



REPORT ON

TRANSPORTATION

Fall 2007

Presented by Trailcon Leasing Inc.

Volume No. 40

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now open for business
and much more!

Going Green

As debate around global warming heats up, the trucking industry is tackling the issue with a number of initiatives designed to conserve energy and reduce greenhouse gas (GHG) emissions.

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Report on Transportation
Designed and produced by: The M Group
Copywriting: Praskey Communications Inc.

Published by
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Going Green

(continued from the cover)

The Canadian Trucking Alliance (CTA) is currently lobbying for financial incentives in the 2008 federal budget to accelerate the penetration of new smog-free trucks with add-on fuel-efficiency devices and equipment, such as auxiliary power units, wide-base single tires, and aerodynamic fairings—CTA's so-called enviroTruck—into the marketplace. CTA maintains that, although the federal government has developed an effective strategy of regulating truck fuel and engine emissions that has brought the industry to the cusp of the era of the smog-free engine—a feat that will be fully achieved by 2010—it has been done in isolation of the GHG impact.

"Absent an integrated policy to address both GHG and (smog) emissions from heavy trucks, the federal government's approach has had the unintended effect of increasing GHG emissions, since the new tractors are less fuel-efficient than equipment already in operation," states the CTA's submission to the government. The enviroTruck, by comparison, "is an integrated strategy to address BOTH smog and GHG emissions from the trucking industry... that could, in a very short period of time, improve fuel efficiency of truck and trailer configurations by upwards of 20%."

A number of transportation companies have already taken

steps to make their fleets more environmentally friendly. UPS, for example, recently announced it was adding 306 alternative fuel vehicles, including 167 Compressed Natural Gas and 139 propane delivery trucks in North America. The propane vehicles will join the nearly 600 such trucks already operating in Canada and Mexico.

Meanwhile, Purolator has unveiled the prototype for a battery-operated electric delivery vehicle called Quicksider that will be tested in Toronto. The vehicle doesn't produce emissions while in operation,

number of initiatives, including in-cab heaters that reduce vehicle idling levels, and other energy-saving features in its facilities.

Sunbury Transport, Fredericton, N.B., is testing a Long Combination Vehicle (LCV)—an extended double trailer—that is equipped with some of the latest green technologies. According to a recent two-year study conducted by Natural Resources Canada and the CTA, LCVs—known as turnpike doubles and currently in use primarily in western Canada and Quebec—are estimated to save an average of 28.8

litres of diesel per 100 kilometres of truck travel when compared to single-trailer configurations moving the same volume of freight—a 55% saving. Turnpike doubles could also reduce the number of trucks on the road by between

six and 10%.

"The trucking industry continues to present viable options to government for the reduction of emissions related to both climate change and smog," says David Bradley, CEO of CTA. "Trucks are now running on clean fuel and near-zero-emission engines; they are increasingly using speed reduction and aerodynamic technologies to reduce fuel consumption. We now have another option for further improvement of the industry's environmental performance," he adds, referring to LCVs. "We believe governments should heed this closely."



and gives off less than 20% of the emissions of a conventional diesel-powered curbside delivery vehicle when its battery is charging. The company has also added 30 hybrid electric vehicles (HEVs) to its existing fleet of 19.

On the carrier side, Concord, Ont.-based J.D. Smith and Sons Ltd. was one of two recipients of the first annual SCL Green Supply Chain Award sponsored by Transport Canada in collaboration with the Supply Chain and Logistics Association Canada. The company was cited for significant reductions in GHG emissions through a

No faith in Ontario Tories

It came as no surprise that the Ontario Progressive Conservative party was soundly trounced in the recent provincial election, and even the leader of the party himself, John Tory, lost his seat. Ontarians lost faith in the direction the party was headed when Tory proposed funding for faith-based schools. Eventually, he did a flip-flop and said he would put the proposal to a free vote among Conservative MPPs if elected, but it was too little, too late; the damage had been done, and voters of all ethnic backgrounds sent him a clear message that he was barking up the wrong tree.

New Canadians come to Canada presumably to integrate into our lifestyle and our work force and to put their children into our educational system. We welcome their contribution to our communities, and no one is disputing the fact that all citizens have the right to practice religious and cultural freedom; it is what provides us with our cultural mosaic. But if you can't fix the current problems with funding and budgeting within the public school boards as they exist today, how do you expect to find additional funds for faith-based schools? I certainly wouldn't want my tax dollars paying for this! Perhaps offering

a tax deduction for those who pay for these programs is a good idea, but I cannot see how the province could possibly fund them.

What would happen to the teachers? How would the government regulate this proposed program? Would these new teachers be certified by the same teachers' colleges that currently train our public school teachers? Who would monitor the curriculum to ensure that, upon graduation, those children who were graduating from faith-based schools had met all the requirements as outlined by the province? Would Hindu schools accept only Hindu teachers? Would the Jewish schools hire only those who practice Judaism? How would they monitor that Islamic schools were complying with the entire academic curriculum, knowing full well that their focus would clearly be on faith-based teachings? Clearly, Tory didn't think about how extensive this proposal was and how insurmountable the obstacles would be in ensuring its success. He continually slammed the Ontario Liberals for irresponsible spending, and then made that ill-conceived announcement. The goal of the government should be to integrate and assimilate new

Canadians, not to segregate them. We welcome newcomers to be a part of our culture, but that proposal encouraged divisiveness.

For years, we have been promised smaller class sizes for our children, yet we are told that the funding formula does not allow for additional teachers. The government should focus its energies on fixing the existing problems within the educational system in Ontario before it creates others. Tory's proposal would have done nothing but provide a false sense of commitment for new Canadians in anticipation of a tax grab for any religious group that wanted to operate a "school."

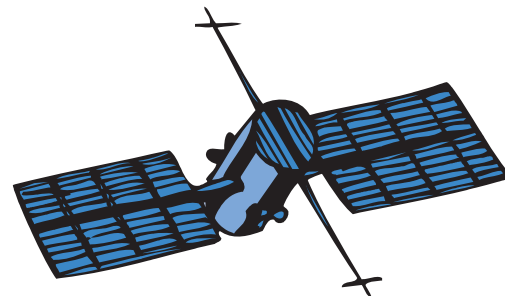
Ontario school boards can't balance their budgets now, and complain there is insufficient funding. This program was nothing more than an embarrassing attempt to secure the ethnic vote by promising additional tax dollars, which, to date, have been unavailable for the public system that currently accommodates over 90% of the children in the province of Ontario. Card-carrying members of the Progressive Conservatives could never have associated with a party who tried to buy the votes of new

Canadians with such a blatant misuse of taxpayer dollars.

