

Shippers charge bias in rail review this document web posted: 2008-04-17
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Rail shippers want the federal government to change proposed terms of reference for a rail service review to better balance the mandate between the interests of carriers and shippers. Wade Sobkowich, executive director of the Western Grain Elevator Association, says the proposed terms of reference published by transport minister Lawrence Cannon April 7 appear to include assumptions biased toward the railways.

He noted in particular the statement in the government proposal that railways "need to generate sufficient revenues and profits to maintain and improve existing rail services." Sobkowich said there was no mention of the need for shippers to make money.

"We don't think that statement needs to be there but if it is, then it should be balanced by the appreciation of the fact that we need to be profitable as well," he said. "I think we would be satisfied with the level of return the railways get."

He also noted the statement that "commercial solutions are preferable to increased regulation." The elevator industry official said that is an inappropriate assumption before work has been done on the issue. "It seems like a predetermination that the commercial system is the best, but isn't that what the review is intended to look at, whether the commercial system is working?" he said. "We're not so sure. We are looking for some balance in the system and maybe the only way to restore that is through regulation."

In Ottawa, the chair of the Coalition of Rail Shippers that includes the elevator association said the government's assumptions are gratuitous and should be removed. "In a system dominated by monopoly, it's the railways that aren't the free enterprisers," said Bob Ballantyne of the Canadian Industrial Transportation Association. "To start off with the assumption that the commercial system provides the best answer assumes that the commercial system is functioning properly." He said a key issue is how the review commission will analyze and interpret data provided by the railways on their service record.

Cannon has said the final terms of reference will be published in May and the review could take up to 18 months.

Meanwhile, Sobkowich said railway threats to reduce investment if the government continues to increase grain transportation regulation reveal a troubling attitude. Last week, he was at the Canada Grain Council annual meeting in Winnipeg when Canadian National Railway senior vice-president Jean-Jacques Ruest said added regulation would discourage CN investment "and could require a return to taxpayer subsidization of grain movement."

Sobkowich said shippers simply want a rebalancing of power in the system. "If it is true that the railways will stop investing in the rail infrastructure in Canada if they have to provide adequate service to shippers, it speaks volumes about how shippers are being treated today and only punctuates the need for additional disciplines in the system in the first place," Sobkowich said.