

November 9, 2009

Mr. Larry Miller, Chair
Standing Committee on Agriculture and Agri-Food
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6
Canada

Dear Mr. Miller:

We are writing on behalf of the Agricultural Producers Association of Saskatchewan (APAS), Keystone Agricultural Producers (KAP), and Wild Rose Agricultural Producers (WRAP) to request an opportunity to present our concerns and recommendations to your committee on the recent CN decision to delist 52 producer car sites and the larger issues raised by the decision.

As we have worked to advance our understanding of the issue, we have spoken with CN about their decision. While the conversation produced some new information, it raised questions, not only specific to the sites, but also about the use of producer cars in general.

Indeed, here are some larger issues pertaining to producer cars that need to be addressed:

- The Act does not provide a meaningful process for handling delisting.
 - The 60 day notice is inadequate.
 - There is no provision for public discussions.
 - There is no provision for producer participation in the decision making.
- CN plans to physically remove the sites. While lack of use is an understandable rationale for delisting the sites, once they're removed, they are lost to the system.
- We believe that the costs for maintaining producer car sites are already covered by the Revenue Cap and, thus, the railways do not have a costing rationale for abandoning them.
 - Any 'commercial arrangements' that railways establish for delisted sites will result in them being paid twice.
 - The railways will continue to be paid under the Cap for any sites they abandon.
- The origin of the producer car list is quite vague and maintenance of the list is not transparent.
- There is no transparent process to collect, analyze, and share data about the usage of producer car sites.
- There are serious deficiencies in the level of service provided by the railways to producer car shippers, including errors in the timing of car placement, errors in the number of cars placed, restrictive loading schedules (one day to load regardless of weather, demurrage for late loading), cars in poor repair, big penalties for over or under weight.

- The CN decision and the lack of overall regulation of producer cars do not account for trends in grain handling and transportation.
 - Overall demand for producer cars has risen considerably in recent years as evidenced by the record number of producer car loadings of CWB grain in 2008-09. Despite the lack of use at some specific sites, the CN decision runs counter to the overall trend.
 - Rail line abandonment has increased the need for producer cars, especially for short line railways that are filling the void in access to rail lines.
 - Consolidation in the grain handling system continues to reduce producers' marketing points and increases the need for meaningful access to alternative loading sites.
 - Any future regulatory changes to Western grain marketing institutions will markedly increase the need for producer cars.
- There is no sector-wide process for making rational decisions about the overall configuration and management of producer car sites, i.e. how many, locations, responsibilities, maintenance, commercial arrangements, etc.
- The 'commercial arrangements' proposed by CN as negotiated solutions to individual cases of delisting ignores the need for a predictable process for producer cars in general and will create private contracts that destroy the legislated right of producers to **public** access.

In essence, the universally acknowledged right to producer cars is no right at all if there is no practical way for producers to access loading sites that not only meet their individual business needs but serve the system as a whole. This principle is becoming more and more important as rationalization of the system continues through grain handling consolidation and unilateral decisions by the railways like the CN delisting, not to mention the potential impact of further grain marketing deregulation.

Please note that, prior to the current CN delisting, some 55 producer car sites were recently delisted by the two railways. The network of sites is being changed as we speak and the practical right of reasonable access is being eliminated by serial cuts to the system without consideration of the overall impact, especially potential future needs. Piecemeal changes to the overall configuration of producer car sites through ad hoc and self-interested decisions by the railways will not serve the future needs of all stakeholders, including non-agricultural businesses in rural areas.

We already have a commitment from the spokesperson of the Minister of State (Transport) (Manitoba Cooperator, September 17/09) that the Agriculture Committee will be asked to re-examine federal legislation to ensure it meets producer car shippers' needs. We are therefore acting on this commitment to ask the Agriculture Committee for an opportunity to present our views and seek the Committee's support to have the CN decision, and the many larger service issues related to producer cars, placed on the agenda of the Rail Freight Service Review panel. Adding this item to the service review panel's agenda would provide an excellent opportunity to analyze the issues and begin to identify solutions.

Yours truly,



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Ian Wishart
President
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Humphrey Banack
President
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Copies to:

Members of the Standing Committee on Agriculture and Agri-Food
Isabelle Dunford, Clerk of the Committee