To their credit, those new Canadians couldn't be bought. The Tories were virtually shut out of the GTA, despite its large ethnic population. Even more significantly, in a highly ethnic riding like Etobicoke North, where Muslims were running for each of the three major parties, the Liberal candidate won handily—in fact, by considerably more than the PC and NDP candidates' votes combined! In another riding with a large population of immigrants, Mississauga-Brampton South, the PCs ran a minority candidate in an obvious ploy to court the ethnic vote, only to see him lose by a landslide to the Liberal candidate. But then, these results wouldn't have surprised anyone but John Tory and his misinformed advisors. Only in Thornhill, with a large population of Jewish families and affluent business people, did the PC candidate win—and then only by a slim margin.

Tory claimed it's only fair that if Catholic schools are funded, so should those of other religions be. Well, two wrongs don't make a right, and, as John Tory discovered to his bitter disappointment, 26 seats do not a government form.





Complying with CARB

Transportation providers operating in California beware: the state is very serious about its new emissions regulations. Non-compliance is not tolerated, and penalties are stiff.

In August, for example, the California Air Resources Board (CARB), a department of the Environmental Protection Agency, reached a \$700,000 settlement with auto manufacturer Saleen, Inc., of Irvine, Calif., for selling vehicles not certified to California regulations, due to modifications to the emission-control system. Union Pacific Railroad paid \$120,000 for violating regulations requiring companies to inspect and verify that their diesel trucks in California meet state exhaust limits. And Brinks Inc. recently agreed to pay \$147,000 in a settlement agreement with CARB for failure to self-inspect its diesel trucks for compliance with the state's smoke emissions standards.

As noted in the Fall 2006 edition of "Report on Transportation," on February 26, 2004, CARB adopted the Transport Refrigeration Unit (TRU) Airborne Toxic Control Measure (ATCM), which uses a phased approach to reduce the diesel particulate matter (PM) emissions from in-use TRUs and TRU generator equipment (Gensets) used to power electrically driven refrigerated shipping containers and trailers

operating in California.

This regulation affects all trucks operating in the state of California. Drivers operating out of Western Canada and running to or through California must be certain that all TRUs in the fleet comply with the new emissions standard, or pay the price.

Even those companies who don't operate in California should take notice; that state

trucks and trailers. Imagine the day when the exhaust from a heavy truck is cleaner than the air we breathe in most Canadian cities, or when trailers contribute to fuel efficiency that decreases greenhouse gases (GHG) by the equivalent of removing as many as 6,400 trucks or 2.6 million cars from the road.

and nose. A complete fairing system on a trailer has been proven to reduce fuel consumption by as much as 6%, significantly impacting the carrier's bottom line.

Belly fairings are a relatively lightweight panel-and-bracing system that extends the sides of the trailer downward in front of the rear wheels, diverting air that would normally flow into the rear components (tires, frame, suspension, bumpers) and create trailer drag. Belly fairings are available for installation on 48- and 53-foot dry vans and refrigerated trailers.

Gap fairings can also add aerodynamic improvements to dry vans. These fairings are secured to the nose of the trailer, and divert airflow out of the gap behind the tractor and the nose of the trailer.

Individually or in combination, belly and gap fairings have both financial and environmental benefits. The improved aerodynamics saves fuel as well as power, decreasing the demand on the engine and reducing GHG emissions. That leads to significant cost savings, longer engine life, and dramatically enhanced environmental impact. And that's no drag!



Environmentally friendly trailer equipped with nose and belly fairings.

has traditionally been a leader in emissions standards, and it won't take long for other states and provinces to follow the CARB lead. After all, California's anti-idling requirement for sleeper berth trucks has been introduced into law by other states, including New York. Therefore, it is very important to prepare for these regulations now.

Environmental awareness is not restricted to California; the Canadian Trucking Alliance (CTA) is also leading a charge for environmentally responsible

At a recent media event in Ottawa, the CTA kicked off its campaign to increase awareness among the public and to convince the federal government to join with trucking companies and manufacturers in encouraging industry investment in new smog-free GHG-busting tractor-trailers.

Not such a drag

When it comes to trailers, fairings improve fuel efficiency by reducing aerodynamic drag in two key areas: the underside



PITCHING IN

Industry scholarships support OTA Education Foundation

Trailcon Leasing Inc. is one of several members of the trucking industry who have committed to establishing scholarships as part of the Ontario Trucking Association (OTA) Education Foundation. The OTA announced at its Convention last year a new feature that gives individuals or corporations the opportunity to create their own named scholarships in perpetuity. The contributors determine the conditions of the scholarships.

Other companies that have made the same pledge to date include Don Anderson Haulage Ltd., The Erb Group of Companies, Grant's Transport Ltd., J.D. Smith and Sons Limited, TST Overland Express, and Glasvan Great Dane Sales Inc., as well as the OTA itself and the OTA Allied Trades Division.

This fall, the OTA Education Foundation handed out more than \$30,000 in scholarships to college and university students. Twenty-seven Ontario-based students who are children

of parents who work in the trucking industry each received funding to go towards their post-secondary education tuition fees and other academic expenses. All the scholarship applications had to be sponsored by an Ontario trucking or allied product/service company that employs one of the student's parents to be considered for an award.

"As part of the Foundation's recent review and modest restructuring, this year's applicants were asked to demonstrate a general understanding of the trucking industry to the province's economy and our general standard of living," says Betsy Sharples, the Foundation's executive director.

Established in 1958, the OTA Education Foundation provides financial assistance to Ontario post-secondary students who have demonstrated a commitment to academic success and community service, and who have or plan to have an affiliation with the trucking industry.

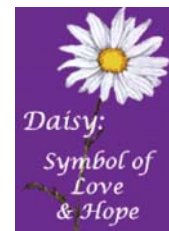
Helping the needy for the holiday season

As December draws near, Trailcon Leasing is hoping that a fundraiser we did last year to help battered women and children during the holiday season will inspire other companies to support similar causes this year. After raising money throughout the year and researching different shelters and churches, we decided we would help out the Halton Women's Place shelter and those less fortunate at the Grace Mount Zion Apostolic Church in Mississauga.

