



TRANSPORTATION

PRIORITIES

- 1 Canada must address the fundamental problem of railway market power and the resulting lack of competitive forces in the bulk rail freight marketplace.
- 2 Injecting competitive signals into the bulk rail system will improve rail service and meet the needs of the Canadian grain sector to serve global markets.
- 3 Canada needs a reliable and efficient rail system that grain shippers and our global customers have confidence in. With this in hand, the industry can fully capitalize on the opportunities from existing and future trade agreements.

Legislative and regulatory change is needed to increase railway accountability. Little can be done to systematically address service failure and railway accountability without change. The current lack of commercial accountability and competition can be counteracted through a suite of actions:

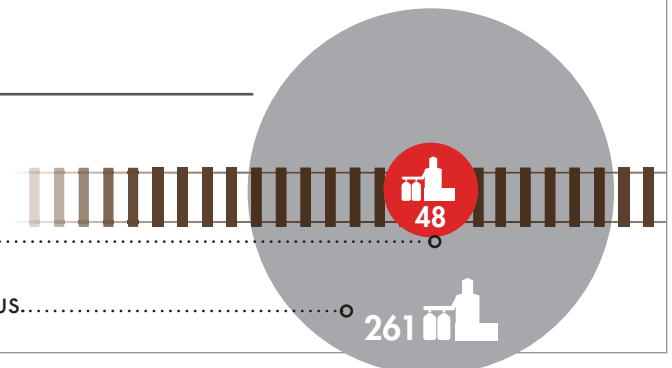
1. **Make Extended Interswitching Permanent.** The 160 km distance expires on August 1, 2017. This provision is being used by grain shippers and is proving to be an effective tool providing additional levels of competition between the two Canadian carriers as well as other North American carriers.
2. **Strengthen the definition of "adequate and suitable" accommodation in the *Canada Transportation Act*.** Enshrine the principle in law that rail service provision be demand-driven, as opposed to supply-driven. Railway service obligations must meet the transportation needs of the shipper.
3. **Strengthen commercial accountability.** Allow for shippers to have two-way performance penalties within Arbitrated Service Level Agreements. Grain shippers have been long bound to performance standards with financial penalty through tariffs set by railways. However, there exists no mechanism for shippers to hold railways commercially accountable for their level of service.
4. **Maintain the Maximum Revenue Entitlement (MRE).** As Canadian farmers directly bear the cost of rail transportation, the MRE protects against unconstrained increase in freight rates, while ensuring the railways are adequately compensated for service. Maintenance of the MRE is important for farmers. Further evaluation of rate issues should be set aside until service levels and accountability are resolved.
5. **Broaden the Powers and Mandate of the Canadian Transportation Agency.** Provide the Agency the authority and resourcing to act on its own to investigate railway service issues and be given the power to issue ex parte orders in situations requiring urgent attention.
6. **Maintain Information and Transparency.** Insight into the functioning of the grain handling and transportation system is critical. The work of the federally-appointed Grain Monitor, documenting the ongoing commercial change in the grain sector, must be maintained. The weekly reporting of the actual commercial demand from Western Canadian grain shippers and the corresponding railcar supply tracked by the AG Transport Coalition (ATC) provides further insight into the shipper-railway relationship and should also be maintained. Both are imperative not only for farmers and grain shippers, but for public policy making.

Only 4 out of the total 326 grain elevators in Western Canada had direct access to both Class 1 railways. Interswitching improves access.

EFFECT OF INTERSWITCHING

48 Elevators within 30 km radius.....

261 Elevators within 160 km radius.....











FARMERS FEEL THE PINCH on Rail Service Problems

When railways can't deliver on service, farmers are directly affected:

- 1 Cash prices that farmers receive drop
- 2 Unable to sell grain or deliver on existing grain contracts
- 3 Bills go unpaid when cash flow is limited
- 4 Spending drops in rural economies

WHO PAYS *if They* DON'T PERFORM?

 ✓ FARMERS	 ✓ GRAIN COMPANY	 ✗ RAILWAY
 ✓ PORT TERMINAL	 ✓ VESSEL COMPANY	 ✓ CUSTOMER

GETTING GOODS TO MARKET

- Farmers critically rely on railway transport to move their grain in bulk to international markets. There are no viable alternatives.
- Reliable, on-time supply chain performance is necessary for Canada's grains and oilseeds sector to fully realize its potential.
- Responsive rail service will help realize the benefits of trade agreements and grow international markets for our world-class grain products.

STATISTICS

 90%

of Canadian canola is exported as seed, oil or meal.

 1,520 km


Average distance Canadian-grown grains travel to reach a Canadian port.

 99%

of grain and processing elevators are served by only one railway.

5x
HIGHER

Trucking is not an optimal solution for transporting bulk agricultural commodities to export. The cost to truck grain is 5X higher than shipping by rail and the logistics are simply impractical when shipping to port.


717,500

If grain exports through the West Coast Ports were moved entirely by truck, it would require 717,500 trucks. Lined up end to end, those trucks would cover 17,937 km, a distance that would extend 45% around the world's equator.

17,937 km =
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