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Acting President's Message/Le message du président par intérim



Bruce Burrows

This is the first anniversary of our venture into producing a quarterly magazine! While any new experiment comes with risks and opportunities, this exercise has been an unmitigated success. Almost 3,000 copies are being shipped to government, community and business leaders with each issue attracting a further 4,500 "downloads" on our website.

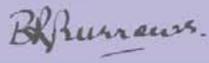
I would like to say a special word of thanks to our business partners for their outstanding advertising support, and to our readers, who clearly like the publication's content and presentation.

At the time of writing the rail industry — and Canada — is bearing witness to a period of political uncertainty at the federal level. While we see a certain "muddiness" to both the normal transaction of parliamentary business affecting legislation (such as proposed amendments to the Canada Transportation Act) and the advancement of policy matters, the industry remains undeterred in progressing its initiatives.

Our persistence has paid off with the announcement that, for the first time, federal infrastructure dollars will be used to support modernization of short line track and intermodal facilities in Quebec. The federal and provincial governments and participating railway companies will share the costs of a \$100 M program over five years. I would publicly like to thank key federal and provincial legislators and departmental officials who had the foresight to act on the benefits our short lines have in fostering regional economic development, mitigating environmental emissions, and reducing congestion and related societal costs.

Canada, as we know, is a trading nation and the prosperity we enjoy is a function of the country's ability to buy and sell resources and manufactured products in domestic and foreign markets. This edition of Interchange explores some of these issues, because an efficient and cost competitive transportation system is a critical piece of the supply chain enabling Canada to maintain and expand its market share.

We look forward to another year of exploring the exciting developments that are enabling the growth of Canada's highly modern and service-oriented rail sector.



Bruce R. Burrows Acting President and CEO

Voici déjà un an que nous avons entrepris de publier ce magazine chaque trimestre ! C'est un franc succès malgré les risques : 3 000 exemplaires circulent chaque fois parmi les organismes gouvernementaux, les groupes communautaires et les chefs d'entreprise, et 4 500 personnes consultent la version électronique.

Je tiens donc à remercier nos annonceurs et nos lecteurs qui paraissent apprécier le contenu et la présentation de cette publication.

Au moment où j'écris ces lignes, le secteur ferroviaire et le Canada tout entier sont plongés dans l'incertitude politique au niveau fédéral. Le déroulement plus ou moins « troublé » des débats parlementaires affecte les dossiers politiques et législatifs (notamment les projets d'amendement à la Loi sur les transports). Notre secteur continue toutefois d'aller de l'avant dans ses démarches.

Notre persévérance a rapporté : pour la première fois, les budgets d'infrastructure du fédéral serviront à moderniser les chemins de fers locaux et des installations intermodales au Québec. Les deux gouvernements et les chemins de fer se diviseront la facture de 100 M\$ sur cinq ans. Je tiens à remercier les parlementaires et les fonctionnaires qui ont eu la clairvoyance de miser sur les bienfaits des chemins de fer locaux dans le développement économique régional, de même que dans la protection de l'environnement et dans la réduction des coûts sociaux liés à l'engorgement du transport routier.

Le Canada, on le sait, est un pays marchand. Notre prospérité dépend de notre capacité de vendre nos ressources et nos produits sur les marchés étrangers comme sur le marché intérieur. Le présent numéro explore donc cette question, d'autant plus que l'efficacité et l'économie des réseaux de transport sont indispensables à l'expansion de la part de marché canadienne à l'international.

Le magazine continuera de vous informer des développements qui soutiennent la croissance de nos chemins de fer ultramodernes.

upraents.

Bruce R. Burrows PDG par intérim

Canadian Railways Deliver the Goods to Help Feed the World

Les chemins de fer canadiens aident à nourrir la planète

THE SWEEPING GRAIN FIELDS of Western Canada,

often with a long, lumbering train in the background, are

a common image of Canada at home and abroad.

As colourful as the picture is, it provides just a glimpse of the significance of the agriculture and food sectors to the Canadian economy and the vital role of the railways in moving products to and from farms and food manufacturers.

Most Canadians know that agriculture is important to the Canadian economy. Just how important it is might surprise some.

The Canadian Federation of Agriculture says taken altogether, agriculture and food is one of Canada's top five industries. Every year Canadian farms "produce enough food, on average, to feed 120 people each — that's enough

C'EST UNE IMAGE TYPIQUE DU CANADA :

un vaste champ de blé ondoyant, avec un train en arrière plan.

Cette scène idyllique ne donne pourtant qu'un aperçu de l'importance de l'agroalimentaire et du rôle vital des chemins de fer dans ce secteur. La plupart des Canadiens seraient surpris de découvrir le poids réel de l'agroalimentaire dans notre économie.

Selon la Fédération canadienne de l'agriculture, l'agroalimentaire est l'un des cinq principaux secteurs de l'économie. Chaque ferme canadienne peut nourrir 120 personnes en moyenne : 30 millions d'habitants au total. En 2000, l'industrie agroalimentaire canadienne a food for 30 million people. In 2000, the Canadian agri-food industry exported \$23.2 billion worth of products, six per cent of the country's overall merchandise exports."

To look at it another way, more than half of what's grown or raised on Canadian farms ends up being exported. Without that business, half of the 250,000 farms would shut down.

Many Canadians depend on the agri-food industry for their livelihood, the CFA notes. It employs nearly two million workers. "In 2003 Canadian agricultural producers paid almost \$2 billion in salaries to Canadian workers." Farmers are also big consumers, the federation adds. "In 2003, producers spent \$1.9 billion on fuel, over \$2 billion on fertilizer, over \$570 million on veterinary services and drugs, over \$800 million on electricity and telecommunications, and over \$300 million on rental and leasing of machinery, equipment and vehicles."

Food processing companies employ 500,000 workers and constitute the second-largest part of Canada's manufacturing sector. In six of 10 provinces, the food industry is the biggest employer.

Canadian Pacific Railway and CN get the bulk of the traffic from the agri-food industry, both in the movement of grains, fertilizers and agriculture chemicals as well as shipments of food products in intermodal containers.

Grain shipments including wheat, corn, soybeans and canola, and processed products such as canola meal, vegetable oil and flour account for 20 per cent of the traffic at CPR and CN. Both carriers move grain on their Canadian and American networks as well as across the border.

CN spokesman Jim Feeny offered a shopping list of food products and beverages that move by intermodal container or truck trailer on a flat car. They include packaged foods, chocolate bars and other confectionary items, cereals, pasta and jam. As well there is bottled water, soft drinks and beer.

exporté pour 23,2 milliards de dollars, ou six p. cent des exportations du pays. Bref, plus de la moitié de la production est destinée à l'exportation. Sans les marchés extérieurs, la moitié de nos 250 000 fermes seraient inactives.

L'agroalimentaire fait vivre deux millions de travailleurs. Les producteurs agricoles ont versé 2 milliards de dollars en salaires en 2003. Ils ont aussi acheté pour 1,9 milliard de carburant, pour plus de 2 milliards d'engrais, 570 millions en produits et services vétérinaires, 800 millions en électricité et télécommunications et 300 millions pour la location de la machinerie et des véhicules.

Quant aux transformateurs alimentaires, ils emploient 500 000 travailleurs et arrivent au deuxième rang du secteur manufacturier. Ce sont les principaux employeurs dans six des 10 provinces.

Le gros du trafic du CFCP et du CN provient du secteur agroalimentaire, que ce soit pour transporter les céréales et engrais, ou encore les aliments humains en conteneurs intermodaux. Principaux grains transportés : blé, maïs, soya et canola. Et parmi les produits transformés : la farine de canola, l'huile végétale et la farine de blé comptent pour 20 p. cent du trafic.

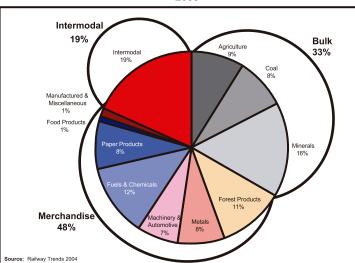
Le porte-parole du CN, James Feeny, énumère les aliments et boissons transportés par conteneur intermodal ou dans des semi-remorques montés sur des wagons plats. On y retrouve des tablettes de chocolat, céréales, pâtes et confitures, de même que de l'eau embouteillée, des boissons gazeuses et de la bière.

« Le marché alimentaire est stable, explique-t-il. Sa croissance suit le PNB. Le seul changement, depuis 15 ans, réside dans la diversité croissante des produits. »

"For us, food products are a stable market," Feeny explained. "Its growth matches the increase in the gross domestic product. The big change in the past 15 years is how diversified the commodities have become which matches the kinds of changes that have occurred in the food industry."

