

PRESS RELEASE

**Frank Valeriote, M.P.
Guelph**



December 21, 2009
For Immediate Release

Valeriote's motion to protect farmers, prevent rail closures passes unanimously

GUELPH- MP Frank Valeriote's recently tabled Motion to prevent Canadian National Railway (CN) from closing 53 public producer rail car loading sites across Western Canada was adopted unanimously by the Standing Committee on Agriculture and Agri-Food. Mr. Valeriote tabled the motion after hearing testimony that CN's proposed closures would have devastating consequences for the large number of farmers that depend on local rail transportation for moving their grain to market.

"For over a century, Western farmers have depended on public producer car sites as a cost saving option for grain movement," Mr. Valeriote said. "CN's proposal to close these loading sites would significantly increase the distance, cost, and environmental impact for farmers transporting their grain to market, and it's time that the government stepped in to prevent this from happening."

The Standing Committee on Agriculture and Agri-Food heard testimony on the issue as part of its broader consultations into the competitiveness of the Canadian Agriculture and Agri-food industry. On Oct 22, 2009 representatives from the Canadian Wheat Board provided the committee with a compelling account of farmer's reliance on CN's producer loading sites- subsequently supported by submissions from the National Farmers Union, Wild Rose Agricultural Producers, and the Agricultural Producers Association of Saskatchewan. For its part, CN's testimony clearly indicated that the cost of the proposal was to be borne by the farmers.

Mr. Valeriote said that the consequences of CN's proposal clearly warranted Government intervention to protect the public interest.

"CN's proposal is commercially and environmentally short-sighted. In the last 12 years, producer car usage by farmers has steadily increased from 3000 cars to a record 12,446 - yet CN planned to unilaterally close 30% of their listed loading sites with no regard to the impact on the farmers that use them," Mr. Valeriote added. "At a time when approximately 3600 Canadian farms are closing per year, our farmers must have access to the critical infrastructure they need to stay competitive. Moreover, we know we must preserve our environmentally sound transportation assets- particularly our rail infrastructure," Mr. Valeriote concluded.

The vote was a rare occasion of cross party unity as NDP, Conservative and Liberal members voiced their unanimous disapproval of CN's intentions. The passing of Mr. Valeriote's Motion compelled the Chair of the Committee, Conservative Member of Parliament Larry Miller, to formally request the Minister for Agriculture and Agri-Food, as well as the Minister of Transport, Infrastructure and Communities, to act on the advice of the Motion and take the necessary steps to prevent the closures; correspondence which was subsequently forwarded. For background information on the issue, please find below the text of the Motion, a transcript of the Agriculture and Agri-Food Committee exchange between Frank Valeriote and a representative from CN, and letters from the committee chair to Minister Ritz and Minister Baird.

For more information, please contact 519-837-8276.

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TEXT OF COMMITTEE MOTION:

FRANCIS VALERIOTE

“That the Standing Committee on Agriculture and Agri Food recommend to the Minister of Agriculture and Agri-Food and the Minister of Transport, Infrastructure and Communities that the Government of Canada take such steps, commence such inquiries and/or amend such Canadian legislations or regulations as may be required to forthwith prevent the delisting and subsequent closure, for which notice was given by Canadian National, of 53 designated producer car loading sites in Manitoba, Saskatchewan, and Alberta and the removal of the shunt lines providing service to such sites, for such period of time that the Government of Canada, in its opinion and in consultation with all stakeholders, determines advisable and in the best interest of all concerned.”

COMMITTEE TRANSCRIPT:

Frank Valeriote Questions Witness Representing Canadian National Railway.

Mr. Francis Valeriote (Guelph, Lib.):

Just to follow along with what Mr. Hoback has asked, and just so there's no confusion, I share his sentiments strongly. I'm sorry that I hear you say that you're just in the business of moving cars. I would have thought you would have said that you're in the business of providing affordable, accessible and timely transportation to those who need your service.

(1635)

Mr. Jean-Jacques Ruest: That's correct.

Mr. Francis Valeriote: Well, you didn't say that. So I'm concerned that, frankly, your attitude is reflected in how you're dealing with your customers.

I don't mean to put you on the spot, but you're not selling donuts, you're not selling coffee, you're providing a service to a captive audience. Frankly, this is the first time in my year as an MP that I have seen a coalescence of opinion around this table about how these farmers are being treated.

