



WESTERN BARLEY GROWERS ASSOCIATION

A strong voice for a vibrant, market responsive barley industry in western Canada

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For Immediate Release

WBGA AWAITS TRANSPORT MINISTER'S REACTION TO CTA REVIEW REPORT

Airdrie, Alberta, February 29, 2016 - The Canadian Transportation Act (CTA) Review, which was released to the Minister of Transportation Marc Garneau in December, has now been made public by the Minister. "The Report is long and complicated, but still does not address the fundamental problem that those of us who are dependent on the Railway system to move our product have," says Doug Robertson, President of the Western Barley Growers Association (WBGA). "How do you get the two monopoly Railroads to perform better when there is no monetary reason to do so? The Report does not address this as far as we can see."

The Report does suggest the need to modernize the Maximum Revenue Entitlement (MRE), which applies to grain shipments in Canada. "We agree with the need to modernize the MRE, although not to discontinue it in seven years as the Report suggests," continues Robertson. "The reason the MRE exists is that it *acts as a proxy for competition with the Railroads*, and until we can find something to get them to compete for our grain shipping business, we have to hold onto the MRE. Until there is more value-adding in the grain industry and a better system to allow us to ship agricultural products southward, the MRE needs to stay. That doesn't mean we can't fix some of the inequities in the MRE that the Railways have suggested. Keep in mind, though, that the MRE was invented by the Railways themselves."

The Report also mentions sunseting the increased interswitching area of 160 kilometers. "We didn't think this would promote much competition between CN and CP when it was introduced," says Robertson. "This year, however, we heard from speakers at our Convention earlier this month that it has in fact begun to work. Because CN's performance has been so much better than CP's this year, elevators within the 160 kilometer zone who usually use CP Rail are moving product on the CN lines now to clear backlogs they have. This is good news for farmers and rail shippers as a whole, so we would be against ending this extended interswitching. We do need to find a better way to rethink the interswitching distance to the US border to prevent abuse of the system by US Railways while still encouraging competition, however. "

Although the Report does have some good suggestions such as strengthening the ability of the CTA to resolve disputes and increased monitoring of performance, the WBGA is disappointed with it on the whole. "The only way to get the Rail Shipping system to perform better is to have appropriate Reciprocal Penalties for underperformance applied to everyone who uses it," Robertson concludes. "Right now everyone but the Railways has those penalties. We can tinker with everything else, but there is no monetary reason for the Railways to perform better right now. Until there is, this problem will continue to cost the Canadian economy millions of dollars in lost sales and further damage our reputation as a reliable shipper."

Western Barley Growers Association is a strong voice for a vibrant, market responsive barley industry in Western Canada.

For further comment, please contact:

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