The railway also moves a lot of food exports and imports by container. Frozen and chilled beef and pork are shipped overseas along with packaged peas, lentils and beans, Feeny noted. CN has

Continued on page 10



RAIL TRAFFIC BY TYPE OF ORIGINATED CARLOADS 2003

aussi des conteneurs d'aliments importés ou exportés. C'est ainsi que l'on expédie outre-mer le bœuf et le porc surgelés ou réfrigérés, de même que des pois, lentilles et fèves emballées. Le CN transporte aussi des sacs de pois et de lentilles pour le Programme alimentaire mondial. Dans le même temps, on importe des

Le rail transporte

Suite à la page 11



Helping to Feed the World

Continued from page 9

a contract with the World Food Program to ship container loads of bagged peas and lentils. At the same time fruits, vegetables and frozen foods are imported from the United States, Mexico and overseas to grocery warehouses across Canada.

Wheat has long been the main commodity moved in Canada but oilseeds such as canola and soybeans have gained in significance in recent years. As well, there is barley and corn used to feed livestock. Also growing in significance are so-called specialty groups including peas, beans and lentils that have markets all around the world.

Prairie grain is moved to the ports of Vancouver and Thunder Bay as well as to the U.S. Midwest and to eastern Canada



A CPR grain train crosses the Canadian prairie on its way to the Port of Vancouver.

for domestic consumption. CPR has established a system called MaxTrax that enables grain shippers to order large blocks of cars in advance for moving their loads.

This system has improved the planning and efficiency of grain movements and more than 80 per cent of grain moving on CPR is shipped in these multi-car blocks. MaxTrax has also led to a reduction in the time it takes to get hoppers to Vancouver to be unloaded and then returned to the Prairies to be refilled, the railway says.

CN has introduced a system it calls GrainTrain that allows companies to order cars in large blocks that can be quickly loaded at one of the large grain terminals that have been built across Western Canada and moved to an export terminal or even all the way to a miller in Ontario or Quebec.

The grain business is a cyclical affair. Adverse weather has hit the Prairie crop for the past three years and with it the amount of grain available for export. For example, CPR moved 158,000 Continued on page 12

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nourrir la planète

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fruits, légumes et aliments surgelés des États-Unis, du Mexique et d'outremer.

Le blé a été longtemps la principale marchandise transportée au Canada, mais les oléagineuses comme le canola et le soya ont pris de l'importance. N'oublions pas l'orge et le maïs, destinés au bétail. Enfin, certains produits fins gagnent en importance : pois, fèves et lentilles, vendus partout dans le monde.

Le CFCP a établi un système appelé MaxTrax, permettant de réserver de grands trains-blocs. Plus de 80 p. cent du grain est acheminé par ce moyen. Avec MaxTrax, les wagonstrémies arrivent plus rapidement à Vancouver et reviennent plus vite dans les Prairies.

Quant au CN, il a lancé un système similaire, appelé Grain Train. Avec ce système, on peut charger rapidement les wagons dans les terminaux céréaliers pour ensuite les transporter

jusqu'à un terminal d'exportation ou même jusqu'à un moulin de l'Ontario ou du Québec.

Le transport du grain est tributaire du climat. Or, le temps n'a guère favorisé les Prairies. Le CFCP n'y a transporté que 158 000 wagons complets en 2002, 174 000 en 2003 et 194 000 en 2004. L'an dernier, par exemple, une grande récolte a gelé avant d'être immobilisée par la pluie. Il faudra attendre 2005 pour la transporter.

Les producteurs d'engrais sont aussi de grands utilisateurs du transport ferroviaire. L'engrais est même la troisième marchandise transportée par rail. Les fabricants en produisent environ 24 millions de tonnes par année. Les agriculteurs canadiens en achètent le tiers, et le reste est exporté vers plus de 70 pays, spécialement la potasse, dont 95 p. cent va à l'étranger.

La plupart des grains en vrac sont transportés par wagon-trémie. Les produits fins sont transportés en

conteneurs d'acier, joignant ainsi le trafic intermodal en forte croissance du CN et du CFCP.

Le CFCP traite entre 60 000 et 70 000 conteneurs d'aliments par année. Il possède environ 795 conteneurs réfrigérés et 1 450 conteneurs chauffés, bien qu'il ne les utilise pas tous pour les aliments.

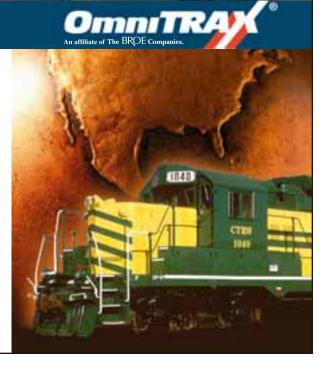
Les chemins de fer d'intérêt local profitent aussi de l'agroalimentaire. Shawn Smith, de Mackenzie Northern, en Alberta, nous a confié que le transport de grain, de canola et de pois représentait « une grande partie du chiffre d'affaires ». La production de la région serait comparable à celle du Manitoba, selon lui.

Le chemin de fer Mackenzie Northern fait 725 milles. Il transporte entre 33 000 et 35 000 wagons-trémie par année. « Cela fait 19 p. cent de nos affaires, révèle encore M. Smith. Nous ne pourrions pas nous en passer. » Suite à la page 13

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Helping to Feed the World

Continued from page 10

carloads in 2002, 174,000 in 2003 and 194,000 in 2004. The crop in all three years was harmed by drought, frost or heavy rain. Last year, there was a large crop that was hit with frost and then rain delayed the harvest. Much of that crop will be moved during 2005.

A farm-related industry that is a big railway customer is the fertilizer industry. Its products are the third-largest commodity moved by rail. Fertilizer companies produce about 24 million tonnes of nitrogen, potash, and phosphate fertilizers annually. Canadian farmers buy about one third of that output with the rest moving by rail to a port for export to more than 70 countries, including 95 per cent of our potash production.

Bulk farm commodities that move by rail mainly are transported in large hopper cars. However, specialty products and many foods move in steel containers as part of the fast-growing intermodal business operated by CN and CPR.

CPR says it handles between 60,000 and 70,000 container loads of food products every year or more than 1,000 a day. It has about 795 containers equipped with refrigeration units and 1,450 containers with heaters, although not all of those are used for food.

The country's short lines also benefit from the agri-food industry. Shawn Smith of the Mackenzie Northern Railway in Alberta says moving hopper cars loaded with grain, canola and peas from the Peace River District to CN and CPR "is a significant part of our business." He says the crop production in that region is comparable to Manitoba's. The Mackenzie Northern is a 725mile line that generates 33,000 to 35,000 loaded hoppers a year. "That's about 19 per cent of our business. It's huge for us. We couldn't operate the railway without it."

The grain goes mostly to the ports of Vancouver and Prince Rupert for export along with alfalfa hay pellets produced by a dehydration company. The Mackenzie Northern also carries supplies for a couple of farm fertilizer companies. And it is hoping to expand its agriculture

Every year Canadian farms "produce enough food, on average, to feed 120 people each – that's enough food for 30 million people.

business by getting traffic from a specialty pea plant near Edmonton.

The 62-mile long Southern Railway of British Columbia is another short line that counts agriculture products as a key part of its business. Harvie Wachter, marketing and sales representative with the railway, says that it moves about 12,000 car loads of agriculture and food products annually, which amounts to 18 per cent of its business.

Its customers include a new flour mill that brings in Prairie grain and feeds mills for the poultry and livestock industries in the Fraser Valley. They use both Prairie grain and American corn that is all delivered by rail. The Southern also serves companies that load containers with products such as malting barley and wheat from the Prairies for shipment to overseas customers. "About 95 per cent of our agricultural products come in hopper cars." But the container business is growing rapidly and would expand faster if there were more loading facilities, Wachter explains.

While its agriculture business isn't as big as western counterparts enjoy, James Allen, president of the Ottawa Central Railway, has high hopes that his operation will be able to tap into the agriculture industry in eastern Ontario and western Quebec in a bigger way in the future.

OCR runs a fertilizer storage and trans-load facility in Walkley Yard south of downtown Ottawa. The fertilizer is delivered by hoppers to the facility and taken from there to retail outlets by truck. "We get 100 cars or so a year."

It's enough to make the OCR pay more attention to the agri-food industry, says Allen. "We know there is a real untapped agriculture market. Until recently, we weren't putting much attention to it." That will change in the future, he promises. "It will take some time to develop." Short lines have to always be on the lookout for new opportunities. "The business of today is not like what it will be five years from now."

His observation also applies to the major railways that have to adapt in the future to an industry that is moving to produce more value-added and processed goods and fewer raw products. Canada is also planning to expand its food exports and that means the railways will have to keep pace.

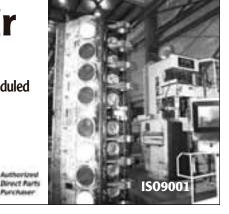
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Suite de la page 11

Le grain est principalement destiné aux ports de Vancouver et de Prince-Rupert, d'où on l'exporte. Mackenzie Northern transporte aussi des agglomérés de luzerne et des fournitures pour les producteurs d'engrais. Elle espère obtenir les contrats d'une usine de transformation de pois, à proximité d'Edmonton.

Chaque ferme canadienne peut nourrir 120 personnes en moyenne : 30 millions d'habitants au total.