Now, I remember years ago in Guelph where we had this Rails-to-Trails program, where we took out rails and now I can cycle down that path. I'll tell you, now we're regretting that we did that because quick is coming the time where the railway is going to be the transportation. If it's not now, it's the transportation of the future, and you should be preserving these rail lines.

So my question to you is this, firstly—and it has to be a short answer—yes or no, do you agree with the trends that Mr. Hill spoke of that these will be more relied on in the future?

Mr. Jean-Jacques Ruest: There seems to be a trend that the producer car loading in total is going up.

Mr. Francis Valeriote: Okay. Thank you.

Now, my next question is: why would you not enter into some negotiations where these lines can be left basically moth-balled and, at some point in time, when the producers can demonstrate to you that they'll be used to a point where it makes your investment in maintaining them worthwhile? Why could you not come to that kind of arrangement and change those switches so that you can overcome your concern about safety? You're looking at getting rid of a capital asset that's going to have value in the future. Could you possibly enter into those kind of

discussions with these fellas?

Mr. Jean-Jacques Ruest: I think that's why we're in this moratorium period right now: to enter into discussions with whoever might come forward.

Mr. Francis Valeriote: Okay. So let's follow along that line for one second.

Did any of you from CN have any meetings with either the government or with the Department of Transport about this specific issue before September? I know you had meetings, but was this specific issue raised with either the government or the Department of Transport about closing these lines?

Mr. Sean Finn: No doubt, before we put the ads in the paper, I don't have the details, but there would normally be a dialogue, at least, to inform the department we're doing this, and if not, as we put the ads in for the 60 days, we would inform the department to go back and check to confirm that was done. But, again, I think that we could always give the notice to the department. The real issue here—and I'll come back to the member on this issue—is that our number one concern was to get out to the communities and say, “We are going to delist the sidings”. We didn't say we were going to lift the switch tomorrow morning, I want to be clear about that, “We'll delist the sidings and we'll let you know when that's going to happen”. But I'll have to get back to you if specifically we had direct discussions with Transport Canada.

Mr. Francis Valeriote: Either Transport Canada or the government before September. I need that answer, and you're undertaking to provide that answer?

Mr. Sean Finn: Yes, sure. Yes, absolutely.

Mr. Francis Valeriote: Okay, now back to my previous question. To what extent will your maintenance costs of \$10,000 to \$12,000 per line be reduced if you just say to these fellows, “We're not maintaining it. You have to establish a certain level of use before we'll maintain it for you to ensure its safety”?

What kind reduction in your maintenance costs can you achieve? It would seem to me almost zero. I mean, we're talking steel here on the ground.

Mr. Sean Finn: You're talking a switch which has to be maintained. The delisted branch line might want to do something different, but let's talk about the 13 that are still there today.

We have no choice but to maintain at a level where we're sure that we can put a rail car into the line without any impact, but more importantly, I repeat, these switches are on our main line. We have trains circulating at 40 and 50 miles an hour with 100 boxcars behind them, with products going coast to coast across Canada. We have to make sure that that switch is maintained at the highest level.

Mr. Francis Valeriote: What's the cost to stop the need to maintain it?

Mr. Sean Finn: It comes down to what we call spiking the switch, so it can't be reopened. That's not that expensive but you still have to inspect the switch once a week, because if for some reason that spike were to come out and that switch were to be open in a reverse position,

and you have a freight train going down at 50 miles an hour, it's going to derail.

Mr. Francis Valeriote: Okay, so what does it take to look at a spike. Tell me. I want to know.

Mr. Sean Finn: It's more than a spike. It's inspecting the branch line itself, inspecting the line, so if it remains open--I'll respond to your question--we can't stop at the switch. If it's listed, we have to go into the branch line and inspect it. So to answer your question, we've already told you it's between \$8,000 to \$12,000 a year to maintain the switch and also have the branch line accessible, i.e. snow removal and maintenance. I can't give you the exact number, but it requires

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(1640)

Mr. Francis Valeriote: Well I'd like you to give me the exact number. I'd like you to undertake to, because I want to know the whole process, because I have to tell you, you're making what I believe is not a complicated thing sound complicated for the sake of your argument. That's how I'm feeling right now.