The staff of Trailcon spent a couple of evenings shopping for the families we wanted to assist. The shelter and church were very helpful in providing a list of the families, and included their age, size, and a few items they were hoping to receive. Some families asked only for a pair of gloves or pajamas to keep warm during the holidays. We not only shopped for these items, but threw in something extra for everyone as well. We also included \$100 gift certificates for A&P to give to each

family. We donated \$1,200 in gifts to Halton Women's Place, which helped out four families, and \$800 in gifts to Grace Mount Zion Church, which went to one family and four seniors. We donated an additional \$1,000 to the Church for sponsorship of its annual Christmas dinner for the people in need. It was so much fun to do this for these families, and knowing that we made their holidays happier was one of the greatest feelings ever.

Halton Women's Place provides shelter and counseling for emotionally, physically, and sexually abused women and their children. The shelter is dependent upon community support for donations and assistance due to cutbacks in government funding. If you would like to be a part of our effort to end violence by making a donation, please visit www.haltonwomensplace.com/donate.htm or call 905-332-1200.



Raising funds to fulfill children's dreams

This past summer, Trailcon Leasing participated in customer Maple Lodge Farms' Seventh Annual Tournament of Dreams. The golf tournament raised more than \$60,000 to benefit Sunshine Dreams for Kids, Hospice of Peel, and Cardiac Kids

(in support of the Hospital for Sick Children).

To date, Maple Lodge Farms has raised more than \$800,000 for local charities. These funds have been used to provide "dream lifts"—such as trips to Disney

World—and grant other wishes to hundreds of Sunshine children, hospice care to families living with a life-threatening or terminal illness and much-needed funds for children suffering from congenital heart defects.



CUSTOMER CONNECTION

Cardinal Couriers Ltd.

DELIVERING ON ITS PROMISE

Not only does Cardinal Couriers Ltd. deliver the goods on time over 99.71% of the time, but it also does so before 8:00 a.m. – automatically and at no extra charge.

Exceptional service is, after all, a “Cardinal Rule.” Developed by employees and driver contractors, and proudly displayed throughout its offices, the aptly named “Cardinal Rule” includes a pledge “to strive for total client satisfaction by providing on time and damage-free service” and “to continually develop strong partnerships with our clients by delivering competitive solutions exceeding their expectations.”

Established in 1978 as a rural pre-8:00 a.m. delivery service to meet the needs of Ontario farmers, Cardinal has since spread its wings to become a leading provider of overnight unattended pickup services in

Ontario and Quebec for the automotive, heating and air conditioning, marine, construction, utility, and high-tech industries.

Cardinal now boasts 22 company drivers, a shift from its previous reliance on brokers and independent third parties on its line hauls. “We went from using a broker network on our line-haul system to going almost 95% company drivers,” says Michael McCarthy, vice-president operations. Cardinal is attractive to drivers, adds McCarthy, because “nobody is on layover or on long-line haul, so no one is away from their family. They’re all home every night or every day, depending on whether they’re on a night route or day route.” As a regional carrier, Cardinal’s line-haul system extends from Mississauga as far southwest as Chatham and Windsor, north

to Sudbury, and east to Ottawa and Montreal.

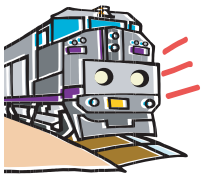
As it continues to expand its fleet, Cardinal does so with an eye to being as environmentally friendly as possible. Recently, for example, it leased two B-train trailers from Trailcon Leasing. That means it can use two trailers with only one truck, minimizing pollution/exhaust and maximizing fuel efficiency. “It extends my utilization of my line hauls without adding additional units and additional cost to the network,” notes McCarthy. The newly leased trailers also contain recycled plastic in the scuffliner. And when it came time for Cardinal to change its tractors, the company chose 2007 engines rather than the less-expensive 2006 versions due to the reduced greenhouse gas emissions in the later-year models.

A customer of Trailcon for

about seven years, Cardinal currently leases 35 trailers, as well as some storage trailers. Two years ago, McCarthy consolidated the company’s entire trailer fleet under the Trailcon umbrella, citing a number of reasons. “Though we are not one of the largest accounts Trailcon has, we’re not treated as a small account, which is excellent,” he says. “Plus Trailcon is very innovative when it comes to different needs that we have. For example, we were experiencing interior damage on the roofs of our trailers. On our last set of trailers, Trailcon changed the structure to protect the roofs, so we no longer have that damage. They’re very easy to work with, and they have proven to be a very reliable vendor to Cardinal” – just as Cardinal proves every morning before 8:00 a.m. to its thousands of customers.



Mike Krell, Sr. Account Manager of Trailcon Leasing Inc., Michael McCarthy, Vice-President Operations, Cardinal Couriers Ltd., and Don Boychuk, Sr. Regional Manager, Cardinal Couriers Ltd. stand in front of Cardinal Couriers' new B-train trailers.



INTERMODAL

INSIGHTS

Vancouver Port boasts record mid-year volume

The Port of Vancouver experienced record overall tonnage growth during the first half of 2007. Container traffic increased by five per cent as volumes reached 1,086,640 TEUs (20-foot equivalent units), up from 1,035,189 TEUs at the mid-year mark in 2006. The outlook for the rest of the year is also positive, thanks to stronger-than-anticipated outbound laden container traffic.

Recently, the Port celebrated the arrival of its 1,000th crane from the Shanghai Zhenhua Port Machinery Co. Ltd., 16 years after it purchased its first crane from the same company. The crane features twin lifts and total lift capacity of 65 tonnes, making it capable of lifting two containers at a time to increase efficiency.

Container expansion at the Port of Vancouver is expected to generate an additional \$8 billion in economic output by 2020.

Loadings heat up in summer

A surge in summertime business for Canadian railways pushed their total freight to its highest monthly level for July in three years, according to Statistics Canada.

Railways carried 24.6 million metric tonnes of freight in July, up from the 24.1 million metric tonnes reported in June and the highest for the month since 2004.

The intermodal portion—containers and trailers loaded on flat cars—increased 2.4% in July to 2.5 million metric tonnes. On a year-over-year basis, intermodal loadings jumped 5.7% in July compared with a year earlier.

Prince Rupert terminal open

With the grand opening of the Prince Rupert Fairview Container Terminal in September—on time and on budget—shippers have a new high-speed congestion-free trade corridor to ferry goods between Asia and North America.

The opening of Fairview also represents a major opportunity for CN, which owns and operates the northern mainline from Prince Rupert to Winnipeg. According to CN president Hunter Harrison, “this new injection of meaningful port–rail–terminal capacity into the global supply chain will offer shippers the fastest, most efficient, and most cost-effective routing for Asian traffic destined to and from the interior of North America.”

