleviate a significant amount of supply chain friction over time.

NCDC suggests it be an immediate priority to develop effective Communication Best Practices specific to Customer Rail Freight Service. NCDC suggests this as a means of building on the Northwest Corridor's growing reputation as North America's seamless high-velocity supply chain connection to the Asia-Pacific Gateway. NCDC considers it a *key principle* that eventual Panel recommendations contribute positively to this developing worldwide reputation. NCDC suggests efforts to employ Communications Best Practices in providing rail freight service will translate over time into improvements in Northwest Corridor-related economic development and trade.

Transfer and discontinuance of railway line operations and railway track determinations needs re-examining from a Best Practices perspective. NCDC suggests the "three year plan" as set out by the Canada Transportation Act be re-evaluated. Given the cyclical nature of many commodity markets, the current timeframe does not allow sufficient time for potentially interested parties, be they private and/or public to react with a viable offer.

## Concluding Recommendations

Any/all eventual recommendations, if implemented, should facilitate measured improvements in parameters including efficiency, effectiveness, and reliability of service within the rail-based logistics chain in an increasingly de-regulated, market-based environment. As such, NCDC stresses that recommendations implemented as a result of this federal rail freight service review must not lead to more bureaucracy in the rail-based logistics chain.

Review recommendations need to measurably facilitate economic growth and trade expansion, and improve accountability among stakeholders. NCDC suggestions contained in this submission are toward complimenting those as set out in the Rail Freight Service Review Panel's Terms of Reference.

NCDC's recommendations should lead to:

1. Market-based solutions and deregulation within the rail-based logistics chain
2. Improved communications and accountability within the rail-based logistics chain
3. Economic development and trade

NCDC's concluding recommendations are:

1. Compel negotiation, between all affected parties represented within the rail-based logistics chain; this for the purposes of:
  - a. Culminating in a mutually agreed upon Commercial Dispute Resolution - one affordable for all affected parties within the rail-based logistics chain - including small agriculturally based shippers, and
  - b. Improving upon an existing market-based solution to resolving rail freight service issues in future
2. In collaboration with industry, conduct further research into development of Communication Best Practices specifically adapted to provision of rail freight service; this for the purposes of:
  - a. Adopting and implementing, near term, Communications Best Practices, recognized by all affected parties within the rail-based logistics chain as facilitating improved rail freight service,
  - b. Providing a baseline to improve Communications Best Practices over time, and
  - c. Alleviating supply chain friction, between:
    - i. Railways and shippers
    - ii. Short line and main line railways
    - iii. All others integral to the rail-based logistics chain
3. In collaboration with industry, conduct further research into development of Best Practices specific to the transfer and discontinuance of railway line operations and railway track determinations; this for the purposes of:
  - a. Improving the prospects of perpetuating rail freight service on rail lines identified as candidates for transference or discontinuance



4. Refer the potential of public/private partnerships for improving rail freight service to Canada's First Ministers for further discussion, investigation, and action (including the potential of reaffirmation of the Council of the Federation's commitment to increasing rail business and capacity in their jurisdictions); this for the purposes of:
  - a. Fostering investment in rail infrastructure where it might not occur if left solely to a market-based approach
  - b. Facilitating economic development and trade
  - c. Alleviating regional disparity in rail freight service