

WESTERN GRAIN ELEVATOR ASSOCIATION

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FOR IMMEDIATE RELEASE

Grain Handlers Support Government's Big Step Forward In Fixing Rail Transport System

(Winnipeg) – November 3, 2016: (Winnipeg)- November 3, 2016: The Western Grain Elevator Association (WGEA) commends the Government of Canada on a big step forward in addressing several longstanding inadequacies with Canada's rail transportation policy. Today's announcement by Minister Garneau to introduce reforms in Spring 2017 will go a long way to addressing key problem areas identified by the WGEA.

"This is an important day for not only grain shippers but for every grain farmer across the country who relies on dependable and accountable rail service," said WGEA Executive Director Wade Sobkowich. "We're thankful that Minister Garneau and Minister MacAulay understand just how fundamental this is to grain farmers and the industry."

It is critical that grain shippers be given the tools to hold railways financially accountable for their service performance. This mimics what naturally occurs in a competitive transportation market, and ends a longstanding imbalance of power between the railways and its captive customers.

"The fact that shippers have had no way to hold the railways responsible when commitments are broken has been the greatest shortcoming of the old legislation," said Sobkowich. "The Federal Government is proposing to amend the Canada Transportation Act to give shippers the statutory right to negotiate, and if need be arbitrate, meaningful penalties into Service Level Agreements."

The package of proposed reforms promises to rebalance the customer-client relationship by clarifying the definition in the Act that lays out the railways' obligation to meet customer service demands.

"In a true commercial environment, competition motivates a service provider to meet their clients' needs," explained Sobkowich. "Without competition, the railways feel no such obligation. Clarifying the definition will remove any uncertainty about railways' obligation to provide "adequate" and "suitable" accommodation for all traffic. The definition must be clear that decisions on assigning cars, crew and locomotive power are to be based on what customers need not on what best suits the railways' business."

The Western Grain Elevator Association also believes the Government is on the right track in committing to improve access and timelines for Canada Transportation Agency decisions. "We hope part of the Government's response on ways to improve the Agency's toolkit will include looking at giving it investigative powers. This would introduce better oversight in the system."

Finally, the WGEA appreciates the Government's desire to address extended interswitching in the legislation. "WGEA members believe that all grain elevators in western Canada should have access to an interchange," continued Sobkowich. "Making the extended interswitching provision of at least 160km permanent is, in our view, a practical way to bring a measure of competitive force into the otherwise monopolistic nature of the rail transportation system."

The WGEA along with the rest of the grain sector looks forward to working with the Government over the coming months on the details of their proposals as it prepares for Spring 2017 legislation.

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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 one and a half billion dollars. For more information on the WGEA's perspective on the rail environment visit: www.wgea.ca

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