CN is also investing heavily in its western Canadian network, adds Harrison. These improvements include upgrades to its rail traffic control system west of Prince George, and extended sidings that will result in a double-track system from Prince Rupert to Memphis, Tenn., with the capacity to handle the four million TEUs that the Port of Prince Rupert is projecting by 2015. CN has built new intermodal terminals in Prince George and Edmonton, and acquired 50 new state-of-the-art locomotives specifically to serve Prince Rupert.

The \$170-million Fairview Terminal project currently has a design capacity of 500,000 TEUs.

Port of Halifax struggles to fill capacity

As promising as the prospect may be of moving cargo via the Suez Canal between the Port of Halifax and the Indian

Subcontinent, the plan has yet to bear fruit.

According to an article in the *Chronicle Herald*, the number of TEUs at the Port of Halifax during the first six months of 2007 was down 2.8% compared with the same period in 2006. And that's despite the fact that container activity is booming along the east coast. Currently, the Port is stuck at somewhere between 520,000 and 550,000 TEUs, which is less than half its capacity of 1.4 million TEUs.

A severe blow was the loss of both the Maersk and China Shipping lines in the past year. Adding salt to the wound is the fact that cargo owners are more and more dictating the ports of call to the shipping lines, and many prefer to be near larger population centres along the U.S. east coast.

Still, the Port continues to view the Indian subcontinent as a major opportunity for the future. As well, another *Chronicle Herald* article notes that there are three major carriers on Halifax's horizon: Hanjin of South Korea, Evergreen of Taiwan, and CMA CGM Line of France. Hanjin and Evergreen already call at the Port of New York/New Jersey through the Suez Canal, so it wouldn't be too difficult to add Halifax, while CMA CGM did a mini-pilot project with the Port several months ago. The carriers should announce their decisions in the next eight months to a year, says the article.



Aerial shot of the Port of Prince Rupert



TRAVEL

TOURING "DOWN UNDER"

By Jim Wedgewood, Vice-President and General Manager
Trailcon Leasing Inc.

My wife Sandy and I recently had the opportunity to visit Australia, where our daughter Jen is completing her teaching degree. Little did we realize how thoroughly we would enjoy the people and the culture that is unique to that continent.

We arrived in late May, the beginning of the fall season. The weather was cool and the leaves were changing colour and falling—it seemed like Thanksgiving should be just around the corner! Our first impression, upon arrival, was of friendly Aussies with distinctive accents who were ready and willing to help us find our way. We were off to a good start.

Our first few days were spent in Melbourne, a tourist-friendly city that is very easy to navigate. The inner-city transit loop is free; you hop on and off the streetcar whenever you want. A narrator on the streetcars points out tourist attractions and areas of interest as you circle the city. Melbourne boasts many sites and great dining locations, but we only had the opportunity to experience a small sample of its offerings over the three days we spent touring there.

One experience we especially enjoyed was relaxing at The Riverland, an outdoor bistro beside the Yarra River, where we watched the many rowing boats, gondolas, and river cruises glide along the waterway as we sipped on a glass of our favourite Aussie wine. When dusk fell, the entire waterfront and surrounding buildings lit up with very colourful neon lighting, bringing the whole city to life.

For the not so weak at heart, there is the Rialto Tower, the highest building in the southern hemisphere, which gives a 360-degree view of the city. I couldn't stay away from the floor-to-ceiling windows and glass floor. Sandy, on the other hand, was happy to stay by the elevator and look at my pictures later. This is a great spot to take pictures of the entire city of Melbourne.

A historical point of interest, for those so inclined, is the Melbourne Jail (Gaol, in Aussie spelling), where the infamous bushranger Ned Kelly was incarcerated and eventually hung; the hangman's noose and gallows are still there for the curious to inspect. On the

day of our visit, it was rainy and damp, and the jail was cold, miserable, and open to the elements. One can only imagine how uncomfortable it must have been for the inmates. Of the many exhibits there, the one that had the most impact on us was the Death Masks. After a prisoner had been executed, his or her head was cut off and a plaster mould formed around it to create a death mask. These are on display in the various prison cells along with the captioned history of each inmate. Many of these prisoners were young men who had been committed for repeated stealing, or continual drinking and fighting—minor occurrences by today's standards, but not tolerated in earlier times.

The "Bottle Shops" provided us with a unique flavour of Australia. These are open-air drive-through liquor stores with a fast lane where you are served at



View from the Great Ocean Road.



Yarra River, Melbourne.



Australia has many excellent wineries.



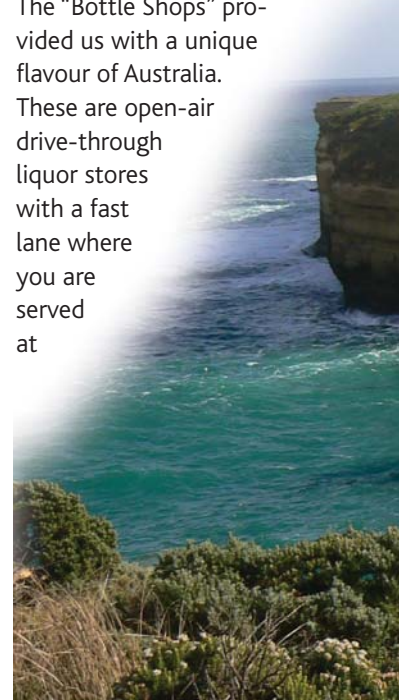
Eroding shoreline along the Great Ocean Road.



View of Melbourne from the Rialto Tower.



The Rain Forest along the Great Ocean Road.



your car, or a browse lane where you can quickly park and go about your shopping pleasure. How good is that!

One of our favourite adventures in Australia was the Great Ocean Road; don't miss this! We spent two days navigating the ever-winding coastal road with its breathtaking ocean views, huge sandstone and limestone cliffs, as well as the many small picturesque harbour and surfing towns. The force with which the great ocean waves pound the coast causes significant erosion of the shore, and eventually, a section of land gets entirely cut off from the mainland and stands alone, like a column. There is an area where 12 such columns were cut away from the mainland, and these now form the famous tourist attraction known as the Twelve Apostles. Stop here to get some great pictures and to enjoy the incredible scenery.

Another must see along the Great Ocean Road is the Rain Forest. Pictures don't do it

justice, so spend some time here; it is an incredible natural habitat, and the walkway tour takes only about 45 minutes.