La Southern Railway, en Colombie-Britannique, compte beaucoup sur l'agroalimentaire, elle aussi. Son représentant marketing Harvie Wachter révèle que la firme transporte 12 000 wagons de produits agroalimentaires par année, et que cela représente 18 p. cent de ses affaires. Parmi ses clients : un nouveau moulin qui fournit les producteurs de moulées à volaille et à bétail de la vallée de la Fraser.

La firme sert aussi des expéditeurs d'orge de brasserie et de blé qui exportent outre-mer. « Environ 95 p. cent de nos produits agricoles sont



Southern Railway of British Columbia Limited

transportés dans des wagons-trémies, poursuit M. Wachter, mais le volume augmente rapidement, et cela pourrait s'accélérer s'il y avait plus d'installations de chargement. »

Le chemin de fer Ottawa Central est moins tourné vers l'agroalimentaire, mais son président James Allen mise beaucoup sur le marché agricole de l'Est. Ottawa Central exploite déjà un centre de transbordement d'engrais au triage Walkley, au sud d'Ottawa. L'engrais arrive dans des wagons-trémies une centaine par année — et il repart par camion vers les détaillants. C'est déjà suffisant pour qu'Ottawa Central accorde plus d'attention au secteur, selon M. Allen : « Cela demandera un peu de temps, mais les chemins de fers locaux doivent rester à l'affût des nouveaux débouchés. Dans cinq ans, nos affaires ne seront plus les mêmes. »

Voilà une remarque qui s'applique aussi aux grands chemins de fer : ces derniers transportent de plus en plus de produits finis et de moins en moins de matières premières. Alors que le Canada espère accroître ses exportations d'aliments, les chemins de fer sont au défi de suivre la cadence. ●



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relationship with Canadian railways has new owners.

A partnership of Greenbriar Equity Group LLC and Berkshire Partners LLC have purchased the Electro-Motive Division (EMD) from General Motors. The new company will be called Electro-Motive Diesel (EMD), Inc. It will continue to be based in LaGrange, Ill. and operate its manufacturing plant in London, Ont.

The new partners have taken on substantially all of the Electro-Motive businesses, they said in a joint news release with GM, which has been selling off operations not linked to its automobile business. The deal ends several years of *Continued on page 16*

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London Locomotive

Continued from page 15

uncertainty about the future of EMD that has seen its share of the North American locomotive market steadily eroded by General Electric.

CN gave the deal a vote of confidence by announcing it would purchase 25 of EMD's state-of-the-art SD70Ms and taking options on another 50. The units should start arriving this fall. CN already operates more than 100 of an earlier version of the SD70, a 4,300 horsepower engine. The new model meets the latest pollution emission reduction requirements. CPR has tested the AC current version of the locomotive known as the SD70Ace.

EMD Inc., which has about 2,600 employees, will continue to build and maintain locomotives for North American and overseas railways as well as supply electrical power, marine and industrial products — the spare parts and parts rebuild business — the new owners said. The company designs, manufactures, markets, sells, and services freight and passenger diesel-electric locomotives and diesel marine and power generation products for use worldwide.



CN freight train in St. Justin, Quebec



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John Hamilton has been named president and CEO of EMD. He has extensive experience in managing transportation companies and worked with Greenbriar and Berkshire in completing the EMD acquistion. "This is a company with talented employees, excellent products and a global franchise," he said.

Greenbriar Equity is involved in freight and passenger transport, commercial aerospace, automotive, logistics, and related sectors. It has entered into a strategic joint venture and co-investment agreement with Berkshire Partners to address transportation and related investment opportunities. Greenbriar manages \$700 million of committed limited partner capital and co-investment commitments and, together with Berkshire, has access to more than \$1 billion for investment in privately negotiated equity investments within the transportation industry.

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18 Interchange Summer 2005

A Short Line's Superior Service

WORKING IN PARTNERSHIP IS PAYING OFF for Ottawa Central Railway

(OCR) and Superior Propane, as both businesses continue to revel in the success of a

joint project they undertook in Ottawa.

A steady customer of OCR's, Superior was looking to expand its volume by rail, especially in eastern Ontario. Before a new rail siding was built in May 2004 along with infrastructure improvements in summer and fall, Superior was handling approximately 150 – 200 cars per year on the OCR property.

"They wanted to set up a distribution centre for propane. The facilities they had in place would not be able to accommodate what they were looking at — 75 million litres of propane, which translates into about 700 rail cars of propane annually — a large increase," says James Allen, general manager for OCR.

"Leigh Scott, OCR manager of Sales and Marketing, and Greg Booth, National





Transportation manager for Superior Propane, put their heads together and came up with the idea that we could increase the capacity they had by adding additional unloading capabilities on existing towers, constructing another siding, and putting in the track to serve the new tank," Allen said.

Greg Booth says the partnership worked beautifully.

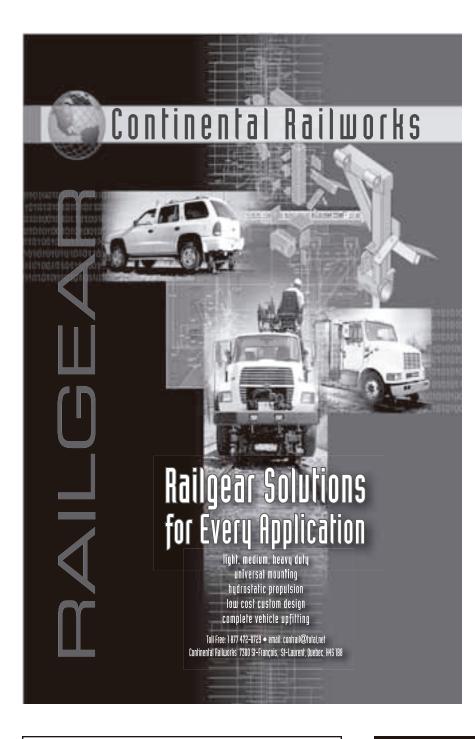
"When we looked at expanding the Ottawa terminal, given the existing siding capacity, it would have created a bunch of operational hurdles. They were able to think outside the box and say, 'What if we contributed to the expansion?' It's a win-win scenario. It improved our operations as well as their own."

The new track and switch connecting the OCR mainline to the Superior yard ended up being a threeway partnership between OCR, Superior and CN. OCR picks up the propane cars being shipped by CN from Sarnia and other origins at an interchange point in Coteau, QC.

"It's an example of a partnership that we see from time to time where you had a Class One railway, a short line, and a client, with each one of the parties contributing something and each of the parties benefiting from the end results," Allen says.

"Superior is growing in the market, and CN and OCR are increasing the number of cars that we handle," Allen says.

OCR now services Superior twice a day, and has been able to handle the new cars without adding any new trains. This *Continued on page 20*



Short Line's

Continued from page 19

new business has allowed OCR to make some moves towards strengthening its position in the market, as well.

"Not only is it a major increase in business but it also gave us the opportunity to increase our number of employees. The time we're serving this client necessitates another yard switcher, and engineer," Allen says.

"It's an example of a partnership that we see from time to time where you had a Class One railway, a short line, and a client, with each one of the parties contributing something and each of the parties benefiting from the end results."

"It has worked fantastically," says Booth. "It seems to have improved our operations; it has certainly improved our capacity. It's been an overall success, absolutely made easier by working with OCR. Everything we do with them makes our lives easier. They're customer serviceoriented, and when there's an issue, they're willing to address it."

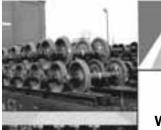
Allen says the growth, though impressive, is still easily handled by OCR. "That's how we like to build a business from a short line perspective, one car at a time." \bullet

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DATES IMPORTANTES

Réception des résumés Sélection des communications Réception des manuscrits 31 juillet 2005 15 décembre 2005 15 mars 2006 Mark your calendar for June 4-8, 2006 to attend the 7th World Congress on Railway Research at the Fairmont Queen Elizabeth in Montréal, Canada.

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Please visit the Congress website at **www.wcrr2006.org** for more information.

CRITICAL DATES

Closing date for abstract submissionsJuly 31, 2Confirmation of accepted abstractsDecemberClosing date for final papersMarch 15

July 31, 2005 December 15, 2005 March 15, 2006 The theme of the conference is Progressing Together, "reflecting the need for railways to work together, and with their partners, to develop and implement technologies and processes to increase market share for both passenger and freight rail."

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The occasion will be the 7th World Congress on Railway Research scheduled for June 4-8, 2006 at the Fairmont Queen Elizabeth Hotel. Mike Lowenger, vice-president of Operations and Regulatory Affairs with the Railway Association of Canada, and co-chair of the host committee, says Montreal was a natural choice for the conference. VIA Rail, CN, Canadian Pacific Railway, AMT, CANAC, other suppliers and short line operators all have extensive facilities there.

In fact, delegates arriving in Montreal by VIA Rail will just have to go up a few floors to be in the conference hotel, he says. They will see that subway service and commuter trains can also be readily accessed from Central Station.

