

Ottawa quietly reduces Fair Rail grain fines

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While the federal government has publicly criticized Canada's two major railroads for the slow pace of grain shipments last winter, officials have quietly slashed the fines the railways face for not moving a minimum amount of grain each week.

The changes came in the fine print of the Fair Rail for Grain Farmers Act, which was introduced in March to address complaints by farmers and the grain industry about poor service from the two major railways, Canadian National Railway Co. and Canadian Pacific Railway Ltd.

According to the law, which came into effect on April 1, railways would face "maximum penalties of \$100,000 a day" for failing to handle 500,000 tonnes of grain each week for the next 90 days.

But when the law was extended in August, the fine was reduced to up to \$100,000 "per violation," which the government says means per week. The change was buried near the bottom of a lengthy "backgrounder" officials issued announcing the regulations, and went unnoticed by the grain industry, media and the Official Opposition.

"Lovely. The old switcheroo," said Wade Sobkowich, executive director of the Western Grain Elevator Association, which represents Richardson International, Cargill and other major grain companies.

Mr. Sobkowich described the change as "disingenuous" and a "very small amount" for railways that generate billions of dollars in revenue a year. "We did not receive notice of the change, and if true, we are surprised and question the reason for the reduction," said Mr. Sobkowich, adding grain companies sell wheat, canola and other grains weeks in advance, and need assurances the railways will provide adequate service.

The change came to light last week when Ottawa said it would fine CN for missing the minimum volumes for what the railway said was "several weeks."

"The penalty is up to \$100,000 per week," Jana Régimbald, a spokeswoman for Transport Minister Lisa Raitt, said last week.

Ms. Raitt's staff initially told news website iPolitics the per-day fine was a typo in a press release, but later said the per-week penalty matches the reporting periods railways must adhere to.

NDP Member of Parliament Malcolm Allen, the party's agriculture critic, said the government softened the law under fierce pressure from the railway executives, who "screamed almighty murder" over a per-day fine. "Every time push comes to shove, it's the railroaders that win with the Department of Transport," Mr. Allen said in an interview.

During Question Period in the House of Commons on Wednesday, Ms. Raitt would not say why the fine was reduced, and said Mr. Allen "may have missed it" when the legislation passed.

CN said it failed to meet the minimum volumes because there was not enough demand from shippers, and that any penalty is "unfounded."

Ottawa has not said how much CN will be fined, but Mr. Allen believes it will be in the range of \$300,000 to \$500,000.