If you are pressed for time, we recommend travelling The Great Ocean Road from Lorne to Apollo Bay, where you will see many surfing sites, numerous breathtaking views of the ocean and cliffs, some local wildlife, and the Rain Forest.

Going to Australia, we expected to see koalas and kangaroos everywhere, but soon realized that would be like someone coming to Canada and thinking they'd see moose and deer roaming the cornfields. We did manage to see some koala bears in their natural habitat, a eucalyptus tree. We were told that they sleep most of the day (up to 22 hours) because they're quite "high" on eucalyptus leaves (what a life)!

We did see a few kangaroos, at dusk in a meadow, as we were returning from a day spent touring various local wineries—yet another great experience

and memory of our trip to Australia.

We also spent a few days in Tasmania, a short 45-minute flight from Melbourne. Tasmania is similar to Canada's east coast, very rugged and beautiful. It was during a boat cruise around The Port Arthur Penitentiary that the captain pointed out to us that the next landmass south of us was the Antarctic. That's when we realized that we really were "down under!"

Despite the long flight, this is a trip worth taking. The Australian culture is warm and friendly, and you will feel welcome. We admired the Aussies' sense of pride and preservation of their heritage. One example was a billboard that stated: "Buy Australian...give your kid a future!"

So, as they say, "Crikey mate! Don't be fussed; book your flight—you'll have a great time!"



A koala bear doing what it does best--sleeping.



One of the haunting Death Mask exhibits at the Melbourne Jail.



The dramatic shoreline along the Great Ocean Road.

INDUSTRY NOTES

Kriska buys Muir's international truckload division

Kriska Holdings Limited has purchased the international cross-border truckload activities of Muir's International Inc., a separately run division of Muir's Cartage.

Recognizing the consolidation that is occurring in the industry, both companies were in favour of the buyout. "Our strategy is to add quality revenue and quality people to the Kriska organization," says Mark Seymour, president and CEO of Kriska Holdings Limited. "Muir's International will further complement our objective, and we are very



confident that employees and customers of Muir's International will see the value in our latest venture."

The acquisition follows the purchase of Ottawa-based Lavigne Truck Lines in June.

One of Canada's 50 largest for-hire carriers, Kriska operates more than 400 power units with approximately 600 employees and owner-operators from terminals in Prescott, Mississauga, Ottawa, and Montreal.

Ryder completes acquisition of Pollock in Canada

Ryder System, Inc., has completed its acquisition of Pollock NationalLease, one of Canada's largest privately owned commercial truck leasing and rental companies, as well as Pollock's transportation-based logistics operations.

The acquisition is expected to add approximately \$43 million in annualized revenue, of which approximately 55% is related to commercial truck leasing and rental business, and 45% to the company's transportation-based logistics business.

In the transaction, Ryder acquired Pollock's fleet of approximately 2,000 vehicles, six service locations, and nearly 200 contractual customers served by the Ontario locations of Sarnia, Windsor, London, Baden, and Milton, as well as the Moncton, N.B., location. Ryder plans to consolidate four overlapping locations from among the combined operations. The combined network will operate under the Ryder name.

"This acquisition strengthens our network and product offering in key markets, bringing a wide range of transportation and logistics solutions, expanded service locations, innovative technologies, operational efficiencies, and global resources to the Canadian marketplace," says Ryder chairman and CEO Greg Swienton.

Ryder provides transportation,

logistics, and supply-chain management solutions worldwide.

Acquisitions help boost Q2 revenues for TransForce

TransForce Income Fund credits its acquisition strategy for some improved results in the second quarter, ending June 30, 2007. It increased revenues by 9% to \$495.7 million, up from \$455.6 million for the same period in 2006. EBITDA (earnings before interest, taxes, depreciation, and amortization) increased by 4% to \$64.1 million in the quarter, compared with \$61.6 million for 2006. "We increased revenue and EBITDA through strategic acquisitions made in the past year as we continued to pursue opportunities to acquire good companies that will help TransForce create long-term value for unitholders," says Alain Bédard, chairman, president, and CEO of the Fund.

There were some financial pot-holes, however. Distributable cash from ongoing operations was \$55.2 million, compared with \$57.2 million for the same period in 2006, and the regular distribution payout ratio was 78%, compared with 84.5% a year ago. Cash flow from operating activities, before net change in non-cash working capital balances, was \$52.2 million, compared with \$53.8 million a year earlier. "Overall, our existing operations have had to adjust to weaker market conditions, particularly in the Truckload segment due to weaker

demand, and in oilfield services, which were affected by lower drilling activity in Western Canada," notes Bédard.

During the quarter, TransForce acquired three companies that provide clients with vehicles and drivers, and incorporated them into a new Fleet Management & Personnel Services division, now part of the Specialized Services segment.

Most recently, the Fund signed an agreement to acquire Century II Holdings Inc., which owns courier company Information Communication Services (ICS) Inc. ICS Courier, headquartered in Toronto, operates a fixed-route courier business servicing more than 35,000 accounts in the insurance, optical, financial, travel, dental, and legal business sectors across Canada. It employs a workforce of more than 1,300 employees and owner-operators through a network of 35 offices, and had revenues of \$90 million in 2006.

Drivers can now earn college certificate

Humber College Institute of Technology & Advanced Learning, in partnership with online trainer CarriersEdge, is offering the first college certificate in Canada designed specifically for professional drivers. The program, titled "Certificate in Small Business Management for the Trucking Industry" is offered exclusively online, so drivers can continue to work while studying. It comprises eight courses, including safety

and compliance courses from CarriersEdge and business skills courses from Humber, which can be taken in any order.

In a "buy truck, will study" sales incentive, Toronto-based used truck dealer Arrow Truck Sales is partnering with CarriersEdge to offer prepaid tuition in the Certificate program with each truck purchase.

For more information on the Certificate, visit

www.driverquality.com/humber.

Revenues, expenses decline for top for-hire carriers

The second quarter of 2007 was pretty much a wash for the top 97 for-hire motor carriers of freight (Canadian-based trucking companies earning \$25 million or more annually). They generated operating revenues of \$2.5 billion and operating expenses of \$2.4 billion, according to Statistics Canada, unchanged from the first quarter of the year. Average

per-carrier revenues decreased 1.3% to \$26 million, while average expenses declined 0.5% to \$24.5 million, compared with the second quarter of 2006. That translated into an operating ratio of 0.94, similar to that of the same period in 2006. (A ratio of greater than 1.00 represents an operating loss.)