Having the conference in North America will shift the focus on the



biannual event somewhat, Lowenger added. It will look more closely at the freight-dominated railways of Canada and the United States, which are different from those in Europe and Japan, where the railways are primarily involved in passenger transportation.

"It's an opportunity for us to show what we do in North America," Lowenger outlined. That will include *Continued on page 25*

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Continued from page 23

the advanced trackside detectors that have been developed for monitoring the condition of wheels and other gear on passing trains, locomotives with greatly reduced pollution emissions and modern track maintenance systems.

The Railway Association and the Federation of Canadian Municipalities will explain the proximity initiative they have developed to help railways and communities get along and grow, safely, together, Lowenger added.

The conference could also provide Canadian and American railways with valuable insights on how to improve passenger rail service. As well, the Montreal conference will provide industry suppliers with the first opportunity to show their wares not only at the hotel exhibits but also on the tracks at nearby Lucien L'Allier Commuter Station. Locomotives, freight and passenger rolling stock, and maintenance-of-way equipment will be on display there. There will also be technical tours to rail facilities such as maintenance centres, intermodal yards and research venues in the Montreal area and Ottawa.

The Congress in Montreal will not be all work and no play, though. Organizers are planning social events for delegates and spouses that will build on the receptions and dinners already on the full program.

The theme of the conference is Progressing Together, "reflecting the need for railways to work together, and with their partners, to develop and implement technologies and processes to increase market share for both passenger and freight rail," says a conference brochure. Topics under discussion "will include the technical, societal and financial challenges facing railways around the world." Bombardier Inc. is a platinumlevel sponsor of the Congress. VAE Nortrak is a Special Gold Sponsor. Other sponsors are being confirmed.

Lowenger said that North American railways have made major strides in the last few years in working together to handle a growing volume of freight traffic and to accommodate a rising demand for passenger — especially commuter transportation. As well, railways have been caught up in the need to improve security, especially after the terrorist bombing of the Spanish passenger train in Madrid, he noted.

Closing date for research paper abstracts is July 31. Accepted abstracts will be confirmed by Dec. 15. The closing date for final papers is next March 15.

The National Research Council of Canada has long been a major player in railway research. It has also taken on the task of organizing and managing the conference through a secretariat under the direction of Congress Manager Marie Lanouette, Lowenger pointed out.

The first research congress was held in 1994 in Paris, the home of the International Union of Railways. It was inspired by the success of a railway research workshop held in Tokyo in 1992. Then, as now, the aim was "to promote and enhance international cooperation among railway companies, manufacturers and their componentsuppliers, as well as representatives from the fields of research and science, through papers, poster-sessions and open discussion," the brochure explains.

The inaugural conference attracted more than 1,000 delegates and was followed by sessions in Colorado Springs, Italy, Japan, Germany and Scotland.

The 2008 congress will be in Seoul. The National Railways of the Republic of Korea, the Korean National Railway Authority and the Korean Railway Research Institute will be responsible for organizing that event. The host railways will collaborate with the Japanese Railway Technical Research Institute, and the China Academy of Railway Sciences.

The 2006 conference's technical program will deal with applied research on important rail issues including "network capacity, service reliability, sustainable development for railway systems, system optimization, innovative approaches to design and maintenance, security and fundamentals of progress in railway science and socio-economic studies." Awards are presented for the best research papers given at the conference. For more detail, go to www.wcrr2006.org. ●

Below is a list of the specific topics associated with the technical program:



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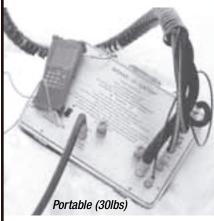
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VIA Rail Canadă

Nifty at 50. This Budd's For You!

VIA Rail held a 50th anniversary party in April to mark the launch of two trains that are a big part of its current operations.

The Canadian passing by one of the many beautiful rivers found in Western Canada

WITH GREAT FANFARE IN APRIL 1955, Canadian Pacific

introduced The Canadian, its premier passenger train, on the same

weekend as CN launched The Super-Continental.

Both trains consisted of new diesel locomotives and state-of-the-art passenger cars. They ran between Montreal and Vancouver through Ottawa and Winnipeg with sections to and from Toronto connecting in northern Ontario.

CPR acquired 173 stainless steel cars from the Budd Co. of Philadelphia including the famous dome cars and rounded-end Park cars that were on the tail end of the train. Most of these cars were named for famous places in Canada. CN opted for 359 smooth-side steel cars built by Canadian Car and Foundry of Montreal and Pullman Standard of Chicago in a new black and green paint scheme.

The new trains were greeted in the news media of the day and among the public. In many communities, crowds gathered to see the new trains pass by on their inaugural runs. It was not unlike the attention one sees today with the launch of a new airplane such as the gigantic Airbus A380.

The two trains marked a valiant attempt to keep people traveling by rail. Twenty-two years later CPR and CN turned their equipment over to VIA Rail, which still operates many of the former CPR cars, all extensively refurbished, on its transcontinental route. It is called The Canadian but largely follows the route of the Super-Continental. The CN cars lasted until the mid-1990s when VIA retrenched its operations but they can now be found all over North America in various tourist and excursion trains.

Dunc Dufresne was a fireman on the Canadian in the early days. "We thought we had the better product because we had these new stainless steel cars. We also had dome cars." He remembers watching the arrival of the first run of The Canadian into the *Continued on page 28*

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Nifty at 50

Continued from page 27

Ottawa West Station. "There was a big crowd that had come to see it."

The new trains provided some glamour in a Canada that was still emerging from the aftermath of the Korean War and with memories of the Second World War still fresh for many people.

Canadian Rail magazine, published by the Canadian Railroad Historical Association, says that the railways had to wait until the end of the Korean conflict to begin replacing obsolete passenger cars. They still had many wooden coaches in their fleets. "Many trains were still hauled by steam and schedules were little better than they had been 30 years earlier. The time for modernization had begun."

However within a few years of their debut, both trains were facing stiff competition from airlines that were introducing jet aircraft service and from the rapid growth of automobiles and good highways to drive them on.



While it is reduced from the daily service that used to be provided, today's Canadian remains a popular attraction. It runs three times a week on a three-day, three-night trip, VIA Rail says. Last year, more than 120,000 passengers traveled on board The Canadian.

VIA tries to retain the features that were the hallmarks of the two trains. It says a cross-country trip by train "is a once-in-a-lifetime experience. In fact, it has been recognized by National Geographic as one of the top five journeys in the world. The stainless steel train still gleams brightly as it crosses the country bringing travelers from every corner of the planet face to face with some of the most famous landscapes in the world."

To mark the 50th anniversary, VIA held cake-cutting ceremonies at Toronto's Union Station and Vancouver's Pacific Central Station, the terminals of The Canadian these days. There were also special festivities for the east- and west-bound trains when they arrived in Winnipeg, the mid-way point in the journey.

VIA says that although it was marking a half-century in service for the trains, "its true significance speaks to the future. The introduction of the stainless steel fleet was a defining moment in the modernization of passenger rail service in Canada. VIA is building on this proud heritage and has embarked on a new era in train travel."

Baby boomers who turned 50 in April were able to get a \$50 fare for a trip between Toronto and Vancouver or pay \$100 for a round trip including onboard meals and accommodation.

Dufresne says Buck Crump, then CPR vice-president (and later president), convinced the company to select the Budd cars. For many years, he was ridiculed for spending millions on the cars as interest in traveling on the train waned, Dufresne recalls.

But 50 years later, it looks like Crump was not so wrong in his choice after all. In the mid-1990s, VIA converted the Budd cars from steam to electric heat and then purchased a number of second-hand Budd cars in the United States. They now form the backbone of the VIA fleet in the Quebec City-to-Windsor corridor.

Ed Harris Has Grown with CN and its Business

CN HAS ROLLED UP IMPRESSIVE FINANCIAL NUMBERS in recent years to the

delight of shareholders and stock markets but those aren't the numbers that Ed Harris, the newly appointed executive vice-president of Operations, likes to talk about.

He points to the 92 per cent to 93 per cent on-time performance the company has recorded in recent years running as a scheduled railway and pushing its operating ratio below 70 — the best among major North American railways. At the same time, the company is delivering a level of service that lines up with what its customers require.

"The customers do expect the level of service we have been able to provide," he says. "I really think that is one of the secrets of our success — living up to what our customers require through the continuity of our product delivery. I worry about service and I worry about what our customers' needs are."

Harris has been in the railway business since he joined the Illinois Central in 1968 except for a four-year stint in the United States Marines. He worked in many parts of the company rising to vice-president of operations before CN took over the railway in July 1999. He became vicepresident of the Midwest Division of CN and in 2001 was appointed chief transportation officer. In 2003 he was named senior vice-president of operations. His new post puts him in charge of all CN rail operations in North America as well as its network operations centre in Edmonton.