Mr. Sean Finn: With all due respect, it's about also mitigating our risks so we don't have a very unfortunate derailment in the middle of the Prairies of a freight train. That's just as important--

Mr. Francis Valeriote: I appreciate--

Mr. Sean Finn: Serving the customers is important but that also has to be number one, making sure we have safe operations across the system.

Mr. Francis Valeriote: Final question arising from what the chairman asked you, and it's this. Are you prepared to enter into a protocol with these fellows where it is more easily established how much grain got put on and how much grain gets taken off, so that they're not having to run around getting affidavits or hiring a lawyer to establish their case? Are you prepared to do that? Are you prepared to talk to them about establishing a protocol to achieve that?

Mr. Sean Finn: We have a claims process at CN where--

Mr. Francis Valeriote: Are you prepared--

Mr. Sean Finn: The answer is we have protocols today to respond to customers' claims--

Mr. Francis Valeriote: But they're not working.

Mr. Sean Finn: Well we'll check into that. If it's anecdotal, it's one issue, but today, when customers have complaints about a product being lost or damaged, these people report to me, so I can tell you today we have people who deal with claims. I will check tomorrow morning to ensure that we have some process--

Mr. Francis Valeriote: Mr. Finn, I've asked you a question. Are you prepared to talk to these fellows about a new protocol that is more easily put to use and more effectively maintained?

Mr. Sean Finn: My answer is I'll ensure that we have a protocol today that respects the right of a shipper to get indemnified for a loss of product. That's the answer. That's what it is today.

Mr. Francis Valeriote: I have no more questions.

**TEXT OF LETTERS FROM COMMITTEE CHAIR LARRY MILLER TO THE
MINISTER OF TRANSPORT, INFRASTRUCTURE, AND COMMUNITIES AND
MINISTER OF AGRICULTURE AND AGRI-FOOD.**

**STANDING COMMITTEE ON AGRICULTURE AND
AGRI-FOOD**

**COMITÉ PERMANENT DE L'AGRICULTURE ET
DE L'AGROALIMENTAIRE**

December 10, 2009

The Honourable John Baird, P.C., M.P.
Minister of Transport, Infrastructure and Communities
House of Commons
Ottawa, Ontario K1A 0A6

Dear Minister Baird:

The Committee has recently held discussions with the CN and other stakeholder groups concerning the CN's intention to delist 53 producer car loading sites in Western Canada. During our deliberations it was made very clear that the Committee strongly disagreed with the CN's decision; maintaining the availability of transportation infrastructure is of the utmost importance for Canadian grain producers. The Committee has further considered the question and consequently [adopted the following motion](#):

“That the Standing Committee on Agriculture and Agri Food recommend to the Minister of Agriculture and Agri-Food and the Minister of Transport, Infrastructure and Communities that the Government of Canada take such steps, commence such inquires and/or amend such Canadian legislations or regulations as may be required to forthwith prevent the delisting and subsequent closure, for which notice was given by Canadian National, of 53 designated producer car loading sites in Manitoba, Saskatchewan and Alberta and the removal of the shunt lines providing service to such sites, for such period of time that the Government of Canada, in its opinion and in consultation with all stakeholders, determines advisable and in the best interest of all concerned.”

I hope you will be able to accede to the Committee's recommendations as it will help us conclude our deliberations on the matter.

Respectfully,

Larry Miller
Chair,
Standing Committee on Agriculture and Agri-Food

**STANDING COMMITTEE ON AGRICULTURE AND
AGRI-FOOD**

**COMITÉ PERMANENT DE L'AGRICULTURE ET
DE L'AGROALIMENTAIRE**

December 10, 2009

The Honourable Gerry Ritz, P.C., M.P.
Minister of Agriculture and Agri-Food
House of Commons
Ottawa, Ontario K1A 0A6

Dear Minister Ritz:

As you are well aware, the Committee has recently held discussions with the CN and other stakeholder groups concerning the CN's intention to delist 53 producer car loading sites in Western Canada. During our deliberations it was made very clear that the Committee strongly disagreed with the CN's decision; maintaining the availability of transportation infrastructure is of the utmost importance for Canadian grain producers. The Committee has further considered the question and consequently adopted the following motion:

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Respectfully,

Larry Miller
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