Meanwhile, third- and fourth-quarter figures for 2006 for all for-hire carriers of freight revealed an estimated 3,552 for-hire trucking companies based in Canada with annual revenues of \$1 million or more, up from 3,432 in the fourth quarter of 2005. Their operating revenues for the fourth quarter totalled \$7.1 billion, down 1.5% from the same quarter in 2005, while operating expenses also decreased, 0.4% to \$6.7 billion—the first decreases in year-over-year comparisons since the third quarter of 2002. The operating ratio deteriorated from 0.93 to 0.94.



Trailcon Leasing heads west with opening of branch in Edmonton



Trailcon shares its new Edmonton branch office with Gateway Trailer Repairs, who will service all the equipment.

Trailcon Leasing Inc. continues to expand with the opening of a branch in Edmonton to serve customers in the thriving province of Alberta.

Dave Ambrock, an industry veteran and most recently general manager of Legal Freight Systems in Edmonton, is branch manager of the new location, responsible for all sales and operations.



Dave Ambrock, Trailcon's Edmonton branch manager.

Edmonton is a strategic location for Trailcon Leasing. With the recent opening of the Fairview Container Terminal in Prince Rupert, B.C., the city will serve as a major rail hub link for containers arriving in Prince Rupert from the Far East. Edmonton is also a

base for transportation to and from the Alberta oil sands.

The new branch is a partnership with Gateway Trailer Repairs, with whom Trailcon shares the

building and who will service all the equipment. The branch will offer all the same services—including mobile repair units—and equipment as Trailcon's existing locations in Mississauga and Markham, Ontario.

"The new branch in Edmonton represents a major step in the growth and expansion of Trailcon Leasing Inc. into the Western Canadian market," says Alan Boughton, president of Trailcon Leasing Inc.

FOR YOUR INFO

Obituary

Trailcon Leasing mourns the passing of Pat Dilillo, founder of Mond Industries and president and CEO of Di-mond Trailers Inc. After running Mond from 1981-1998 and taking it public, he sold the company to Trailmobile in 1998.

Known for his innovative ideas, Dilillo built the first 40- to 53-foot extendable chassis, and made stainless-steel rear headers on dry freights standard, as well as galvanized rear headers.

"Pat was a true entrepreneur who never took 'no' for an answer," says Trailcon Leasing president Alan Boughton, who met Dilillo in 1992, shortly after he had launched Trailcon. "Failure was just a stepping stone to his next success."

Boughton describes his first business transaction with Dilillo as "a handshake deal," and adds that Dilillo "held that price for years." Dilillo could always be relied on to come



through for a customer. "I could put in an order on Monday and have it for Wednesday," says Boughton.

Dilillo was the first to sign up for the Ontario Transportation Centre, notes Boughton, building the facility that Trailmobile now occupies. He manufactured some of the most rugged trailers in the industry, including the tough "Bullet" models that he built for Trailcon, and was "a leader in the intermodal game" as well, adds Boughton.

He will be sorely missed. Trailcon extends our sincere sympathies to his family.

Worst roads

The votes are in, and the worst road in Ontario this year, according to CAA's poll of Top 20 Worst Municipal Roads, is Vermillion Lake Road in Sudbury.

However, the GTA had three roads in the top 20: Steeles Avenue (#5), Bathurst St. (#9), and Dufferin St. (#12).

CAA claims in its press release that the five-year-old campaign has had "tremendous success, with municipal governments taking action or committing to take action on 95% of the roads named since 2003."

However, one has to think most of those "tremendous successes" fall into the "commitment" rather than the "action" camp, as the three GTA streets are perennial winners. More broken promises?

Loon versus eagle: why the loonie is soaring

It's been less than a year since the Canadian dollar was languishing at 15 cents below the American dollar. How did it get so strong so fast after all these years?

Stephen S. Poloz, senior vice-president, corporate affairs, and chief economist, Export Development Canada (EDC), offers his theory in a recent weekly commentary on the EDC website.

First of all, Canada has a trade surplus, a fiscal surplus, a

strong consumer, high commodity prices, and the possibility of higher interest rates, while the U.S. has a trade deficit, a fiscal deficit, a softening consumer, and a "sub-prime mortgage market meltdown that has led to lower interest rates" and weakened the U.S. dollar, he notes.

However, the explanation is not quite that simple, he cautions. It's not so much that the American dollar has weakened substantially; rather, it's that the Canadian dollar has risen

much more—16% in nine months—than the U.S. dollar has declined this year.

Why has that happened? First of all, the rising price of oil: Every \$10 change in the price of oil causes a move in the Canadian dollar of three cents, he explains. Secondly, he says, the U.S. economy is slowing, "and many believe that Canada will be untouched by this, adding upward momentum to the loonie." That could account for a further two to three cents of the dollar's rise.

The bottom line, according to Poloz: "Much of the loonie's recent flight . . . appears to have been driven by fundamentals. The remainder is more speculative in nature, propelled either by pure trading momentum or forecasts of even higher oil prices and continued strong growth in Canada—an unlikely confluence of events."

So it's anyone's guess how long—or how high—the loonie will soar.

Word watch Influenza

As we approach the season of sneezes and sniffles, it's an appropriate time to delve into the origins of the word "influenza." "Influentia," in Medieval Latin—based on "fluere" (to flow)—was thought to be a fluid or emanation given off by certain stars that governed human affairs. By the time "influentia" had become the Italian word "influenza," it meant almost any kind of epidemic or plague blamed on the influence of "evil"

stars. Similarly, the word "disaster" comes from the same ancient belief in the influence of evil ("dis") stars ("astra").

The *Oxford Dictionary* recorded the first use of the word "influenza" in 1743, when an influenza epidemic in Italy was first documented.

So the next time you are felled by the flu, blame it on the stars!

Sources: www.word-detective.com, www.archives.cbc.ca



Wacky Warning winners

The Wacky Warning Label Contest is now in its 10th year, with manufacturers showing no signs of slowing down in their caveats to consumers against doing the glaringly obvious. Here are this year's winners.

Honourable mention: A Yellow Pages book that cautions users: "Please do not use this directory while operating a moving vehicle."