In addition to the financial gains achieved through the refinement of its scheduled service and asset management initiatives, CN has been at the centre of *Continued on page 30*



Ed Harris, executive vice-president of Operations, CN

Ed Harris

Continued from page 29

two other major developments in railway operations in recent years. Harris had a major role in both of them. One was the expansion of track-sharing agreements with Canadian Pacific Railway and a host of new routing agreements with the major American carriers. The other was the acquisition of several mid-sized railways such as BC Rail and Wisconsin Central that plugged neatly into the CN-IC network. Harris says he hopes to see a lot more traffic-sharing agreements with other railways because they increase the overall capacity of the North American rail network with little extra cost. "Business is good, the economy is going strong — especially in Canada — and the more of these joint operations that we do with our fellow railroaders the more this avails us of more capacity. The capital infrastructure expenses that railroads face means they have to be smart to begin with. That's why the co-

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production deals were such a big hit along with the gateway protocol plans that we have with the other Class 1 carriers in the United States. They take traffic through the shortest, most efficient route and getting those agreements with our partners makes a lot of operational sense. Certainly that equates to extra operational capacities and allows room for growth without the need for capital investment. That's one of the philosophies we try to push."

There are additional deals under study with CPR and the American carriers but Harris wouldn't get into any details beyond what has already been announced. "There are a lot of opportunities out there to address efficiencies." He suggests there are more opportunities with the American railroads because of all the connections CN has with them on the former Illinois Central, Wisconsin Central and Grand Trunk routes. "We touch all the carriers with regularity in different towns across the system."

While CN is prepared to buy more mid-sized railways, it has no plans for creating any more short lines, Harris adds. He praises the contribution that short lines have made to building CN's



"I really think that is one of the secrets of our success - living up to what our customers require through the continuity of our product delivery. I worry about service and I worry about what our customers' needs are."

> traffic. "Our partnership with our short lines is indeed a partnership. We want them to be successful just as we are successful. If we can help incorporate a service plan and an operating philosophy, much like CN has, we know the level of service is going to be paramount to them and that will drive financial rewards."

Many businesses would envy the speed and success with which CN has integrated its acquisitions into its operation and onto its bottom line. Harris says it is the result of good planning and hard work. Valuable lessons were learned in the CN-IC merger and they have been refined during the subsequent deals.

Harris has been involved in merger planning since before the CN-IC

hookup. Its focal point was Chicago, which was part of Harris's territory at the time. "One of the things I wanted to ensure was that the operations were indeed seamless between CN and IC," he explains. "We did that by a lot of homework. I learned about the CN operation and understood what their connections in the Chicago terminal were with the other carriers that I had not had the opportunity to do a lot of business with. We had a good operating plan on the ground on Day 1.

"When the merger actually took place, my job was not in the office," he continues. "I was out riding trains with our crewmembers talking up the operation and driving the operating philosophy out to the IC and CN guys. I really wanted to show a joint opportunity. It was both our turns to step up to the plate as one team and deliver the product for our customers."

It takes a lot of people power to make a merger or takeover work, Harris Continued on page 33



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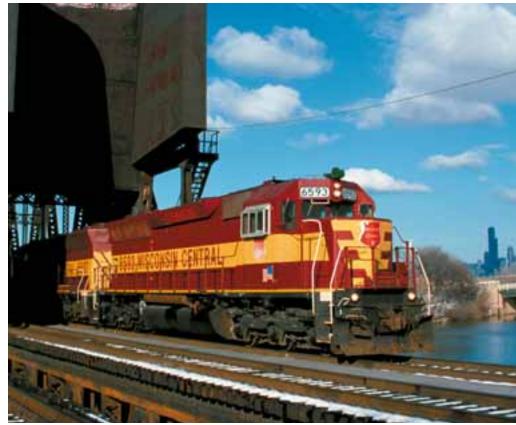
Ed Harris

Continued from page 31

recounts. "There was a lot of good work done by our IT groups, our service integration team, billing and car inventory. There were all the administrative things that go along with any merger that we did better with each one. When we cut over BC Rail just a few months ago into our SRS (service reliability strategy) inventory control system, it was without a blink. The total inventory being melded into the CN operation went without a hitch. We have just recently cut in our crew calling and our crew payroll systems for the running trades on our former BC Rail property. This was done with a lot of homework and a lot of dedication by a lot of smart, good people."

Each acquisition taught CN valuable lessons. "They're never easy, they take a lot of time and they are very expensive to do." A transportation industry merger has to be thoroughly prepared to get "a complete understanding by both carriers of what the operating plan is. It is the customer that

Continued on page 34



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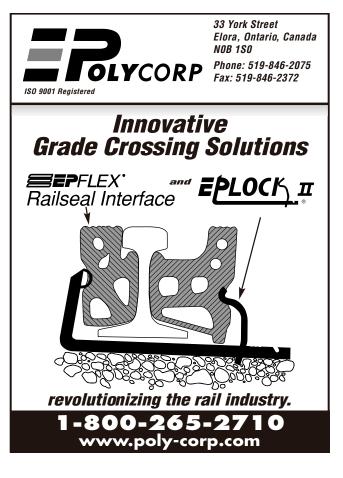
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Ed Harris

Continued from page 33

gets hurt if you can't execute the plan once the merger takes place."

As for the future, Harris is looking at the challenge facing all railways from the growth in imports from Asia. Handling it will be a big issue. "CN is the leader in the pack in absorbing growth opportunities while controlling costs. Controlled growth is something I was taught early on. You want to be able to grow your business but you have to control the growth of your business. Additional business opportunities certainly must garner the return that we need as a corporation."

CN is hoping to cash in on the growth in Asian business with its involvement in the new container terminal in Prince Rupert, B.C. Harris says the project will be "key to us. That's going to benefit a lot of folks on the West Coast — not just Vancouver but also the ports of Long Beach and Washington State. They are going to see





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some relief. We will see some more business out of it but we have the capacity to absorb that business."

Harris also worries about pressure on governments to increase their regulatory control of railways. "Railroads have to be very cognizant of the fact that we operate through neighbourhoods and cities and we have to be good neighbours, and we have to be safe, first and foremost, within our operation. CN spends a lot of money on operating a safe railway." It has adopted new technologies for inspecting its freight cars to make sure they are in good operating condition.

At the same time, railways have to address customer calls for increased regulation by delivering the service that business expects, Harris explains. If they do that, then the railways shouldn't fear the imposition of new government edicts. "That tends to keep the regulators at bay to some respect but it means we have to be doing our job. We cannot turn our back on our customers and their needs."

CN measures customer satisfaction "by our service performance, our trip plan performance and what we do on the individual carload basis, and how we support our customer's business," Harris points out. "I shouldn't think I have too many customer issues out there that I even have to worry about or address or attend to." CN doesn't even have a formal process for measuring customer satisfaction. "Certainly if our customer had a complaint, they know to pick up the phone and voice their complaint and we will address it accordingly."

Harris works long hours and is away from his Chicago home a great deal. But he admits he wouldn't have it any other way. "The railroad industry is still a very exciting venture for me personally."

Infrastructure Investments Are in Canada's — and Canadians' — Future

CANADIAN PORTS AND RAILWAYS are working hard to keep up with a

surge in Asian import and export shipments and they need governments to show leadership in dealing with some of the problems they are encountering, says Gordon Houston, president and CEO of Vancouver Port Corp.

> Houston and two other port executives outlined the challenges their operations face from booming international trade to the annual Canadian Transportation Agency/Railway Association of Canada workshop on railway issues. Their presentations became a scene setter for a flurry of announcements in the following days. The Prince Rupert Port Authority said it would proceed with a major container terminal while Vancouver unveiled plans for container terminal expansion and an agreement with Canadian Pacific Railway to deal with congestion issues.

> Houston explained that governments have to see these capital-intensive projects as investments. Canada has

slipped to 17th place on the list of China's trade partners. "We are struggling to keep up with our one per cent share of that trade when we should be striving for a bigger role." American ports are also trying to deal with the surge in Asian business "but the U.S. government is moving to deal with capacity issues to keep their share of the trade," he noted.

Governments in Canada can help by dealing with investment and tax rule changes that would put the ports and railways on a more competitive basis with their American counterparts, Houston added. "Governments have a huge responsibility to help us capture *Continued on page 36*











Port of Montreal Port de Montréal

Advocacy Initiatives

Continued from page 35

more of the international trade." His port has seen an 11 per cent increase in traffic in the past year and its container business, now at two million TEUs, will likely triple in the next decade. However the swelling exports of bulk commodities such as coal and grain still account for 80 per cent of the volume of the commerce going through the port.

Joe Rektor, vice president of finance and operations with the Prince Rupert Port Authority, said his harbour seems ready to finally deliver on its potential as a gateway to Asia. "We are a day's sailing closer to Asia than any other West Coast port. We have an underutilized railway line. In fact we are on a straight-line between Asia and southern Ontario and the U.S. Midwest." The port has plenty of bulk handling capacity and ambitious plans for a \$173-million container terminal that could handle 500,000 TEUs a year, he said. The terminal has the potential to be expanded to take more than two million TEUs and will be able to handle the 12,000 TEU-capacity ships now being developed.

