



# TEAMSTERS CANADA RAIL CONFERENCE DIVISION 320



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**Subject: Railway Customers Not Happy**

Dear Brothers and Sisters,

Please find appended message regarding findings from the Federal Government's "rail freight service review process". Only 25% of CP's customers report a "high level of satisfaction" indicates the report. The recent implementation of the A.I.R. tablet and all of the additional charges CP hopes to obtain should look after that.

In Solidarity,

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## **Railways customers slam freight service**

Customers of Canada largest railways have issued a damning review of the quality of service they have received in recent years with nearly two-thirds claiming to have suffered a "significant financial loss" as a result of poor rail service.

The findings are part of the federal government's ongoing Rail Freight Service Review process which could potentially lead to greater regulation of the rail industry in Canada after the recommendations of the commission are given to Parliament in the fall.

Some of the initial findings contained in a survey of 269 shippers across the country not only chastises Canadian National Railway Co. and Canadian Pacific Railway Ltd. for unsatisfactory service, but also the regulatory system they claim is "cumbersome and expensive" and leaves little recourse for shippers.

Only about 17% of those surveyed said they have a high level of satisfaction in the service they have received from either CN or CP. Typically, such customer satisfaction surveys elicit a response in the 50% to 70% range, said Andrew Ennis, who conducted the survey by NRG Research Group on behalf of the federal government.

Moreover, 62% of those surveyed said they had suffered significant financial losses, sometimes in the millions, as a result, Mr. Ennis added.

Terminal operators, port authorities and shipping lines have also reported concerns about the level of service they have received from the rails.

"Most businesses, if you don't have satisfied customers, you go out of business," Mr. Ennis said. "I think, quite frankly, there's not many options."

Those with access to both railways and other forms of transportation report higher levels of satisfaction. But those that don't often say they are "captive."

There is also a marked difference between CN and CP. Only 13% of CN's customers reported a high-level of satisfaction, compared with 25% for CP.

"CN is viewed as the more efficient railway, however, it needs to focus more attention on its customers and their service needs," the report states.

While shippers do not want to see the government take over the railways again or to heavily regulate them, they would like some measures implemented to balance the playing field, said Bob Ballantyne, president of the Canadian Industrial Transportation Association, the main shipper lobby group.

The shippers would like to see some sort of financial penalties made available if rail cars show up late, like the demurrage fees the railways charge shippers.

They would also like to see some sort of standard of service set by the government which would impose financial penalties if that standard wasn't achieved, he said.

Shippers find the existing avenues through the Canadian Transportation Act "cumbersome and expensive," and often complain that they need to "staff up" to file a claim against a railway, Mr. Ennis said. But those that do, say they are satisfied 70% of the time by the outcome, he noted.

"In principle, shippers would be just as happy to have the government not involved and be able to sit down with the railways and work all this stuff out," Mr. Ballantyne said. "But if the railways basically give their customers the middle finger and say this is it, pay up or we won't service your plant, there has to be something that serves as a surrogate for normal competition."

A spokesman for Rob Merrifield, Minister of State for Transport, said Ottawa will wait for the commission's recommendations this fall before making any decisions on whether further action is required as a result of the review.

A spokesman for CP said the railway would not comment on the survey but would give a presentation to the commission itself.

CN stands by the quality of its service, but acknowledges the company is looking at ways to improve those relationships.