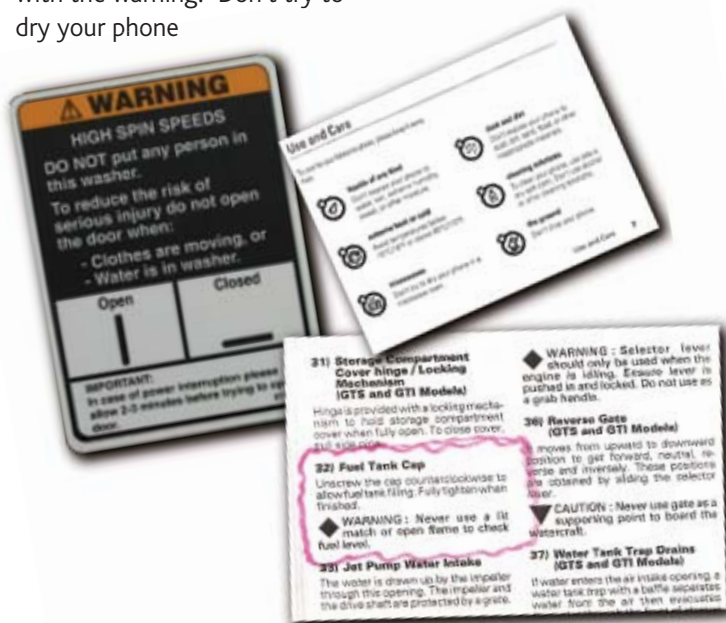
Third place (tie): A Super Lotto ticket that says, "Do not iron," and a cell phone that comes with the warning: "Don't try to dry your phone

in a microwave oven."

Second place: A label on a personal watercraft that warns: "Never use a lit match or open flame to check fuel level."

And the winner: A washing machine at a laundry mat bearing the warning: "Do not put any person in this washer."

The Michigan Lawsuit Abuse Watch (M-LAW) sponsors the contest "to reveal how lawsuits, and concern about lawsuits, have created a need for commonsense warnings on products."



SITE-SEEING



www.investorwords.com

Confused about bonds? Futures? Options? This financial glossary covers everything from A to V—that is, Accounting to Venture Capital, in easy-to-understand language. Click on any of the main heads and you'll be directed to a comprehensive list of links within that category. All in all, the site features some 6,000 definitions and 20,000 links between related terms. You can also search for a specific term or browse by letter. New items are added frequently.

InvestorWords also publishes a term-of-the-day e-mail newsletter that provides one definition and one investing aphorism per day to subscribers, free of charge.

www.redflagdeals.com

Looking for a deal on a computer? Want to save money on your next trip, or a new winter coat? Check out RedFlagDeals.com, which bills itself as "Canada's largest online bargain-hunting community." The seven-year-old website boasts some 100,000 members who share tips on good deals and make recommendations on what to buy. You don't have to be a member to view the deals, but you do need to sign up—it's free—in order to post comments, ask questions, share deals, and buy and sell in the trading forums.

You can sort deals by store, by category, or search for specific items. The site includes both online and in-store offerings, as well as coupons and rebates. It is updated daily, and features more than 200 non-expired deals at any one time.

RedFlagDeals.com is the brainchild of Derek Szeto, who got tired of reading of deals that American shoppers were getting online, and created this site to focus specifically on Canadian shoppers. Its advisory panel consists of some pretty heavy hitters, including Ken Wong, professor of business at Queen's University, who is frequently quoted in the press.

BOYS & THEIR TOYS...

Nicholas Ledson is fast becoming a force to be reckoned with on kart tracks around Ontario. The son of Georgie Ledson, VP of Operations for Georbon Transportation, and the grandson of George Ledson, President and CEO of Cavalier Transportation Services, Nicholas began karting in 2006 in an Arrive and Drive series at Cameron Motorsports in Hamilton. The 11-year-old excelled in his rookie season, chalking up 10 podium finishes in 13 races and finishing third overall for the season.

Continuing to fuel his budding passion for the sport, Nicholas began the 2007 season racing in the Novice class at the Simcoe Kart Club in Sutton, Ontario. He soon advanced to the Junior Lite series, where he notched eight top-five finishes and clinched fourth place overall. He also ran in the Brian Stewart series, which consists of regional races at various tracks, competing against drivers from all over Ontario. In this series, Nicholas had the opportunity to compete in the more-advanced Junior Heavy and Junior Medium races.

Late in the season, he secured another kart and two more motors, which helped increase his already-blistering speed.

He is looking forward to another outstanding season in 2008.



Nicholas Ledson with his father Georgie.



FRANK SAYS...

When I stopped by Frank's office last week to discuss an upcoming industry event, I knew I would be subjected

to his latest rant before we could get down to business. I wasn't disappointed.

What got Frank's goat this time was an article in *The Toronto Sun* about a Muslim inmate who won \$2,000 and a human rights victory over the policy of the Correctional Service of Canada not to replace bacon with a halal diet for Islamic convicts. "I've heard of pork-barrel politics, 'but this is ridiculous!'" he fumed.

As Frank explained, Duane David, who is serving time at Kingston's Joyceville penitentiary for an "unknown" crime, complained to the Human Rights Commission that his rights were being violated because he was served bacon for breakfast every Wednesday.

"Never mind that bacon was only on the menu once a week. Never mind that he was already getting two eggs, three slices of toast with jam, milk, coffee, juice, and cereal," sputtered Frank.



"That's more than I have for breakfast any day of the week! Never mind that the prison doesn't have the budget to cater to convicts' special-meal requests. And never mind that his grievance was denied, both internally and by the

Human Rights Commission.

"But Duane David has a lot of time on his hands," smirked Frank. "He appealed the Commission's decision to the federal court, and those dimwits ordered the attorney general to pay him \$2,000 for damages. Now a new hearing is going to be held, and who do you think will end up paying for that?" asked Frank, his face red with anger. "This gives a whole new meaning to the term 'con game'."

"Here's what I think," he sneered. I knew the punch line was coming.

As Frank says:

"However you slice it, our justice system has gone all to halal."