The Port of Halifax is a long way from Asia but "Asia is the secondbiggest source of business for us after Europe," explained Karen Oldfield, the president and CEO of the Halifax Port Authority. The port has the draft to handle the largest container ships and has worked with CN to keep the container handling system fluid as "70 per cent of our containers move by rail. We have developed a smart port plan that promotes collaboration."

Within days of the conference, the Prince Rupert Port Authority announced that the new container terminal should be ready in early 2007. The federal and British Columbia governments are contributing \$60 million to the project along with investments by the port, CN and Maher Terminals of Canada.

CN will spend \$15 million on the intermodal yard at the port, \$10 million

on terminal trackage, and \$5 million on infrastructure improvements to CN's B.C. North line so that it can accommodate double-stack container cars. Maher is seeking bids for three large container cranes and other handling equipment and technology worth about \$60 million for the terminal. The port authority will contribute \$25 million to the terminal development.

CN President and CEO Hunter Harrison said his railway will provide "fast access from Prince Rupert to the key markets of Toronto, Montreal, Chicago and Memphis." Maher Chairman and CEO Brian Maher said the shipping community shows genuine interest in using the port. "We have a clear window of opportunity to put Prince Rupert on the world map."

To the south, the Vancouver Port Authority and CPR are collaborating to bolster the port's competitiveness and reliability for shippers. "We are committed to leading the development of an integrated transportation system in Western Canada that can drive trade

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and economic development throughout British Columbia and across the country," Houston explained.

CPR President and CEO Rob Ritchie added, "We have the opportunity to harness the tremendous growth of North America's trade with Asia. It is going to require a commitment on behalf of all of our partners, including the three levels of government, to make that happen, as well as a coordinated approach that adds the right infrastructure at the right time and with the right investment climate." CPR has announced a \$160-million program to improve capacity on its network in Western Canada by the fall. "This agreement further provides a framework to plan future infrastructure based on new sources of growth in Asia-North America trade."

"Transportation will be the next great growth industry in this province," Houston said. "But to achieve our potential, we need every segment of our transportation system - public and private - to work together."

In addition to the agreement with CPR, the port hopes to start construction this fall on a \$1-billion expansion of Deltaport that will more than triple container terminal capacity at the Roberts Bank facility over the

"To achieve our potential, we need every segment of our transportation system public and private to work together."

next seven years. The first phase of the project — establishing a third Deltaport berth at a cost of \$272 million — is going through an environmental review process. Port officials expect approval this fall. They aim to have the new berth ready by 2008.

The next step will be the construction of a second terminal that will create three additional berths at Deltaport with a tentative opening in 2012. When complete, this terminal will push Vancouver's capacity to more than 3M TEUs.

Although the Port of Montreal had a prior commitment, President Dominic Taddeo made it clear they have similar challenges. Containerized cargo is the port's single most important category and the sector that generates the most economic spin-offs.

While 40 per cent of the port's traffic is carried by truck, 60 per cent depends on rail service. Both national railways offer double-stack container service between Montreal, Toronto, Detroit and Chicago, and trains average two km in length. That's 45 full trains each week with a major review of port infrastructure planned for 2005 and beyond, to improve infrastructure, to improve productivity and to accommodate future growth.

Continued on page 38





Advocacy Initiatives

Continued from page 37

Railways Are Increasing Their Capacity by All Means Possible

The railways are facing relentless demands from many sectors of the economy to haul more freight, says Fred Green, executive vice president and COO of Canadian Pacific Railway. In response, they are boosting the capacity of their tracks and adding equipment as fast as possible.

"The railways nearly reached capacity in 2004 and without physical expansion in the future, we will have a problem," he told the annual Canadian Transportation Agency/Railway Association of Canada workshop on railway issues. The railways have adopted longer trains, heavier cars and other upgrades to get the most out of their existing networks. "To meet the demand for more capacity, we will have



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to invest substantially more than we had thought."

Problems moving containers from the Port of Vancouver in the past year received plenty of news media attention and brought the congestion crunch home to the business community and the politicians. However, the problem exists for other traffic moved by rail as the economic boom in China and the rest of Asia is generating not only more imports but also more exports of raw materials and finished goods, Green explained.

The difficulties encountered during 2004 showed "that we cannot solve the

"The decision to pursue co-production and haulage agreements will bring the railroads most of the benefits of a merger without any of the regulatory headaches."

capacity issue on our own," Green continued. Shippers and governments also have a role to play in enabling the railways to deliver more freight. That includes getting terminals to work 24 hours a day, seven days a week to match the schedule of the carriers and correcting the fuel tax and depreciation disadvantages the railways face compared to their American counterparts.

Janice Murray, CN vice president of network strategy development, said her company has spent \$300 million to extend the capacity of its system by improving signal systems for controlling train movements, reducing the sharpness of curves and reconfiguring the arrangement of tracks in yards to help keep trains rolling. It also brought scheduled service to its IMX intermodal operation to even out the demand for spots on its trains, and to better balance traffic flows throughout each day of the week. It has embraced coproduction with CPR and haulage agreements with U.S. carriers to improve the flow of freight traffic.

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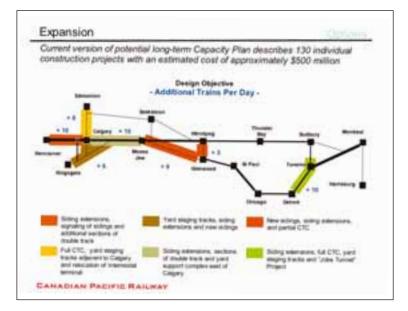
Result: CN Has Capacity to Grow

Capacity can be further increased with operating improvements



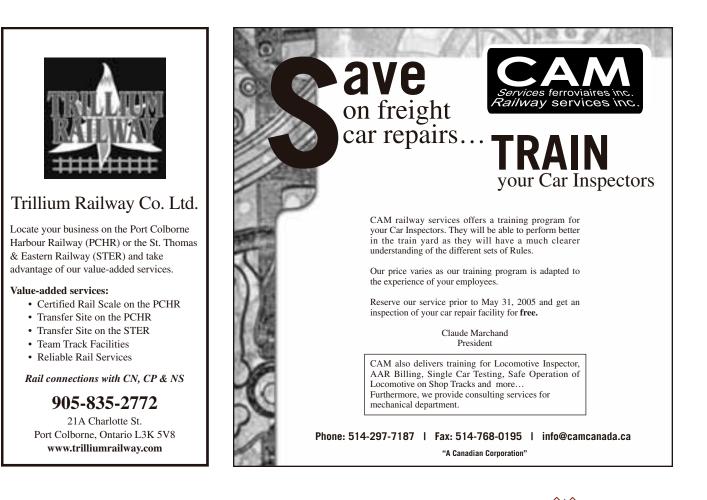
CN wants to make sure it is using its locomotives and freight cars to the maximum before it starts acquiring additional ones, she added. "We will improve our management practices and coordination before we add additional assets."

Within days of the conference, CPR announced an ambitious \$160-million plan to boost the capacity on its lines from Saskatchewan to Vancouver. Meanwhile, CN ordered 75 new locomotives and took options for another 75.



Craig Rockey, vice president of policy and economics with the Association of American Railroads, told the conference that it is tough for the railways to find a lot of money for expansion projects because they have to spend 80 per cent to 85 per cent of their capital budget to maintain their existing networks. After years of contraction and belt tightening, U.S. railroads are adding tracks and crews to try to keep up with the additional business.

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Advocacy Initiatives

Continued from page 39

Stock market analyst Tony Hatch said the railway industry is enjoying "a once in a lifetime opportunity. Its business is growing, earnings are up, service is improving and rates are starting to rise." There is an appreciation that railroads need strong earnings to deal with the capacity issues, he added. CN and CPR have the best operating ratios among the main North American carriers. While their return on equity has risen, the railroads have to be careful about earning their cost of capital, he said. "It is something they should be doing every year. That means they have to make sure that they can afford to increase their capacity. The decision to pursue co-production and haulage agreements will bring the railroads most of the benefits of a merger without any of the regulatory headaches." He urged the railroads to apply the scheduling discipline to





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CPR's \$160-million expansion project for this year will increase its capacity in Western Canada by 12 per cent or 400 cars a day, President and CEO Rob Ritchie said in an announcement. It will come on top of the \$760 million the company plans to spend on renewing its network. He linked the projects to the growth in demand for transportation and a signal from the federal government that it didn't intend to force either CPR or CN to let other railways operate over their lines.

CPR has reached a five-year contract with its largest customer, Elk Valley Coal Corp., to boost shipments through 2009. Three major potash producers, all served by CPR, have announced plans to increase production by a total of 2.6 million tonnes per year between the second quarter of 2006 and the fourth quarter of 2007.

Ritchie credited the federal, British Columbia and Alberta governments with creating a positive business climate for infrastructure investments in the West. The governments recognize that the biggest issue facing Canadian businesses is whether there will be sufficient transportation capacity for them to take advantage of growing global markets, he added. In addition to coal, said Ritchie, grain, sulphur and fertilizers from the Prairies are moving to the west coast in growing volumes.

