

Ottawa mulling fixes to rail backlog

Minister says all options on table to get grain shipments moving

Amanda Stephenson, Postmedia News Edmonton Journal Feb 25, 2014

Federal Agriculture Minister Gerry Ritz said Monday he is considering all options, including regulatory or legislative fixes, to ease the rail backlog that has left billions of dollars worth of Canadian grain stranded on the prairies.

In a telephone interview from Winnipeg - where he met with agriculture ministers from the Western provinces as well as grain and rail companies - Ritz said the existing grain transport system is broken and called the railways the "weak link" in the supply chain.

While he said he would prefer a market-driven solution to the problem, he stressed the government will not stand by and watch Western farmers lose money because they can't get a record harvest to market. "You can be assured that we as a government are fixated on the economy and will do and administer anything that may be required to make sure this logistical system is less broken," Ritz said.

"I want to assure Western farmers this government is serious about seeing this resolved sooner rather than later."

Alberta Agriculture Minister Verlyn Olson has said railway companies who fail to meet their grain-shipping commitments should pay financial penalties.

"There is a growing consensus, certainly among the (provincial) governments, that this isn't going to fix itself on its own just through negotiations," Olson said.

"There has to be some other steps taken. I think it's within the power of the federal government to make everybody accountable." Olson said the logjam is affecting not only farmers, but shippers of bitumen, coal, lumber and other products. He said it has become such a serious problem that he believes it's time for a national discussion about the long-term vision for Canada's transportation system.

"We're working so hard to develop and expand markets ... and this is a big limiting factor for us," Olson said.

"If we want to be growing our economy in terms of developing markets and exporting more, do we have the infrastructure in place that will allow us to do that?"

Under the terms of the federal Fair Rail Service Act, which came into effect last year, there is an arbitration process in place for shippers who feel a rail company has failed to meet its obligations. But the process requires a signed service agreement between the two parties, and none of the grain companies have negotiated such a contract.

Lynn Ferguson, an Enchant-area farmer and president of the Alberta Federation of Agriculture, said if negotiated service agreements don't exist, it's very difficult to penalize anyone for the current crisis.

"The frustration is with the government, because the government's the only body that can put some regulations and requirements on the railroads. None of us can do that, period," Ferguson said.

Spokespersons for Canada's two national railways said Monday their companies are trying address the logistics backlog.

Canadian National Railway said it hopes to return to "more normal" winter performance of 4,000 cars per week once extreme cold temperatures abate, and will have another 500 hopper cars coming on stream soon. Spokesperson Mark Hallman said the company is lining up the required crews and locomotives to have a record 5,500 cars per week at country elevators as early as April.

CP's Ed Greenberg said his company is working to deploy thousands more cars per week, and is also calling on port elevators to move to 24-hour operations.