

WESTERN GRAIN ELEVATOR ASSOCIATION

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FOR IMMEDIATE RELEASE

WGEA Applauds Government's Extension of Rail Provisions

(Winnipeg) - April 25, 2016: The Western Grain Elevator Association (WGEA) welcomes Minister Garneau and Minister MacAulay's announcement that the Government of Canada will pursue a one year extension of the provisions enacted in 2014 by the *Fair Rail for Grain Farmers Act*.

"We are very pleased the government has taken the reasonable decision to work with Parliament to keep the provisions of the *Fair Rail for Grain Farmers Act* in place while considering permanent changes," said Wade Sobkowich, Executive Director of the WGEA. "The WGEA is particularly pleased that the 160 km interswitching provision will be kept in place."

The extension of interswitching rights from 30 km to 160 km has been used by shippers to obtain better service and rates from the railways. Extended interswitching to 160 km is proving to be an effective tool to provide additional competition between the two Canadian Class I railways as well as with other North American carriers. From the WGEA's perspective, every grain elevator in Canada should have practical access to an interchange giving them a choice of railway provider. This creates a measure of competitive drive between service providers in an otherwise monopolistic environment.

"The extended interswitching radius to 160km from 30 km better reflects the reality of grain production in Canada and the large expanse of the country", explained Sobkowich. "Extended interswitching has introduced a new element of competition into a normally captive marketplace and it's critical that our facilities have access to more than one railway service provider."

The WGEA continues to advocate for measures to improve rail capacity available to shippers as well as balanced accountability for service, notably by having the statutory right to introduce financial penalties and commercial arbitration into Service Level Agreements. Grain shippers rightly have to pay penalties to the railways if they do not load or unload railcars in a certain period of time, but there are no consequences for railways if they do not supply railcars on time to grain shippers. The shipper-railway relationship is the only one in the grain supply chain that does not have clear and balanced financial accountability set out in a commercial contract.

"If Canada expects to improve upon its reputation internationally as a reliable grain trading partner we need a permanent regulatory rail environment that makes the railway companies accountable to shippers," added Sobkowich. "That starts with having enough capacity in the system to provide reasonable service when the global marketplace demands it, and it ends with financial obligations to one another if either party fails to deliver."

WGEA members are grateful that the government has been engaged with all stakeholders in its ongoing assessment of the Canada Transportation Act Review. Grain shippers remain committed to providing open, transparent and accurate information about rail logistics and the grain sector as the government develops its legislative response.

The WGEA is an association of grain businesses operating in Canada which collectively handle in excess of 90% of western Canada's bulk grain exports. Its members account for roughly one fifth of bulk railway revenue in Canada and pay annual total freight of over one billion dollars. For more information on the WGEA's perspective on the rail environment visit: www.wgea.ca

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