"Increased trade with China and other Asian countries has clearly shown that transportation capacity can be an enabler of economic growth," Ritchie explained. "Canadian shippers and ports want to participate in growing global markets. They want us to expand track capacity, and we are encouraged enough to take the initial step. Decisions on whether and when additional expansion phases are carried out will be influenced by ongoing market conditions and the future policy environment in Canada."

The CPR expansion program consists of 25 projects that mainly include extending sidings and double tracking lines from Calgary, Moose Jaw, Sask., Edmonton and Vancouver. ●

Fares Up to Help Fund Capital Projects

GREATER TORONTO'S GOTRANSIT has raised fares 15 cents because of

inflation and rising fuel costs, and to help fund ongoing service improvements.

The agency plans to refurbish and purchase bi-level passenger cars; add locomotives; install platform stairs and elevators, replace track, signal systems and a platform roof at Union Station; and install changeable message signs at some stations.

GO will also rebuild and increase parking at several stations; build train storage facilities at Hamilton Centre and Richmond Hill Station; improve grade crossing safety; construct rail underpasses north of York University Station, south of Unionville Station and north of Bloor Station; construct a pedestrian walkway between Oriole Station platforms and Toronto Transit Commission's Sheppard subway; and install new track between Hamilton and Burlington, Oakville and Port Credit, and Don River, Scarborough, and Eglinton.

10 Years in Japan

VIA Rail marked the 10th anniversary of its Japan office with a luncheon reception recently at its Tokyo location. Over the past 10 years the office has helped thousands of tourists from the region to choose VIA Rail for their travel plans. Japan represents one of the top three sources of passenger traffic for VIA from outside Canada. Last year, VIA welcomed more than 44,000 passengers from Japan on board its trains, and the market indicators are pointing towards considerable growth over the foreseeable future.

Bombardier Wins \$26M Order for GOTransit Cars

The Greater Toronto Transit Authority will buy 10 two-level *Continued on page 42*



GO Transit

Passenger Progress

Continued from page 41

commuter rail cars from the ground transport wing of Bombardier for \$26 million. The Bombardier Bi-Level commuter rail vehicles will be added to the existing 385-car fleet of GO Transit.

"This style of car continues to be the most popular multi-level commuter rail car in North America, with more than 750 Bi-Level cars in operation with 11 public transit authorities across Canada and the United States," said William Spurr, president of Bombardier Transportation. The GO Transit vehicles are being built at Bombardier's Thunder Bay, ON, manufacturing facility.

Other VIA Services Share in the Glow

While The Canadian was in the spotlight for its 50th anniversary celebrations, VIA Rail was not neglecting its other trains. It relaunched its overnight Easterly Class service on the Ocean between Montreal and Halifax and improved the scheduling in Central Canada.

Easterly Class combines sleeper service on the train with an opportunity to learn more about the Maritime Provinces, VIA says. The service "celebrates this history-rich region while pampering passengers with the amenities they'd expect from a premiere class sleeper service."

The service will be offered to the end of this October and will resume next



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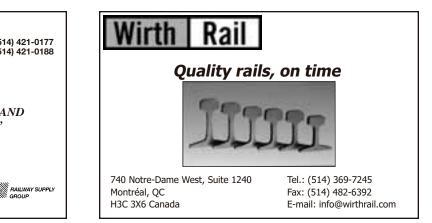
May as a seasonal upgrade to the Ocean's already existing Comfort Sleeper class, which will continue to run year-round.

Travelers taking advantage of the Easterly Class service will be under the tutelage of a Learning Coordinator, a new position that VIA has created. The coordinator will be the host for the trip. He or she will outline what the passengers can learn during the trip. A sparkling wine toast will be offered in the dining car to passengers boarding the train in Montreal. Moncton or Halifax.

"Throughout the ensuing journey, the Learning Coordinator will be available to provide insight and commentary relating to the scenery and area through which the train is traveling," VIA says. As well, brief lectures covering a wide range of topics related to Maritime Canada, such as history, culture, geography, regional cuisine and dress, will be offered. "Enticing 'tales of the rail' will also be presented, and travelers are invited to participate in hands-on activities designed to introduce them to Atlantic Canada's arts and craftwork."

Easterly Class passengers will also have one of VIA's tail-end domed Park cars available for their exclusive use so they can watch the scenery roll by. They will also "have sole access to the Park car's two lounges. The Mural Lounge - so named because it features a wall mural by a Canadian artist — features table seating and a bar, making it ideal for a refreshing cocktail and friendly conversation with





fellow passengers. The Bullet Lounge is the place to relax over tea, coffee or a magazine."

VIA is using mostly new Renaissance equipment on the Ocean. The sleepers will feature artwork with a flavour of the Maritimes. "Sleeping accommodation amenities include comfortable duvet bedding, plump pillows, towels and a shower kit, bottled water, and chocolates. Deluxe double bedrooms include showers in the in-suite restrooms."

The dining car will feature Maritime cuisine. "Menus include information about the century-long history of the Ocean service, as well as the Maritime destinations that influenced the meal selections for that evening."

In Central Canada, the schedule changes mainly came into effect on May 1 and were based on comments from customers and VIA's tourism partners, as well as a review of train operations and market performance. "Throughout the ensuing journey, the Learning Coordinator will be available to provide insight and commentary relating to the scenery and area through which the train is traveling."

Full information is available on the website at www.viarail.ca.

To assist travelers living in the west end of Ottawa, VIA is starting and concluding its first and last trains of the day to and from Montreal from its new Fallowfield Station in the National Capital's west end with stops at the main station in the city. As well, the first train to Quebec City from Montreal is departing 40 minutes earlier. Ottawa to Toronto trains will stop at Trenton Junction upon request. The Saturday train to Ottawa from Toronto will leave at 9:30 a.m. instead of 11:05 a.m.

VIA has also made a lot of schedule changes to its trains running west from Toronto to Sarnia and Windsor through either Kitchener or Brantford. The changes are based on customer requests and are intended to improve connections with other trains. A late evening train to Kitchener from Toronto is being extended to London and a late evening London-to-Toronto train will be added in the fall. Earlymorning service to Toronto from Sarnia is also being improved and a Stratford Festival train from Toronto is being added for Friday and Saturday evenings in the summer.



Industry News and Developments

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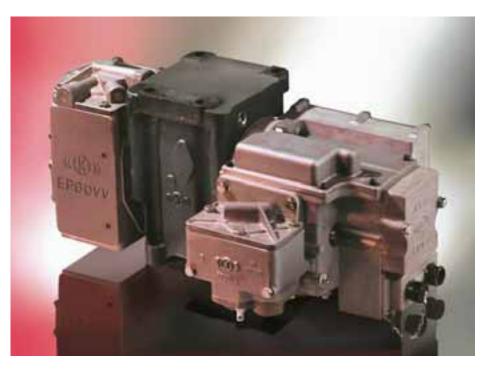


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New York Air Brake Corporation has been granted conditional approval by the Association of American Railroads for EP-60, the company's electronically-controlled pneumatic braking system. The equipment has logged millions of car miles in revenue service, in particular on the Quebec Cartier Mining Railway's long, heavyhaul ore trains, and meets the latest AAR S-4200 specifications.

Marshall Beck, senior vice-president of marketing and sales for New York Air Brake, said: "EP-60 equipped trains demonstrate faster brake response and better train handling as a result of graduated application/release and simultaneous, load-compensated braking features on each car. The benefits to the railroads are significant fuel savings and less damage to traffic, as well as reduced wheel, shoe, and draft gear wear."

New York Air Brake is part of the Knorr-Bremse Group, a world leader in brake systems for rail and commercial vehicles.



MAIL, RAIL EXHIBIT AT VANCOUVER MUSEUM

vancouver museum

An exhibit at the Vancouver Museum was the first of its kind to explore in detail the roles that communication, transportation and commerce played in the development of modern Canada. Mail, Rail and Retail: Connecting Canadians was developed by the Canadian Postal Museum and the Canadian Museum of Civilization in partnership with Canada Post, CPR and the Hudson's Bay Company. Mail, Rail and Retail featured 150 artifacts, many on display for the first time. The artifacts showed the interdependence of the rail and postal networks, and the retail sales industry, and showed how the three helped open the West for settlement.

ONTARIO NORTHLAND PURCHASES LOCOMOTIVES

Ontario Northland Transportation Commission recently purchased three locomotives for just under \$1 million from Helm Financial Leasing. The 3,000-horsepower engines replaced units which had been retired and will increase the reliability of both ONR freight and passenger services.

RAIL LINK PROPOSED BETWEEN NORTHERN B.C., CENTRAL ALASKA

Transport Minister Jean Lapierre has agreed to federal participation in a preliminary review of a proposed 1,800-kilometre railway through the Yukon linking B.C. and Alaska. Funding and other details have yet to be worked out but the government is ready "to work with all the partners." The Alaska-B.C. line, if built, would run from just outside of Fairbanks current eastern terminus of the state's track — to either Fort Nelson or Dease Lake in northern B.C. The cost of connecting Alaska to the North American rail network has been estimated at \$4 billion, depending on the route chosen.

