



September 27, 2000

CTA Review Secretariat
Ottawa, Ontario

Subject: Canada Transportation Act Review

Dear Sirs:

The Alberta Chambers of Commerce appreciates this opportunity to contribute its policy recommendations which pertain to the economic regulation of Canada's transportation industry.

In a global era which demands timely and efficient transportation systems, Alberta firms continue to struggle to move finished products to market in a timely, and cost effective manner. To become increasingly globally competitive, Canadian firms are looking for a more efficient, affordable and responsive transportation system that is based on the needs of the future, not the experiences or formulas followed in the past.

We look forward to receiving additional information from the Secretariat following the coming weeks public forums.

The Alberta Chambers of Commerce, the province's largest business organization, is the advocate for Alberta business.

Sincerely,

Al Petersen
President

2000

Transportation

There has been a massive rationalization of the grain handling system in western Canada which has produced cost efficiencies to railways and grain companies while increasing transportation costs to producers. Producers have to haul their grain an average of 40 miles farther to deliver their grain as their branch lines are being abandoned and high throughput centralized terminals have replaced local elevators. The cost of rail transportation, nonetheless, continues to increase - e.g. freight rate for a tonne of wheat Lethbridge, Alberta to Vancouver or Thunder Bay - 1992 was \$13.50 per tonne and is \$27.60 in 1999 (Canadian Pacific freight rate schedule). The increased cost of rail transportation affects not only primary producers but ultimately all businesses which are subject to a captive rail system.

The rationalization process has increased costs to producers and generated savings to railways and grain companies but has not resulted in net benefits (e.g. lower freight rates) to producers. The governments of Alberta and Canada supported the rationalization of the transportation system to promote efficiencies and reduce costs to all participants. The process has failed to effectively reduce costs to producers through sharing of cost efficiencies. Producers' total costs continue to increase.

The Alberta Chambers of Commerce recommends that the Government of Alberta and the Government of Canada:

- A. support initiatives to reduce the cost of transporting grain by rail through the sharing of cost efficiency gains with the primary grain producer;
- B. support the reduction of rail freight rates on grain to producers; and,
- C. continue to support replacing the Rail Rate Cap with a Revenue Cap which is reflective of the real cost of transporting grain. This should be as identified by the mini CTA review of costs, with a beginning base rate of \$25.79 per tonne with a productivity sharing formula for three years.

1998

Transportation

The distance from Alberta to transport finished products to national and international markets is a major cost and barrier to growth. Conversely, the transportation of supplemental raw material into Alberta can also be significant. It is critical to have dependable and efficient transportation systems.

Three significant barriers currently exist:

1. Accessibility to alternative rail providers and ocean ports.
2. Dependability of service by rail carriers and ports.
3. Lack of competitive environment inhibits competitive pricing to manufacturers.

The Alberta Chamber of Commerce recommends that the Government of Alberta:

encourage the Government of Canada to:

- D. deregulate the rail industry to allow more than one carrier to use a common line to increase efficiency; create a competitive environment; and, allow greater access to more ocean ports;
- E. create a mechanism to allow regulators to measure rail carriers efficiencies and level of customer satisfaction; and,
- F. examine the feasibility of additional "container ports" in the smaller Alberta cities.