CALENDAR OF EVENTS

November 5-7

CTEA 44th Annual Manufacturers' Technical Conference
Marriott Hotel Halifax
Harbourfront, Halifax, N.S.
Contact: Canadian Transportation Equipment Association
Telephone: 519-631-0414
E-mail: transportation@ctea.on.ca
Web: www.ctea.ca

November 7-9

CITT's Reposition 2007: National Symposium for Supply Chain and Logistics Professionals
Quebec City
Contact: Anthony Campigotto, Canadian Institute of Traffic and Transportation
Telephone: 416-363-5696, Ext. 32
E-mail: acampigotto@citt.ca
Web: www.citt.ca/reposition

November 8

HTC Annual Dinner
Hamilton Convention Centre
Contact: Hamilton Transportation Club
Telephone: 905-549-3777
E-mail: hamtransportation@cogeco.ca
Web: www.hamiltontransportationclub.com

November 10-13

IANA's Intermodal Expo & Annual Membership Meeting
Georgia World Congress Center, Atlanta, Ga.
Contact: Intermodal Association of North America
Telephone: 1-866-438-EXPO (3976); 301-982-3400, ext. 332
E-mail: iana.expo@intermodal.org
Web: www.intermodal.org

November 11-16

Executive Program in Supply Chain and Logistics Management
Schulich Executive Learning Centre, York University, Toronto
Contact: Schulich Executive Education Centre, York University
Telephone: 416-736-5079; 1-800-667-9380
E-mail: execedinfo@schulich.yorku.ca
Web: www.seec.schulich.yorku.ca

November 15-16

OTA 81st Annual Convention
Toronto Congress Centre
Contact: Melanie Kowdrysh, Ontario Trucking Association
Telephone: 416-249-7401, ext. 231
E-mail: melanie.kowdrysh@ontruck.org

November 29

Annual Dinner and General Meeting of Toronto Transportation Club
Fairmont Royal York Hotel
Contact: Gord McNeil, Chairperson
E-mail: sec_treasurer@torontotransportationclub.com
Telephone: 416-886-5450
Web: www.torontotransportationclub.com

December 13

HTC Christmas Luncheon
Hamilton Convention Centre
Contact: Hamilton Transportation Club
Telephone: 905-549-3777
E-mail: hamtransportation@cogeco.ca
Web: www.hamiltontransportationclub.com

January 20-25, 2008

2008 COHMED Conference (Co-operative Hazardous Materials Enforcement Development)
Hyatt Regency Savannah, Savannah, Ga.
Contact: Commercial Vehicle Safety Alliance
Telephone: 202-775-1623
E-mail: cvsahq@cvs.org
Web: www.cvs.org

March 9-11, 2008

Annual Convention & Expo of International Warehouse Logistics Association
Palm Springs, Calif.
Contact: Scott Brewster
Telephone: 847-813-4699
E-mail: sbrewster@iwla.com
Web: www.iwla.com

March 17-19, 2008

Supply-Chain World North America 2008
Hilton Minneapolis, Minneapolis, Minn.
Contact: Supply-Chain Council
Telephone: 202-962-0440
E-mail: info@supplychain.org
Web: www.supply-chain.org

March 25-27, 2008

The Logistics Management Course
The Miles S. Nadal Management Centre, Toronto
Contact: Schulich Executive Education Centre, York University
Telephone: 416-736-5079; 1-800-667-9380
E-mail: execedinfo@schulich.yorku.ca
Web: www.seec.schulich.yorku.ca

April 14-17, 2008

SAE 2008 World Congress
Cobo Center, Detroit, Mich.
Contact: Society of Automotive Engineers
Telephone: 1-877-606-7323
Web: www.sae.org



April 17-19, 2008

Truck World
International Centre, Toronto
Contact: Newcom Business Media Inc.
Telephone: 416-614-2200
Web: www.truckworld.ca

April 21-24
NA08

I-X Center, Cleveland, Ohio
Contact: Material Handling Industry of America
Telephone: 1-800-345-1815; 704-676-1190
E-mail: cmiller@mhia.org
Web: www.nashow.com

April 30-May 1, 2008

Intermodal Operations & Maintenance Seminar
Oak Brook Hills Marriott Resort, Oak Brook, Ill.
Contact: Intermodal Association of North America
Telephone: 301-982-3400, ext. 332
E-mail: iana@intermodal.org
Web: www.intermodal.org

May 4-7, 2008

2008 WERC Conference
Chicago
Contact: Warehousing Education and Research Council
Telephone: 630-990-0001
E-mail: wercoffice@werc.org
Web: www.werc.org

May 25-30

Executive Program in Supply Chain and Logistics Management
Schulich Executive Learning Centre, York University, Toronto
Contact: Schulich Executive Education Centre, York University
Telephone: 416-736-5079; 1-800-667-9380
E-mail: execedinfo@schulich.yorku.ca
Web: www.seec.schulich.yorku.ca





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Operations: 905-670-1500
Parts & Warranty: 905-670-7003

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Markham, Ontario L3R 2N8
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Fax: 905-474-3871

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Edmonton, Alberta T5V 1G8
Telephone: 780-454-9061
Fax: 780-454-9075

Website: www.trailcon.com
Email: sales@trailcon.com

Year 11

2002

- Trailcon celebrates a decade as Canada's intermodal and trailer specialist with a record year of equipment orders, bringing the fleet to over 4,000 units.
- The Ontario Ministry of Transportation enforces changes to its air brake certification standards effective April 1.
- October 1 marks the introduction of truck engines that reduce smog emissions by 40%.



Year 12

2003

- Alan Boughton, President of Trailcon Leasing, is awarded the Award of Excellence in Entrepreneurship at the National Transportation Week Ontario awards breakfast.
- Trailcon Leasing opens a new branch in Markham, Ontario, to enhance service to customers in the eastern Greater Toronto Area and beyond.
- Trailcon Leasing purchases 711 new units at an investment of close to \$30 million, the largest individual growth year (32%) in company history.



Year 13

2004

- Cavalier Transportation Services Inc. celebrates its 25th anniversary, providing a wide menu of transportation services.
- Sobey's Inc. purchases Comisso's Food Markets and Comisso's Grocery Distribution Limited in a \$65-million deal, enhancing Sobey's presence in Ontario.
- Canadian Pacific Railway formally exits the traditional trailer on flatcar business as of March 1, concentrating on the more lucrative container business.



Year 14

2005

- Trailcon Leasing adds a new 20,000-litre fuel truck to its service fleet, expanding its in-yard fuel service capacity throughout the GTA.
- Prince Rupert awarded \$30-million grant from the federal and provincial governments to kick-start the development of the \$530-million container terminal.
- Trailcon Leasing celebrates another outstanding year of growth, purchasing 737 units at a cost of more than \$25 million and bringing the total units purchased in the last three years to 1,937.



Year 15

2006

- Trailcon Leasing joins NationalLease, the largest truck leasing system in North America, as the charter member of the organization's new trailer division.
- TNT N.V., Amsterdam, sells its logistics division to affiliates of Apollo Management L.P., a private-equity firm based in New York.
- Trailcon Leasing begins its 15th year of business, and celebrates continued growth by adding the 5,000th piece of equipment to its expanding fleet.