OPERATION LIFESAVER FUNDING **TO CONTINUE**

Transport Minister Jean Lapierre announced continued funding of \$1.25 million over five years for Operation Lifesaver. The program is jointly funded by Transport Canada and the Railway Association of Canada. "Although the number of railway crossing collisions and fatalities across Canada has declined over the past decade, the Government of Canada continues to seek opportunities to further improve the system's safety," said Lapierre.

"Operation Lifesaver provides an excellent opportunity for us to work with Canada's railways to reduce the number of railway crossing and trespassing incidents." Bruce Burrows, acting president and CEO of the Railway Association of Canada, said, "The Minister's announcement will help Operation Lifesaver and its stakeholders deliver new safety initiatives to reduce risk along freight and passenger railways in urban and rural communities across Canada. Road and rail traffic are both growing, and this program is successful in helping save lives and in reducing injuries. The federal government's ongoing support for Operation Lifesaver is appreciated."

In 2004, there were 237 crossing collisions across Canada, 25 fatalities and 50 serious injuries. There were also 99 trespasser incidents, including 67 fatalities and 34 serious injuries. Transport Canada also promotes safety at crossings and trespassing prevention through the Direction 2006 program. This initiative is a partnership between Transport Canada and other levels of government, railway companies, public safety organizations, police, unions and community groups.

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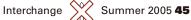
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National Rail Safety Public Awareness Week a Success

By Kayla Hounsell

FROM POLICE SAFETY BLITZES to putting on fake blood and bruises for a mock school bus collision with a train, Canadians had the opportunity to get out and get involved in rail safety again this year.

"The general public becomes more aware of the issue through the combined efforts of all partners and stakeholders," says Dan Di Tota, national director of Operation Lifesaver. "That's a winning combination. Canadians end up saving their own lives and the lives of friends and neighbours in their communities."

Operation Lifesaver is a national public safety program sponsored by Transport Canada and the Railway Association of Canada's 60 freight and passenger railways. They work closely with safety councils, police, unions and community groups from coast to coast.

It kicked off the third annual National Rail Safety Public Awareness Week on April 25 through to May 1. Di Tota says the events were a tremendous success.

A first-time event for Canada was a mock school bus crash, held in Amqui, Que. where high school students roleplayed in a collision at a highway/ railway crossing. This event was different from other collisions in that nothing was pre-broken. "It was very real," says Gary Drouin of Transport Canada's rail safety group, and co-chair of Direction 2006. "The message really got through."

CN and CPR police were also spreading the rail safety messages. They conducted safety blitzes where they handed out educational safety information at more than 70 locations across Canada. In Winnipeg, a community police officer and a veteran locomotive engineer visited schools. In Calgary and other communities, CPR Police pressed the need for safety around trains with truckers picking up and dropping off traffic at intermodal terminals.

CPR spokesperson Ed Greenberg says many motorists realize the necessity of enforcing rail safety, but some do not. "We certainly have to continue as a partner in the rail industry to continue to get the word out," he says.

Andy Ash and Jean-Pierre Couture from the RAC Dangerous Goods team, and employees of the Ottawa Central Railway met with firefighters and Transport Canada officers to exchange information about rail operations, safety features, transporting dangerous goods safely, and emergency response.

The OCR also held an open house that included train rides, displays including the O-Train and a VIA Rail display, as well as Operation Lifesaver's Educational Vehicle and teenaged race-car driver Stefany Malanka. Di Tota says the turnout met, if not exceeded, previous years, despite uncooperative weather.

GO Transit put on a Level 1 Operation Lifesaver Presenter Program where safety instructors from five bus companies in York region were trained to implement rail safety in their companies. Steve Harvey, GO's Operation Lifesaver coordinator, says, "Even though rail safety week is over, (they can) continue to bring rail safety issues to the forefront."





(Top) Calgary — truck driver getting safety literature from CPR Police officer at intermodal terminal (Bottom) Montreal — CN Police crossing-safety blitz

Also on the forefront was the announcement of a provincial program to improve visibility at highway/short line rail crossings in Nova Scotia. A reflective material will be applied to the front and back of signposts at 54 crossings not already protected by flashing lights and bells. The reflectorized crossbucks are very visible and vehicle headlights shining through a passing train reflect off the material and create a strobe effect that registers with drivers.

Di Tota says, "Fatalities are rather small in comparison (to road, fire, and drug safety problems), but they are still significant enough, are preventable and do warrant attention."

La Semaine de la sécurité ferroviaire nationale un gros succès

Par Kayla Hounsell

VISITES DES POLICIERS, simulation de collision entre un autobus scolaire et un train, voilà autant d'exemples de participation à la Semaine de la sécurité ferroviaire cette année.

« Le public est de plus en plus sensibilisé, grâce à tous les partenaires et intervenants », a déclaré le directeur national de Gareautrain, M. Dan Di Tota. « Les Canadiens arrivent ainsi à sauver des vies — aussi bien la leur que celles de leurs voisins et amis. »

Opération Gareautrain est une campagne nationale parrainée par Transports Canada et les 60 membres de l'ACFC. Ces derniers collaborent avec les organismes de sécurité, les corps policiers, les syndicats et les groupes communautaires.

M. Di Tota rapporte que la troisième édition annuelle, tenue du 25 avril au 1^{er} mai, a été un succès.

Pour la première fois au Canada, on a simulé une collision entre un autobus scolaire et un train. Des élèves d'Amqui (QC) ont joué le rôle des victimes. « C'était très réaliste, et le message a très bien passé », déclare Gary Drouin, de Transports Canada, qui est aussi coprésident du conseil de Direction 2006.

Les policiers du CN et du CFCP ont aussi répandu des messages de prévention. Ils ont fait des visites éclair à plus de 70 endroits au Canada. À Winnipeg, un ancien mécanicien de locomotive et un policier ont fait la tournée des écoles. À Calgary et dans d'autres localités, le service de sécurité du CFCP a rappelé les consignes de sécurité aux camionneurs qui fréquentent les terminaux intermodaux.

Selon le porte-parole du CFCP, Ed Greenberg, les automobilistes ne comprennent pas tous la nécessité de cette prévention : « Nous devons continuer de Pour la première fois au Canada, on a simulé une collision entre un autobus scolaire et un train. Des élèves d'Amqui (QC) ont joué le rôle des victimes.

passer le mot, en collaboration avec les chemins de fer. »

Andy Ash et Jean-Pierre Couture, du groupe des marchandises dangereuses de l'ACFC, et des employés du chemin de fer Ottawa Central, ont rencontré des pompiers et des fonctionnaires de Transports Canada pour échanger des informations sur la prévention et les mesures d'urgence.

Ottawa Central a accueilli des visiteurs pour des tours en train, une exposition et une apparition de la jeune pilote de course Stefany Malanka, qui conduit aussi le véhicule éducatif Gareautrain. Selon M. Di Tota, la participation était au moins égale aux années précédentes, malgré le mauvais temps.

GO Transit a monté un atelier Gareautrain de niveau 1 où les instructeurs de cinq entreprises d'autobus de la région de York ont reçu de la formation pour implanter des programmes de sécurité chez leur employeur. Selon le coordonnateur Steve Harvey, on peut continuer de





promouvoir la prévention même après la semaine de la sécurité.

Pour sa part, la Nouvelle-Écosse a annoncé un programme pour accroître la visibilité des passages à niveau. On appliquera des rubans réflecteurs à 54 passages qui ne sont pas déjà munis de clignotants et de cloches. Les croix réfléchissantes seront très visibles et produiront un effet stroboscopique lorsqu'elles seront frappées par la lumière des phares de voiture.

M. Di Tota conclut : « Le nombre de décès aux passages à niveau demeure relativement faible (si l'on compare avec la route, les incendies et les drogues), mais le problème mérite quand même notre attention. »

On the Move

Gordon Chong stepped down as chair of GO Transit to advise the Province on the formation of the Greater Toronto Transportation Authority. Chong stayed on as vicechair, and was replaced by current vicechair Peter Smith, former head of the Canadian Mortgage and Housing Corp.

•••

Grant Bailey is the new vicepresident, Rail, for the Ontario Northland Transportation Commission (ONTC). Grant has a broad range of experience within the Canadian rail sector, having worked both for a national carrier and most recently for a regional railway, where he was the general manager responsible for the organization's entire rail operation. He is a professional engineer with knowledge and experience in the areas of train operations, engineering, mechanical and marketing. He is a member of the North Bay Rotary Club, and a director with Flight 23 of the Canadian Owners and Pilots Association. He is also active in the Association of Professional Engineers of the Province of Ontario, the Railway Association of Canada, and the American Railway Engineering and Maintenance of Way Association.

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Michel Crête of Quebec City and Steven Cummings, Westmount, have been named to the VIA Rail Canada Inc. board of directors.

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Marcella Szel of Calgary, senior vicepresident of CPR's Commodities and Government Affairs, has been appointed a member of the board of directors of Export Development Canada. ●



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