



CANADIAN FERTILIZER INSTITUTE
INSTITUT CANADIEN DES ENGRAIS

www.cfi.ca

350 Sparks Street, Suite 907, Ottawa, ON K1R 7S8
Telephone (613) 230-2600 | Fax (613) 230-5142

ENHANCING SERVICE AND MARKET BALANCE FOR SYSTEM COMPETITIVENESS

EXECUTIVE SUMMARY

**Submission to the
Canada Transportation Act Review Panel**

Canadian Fertilizer Institute

January 2015



Executive Summary

The Canadian Fertilizer Institute (CFI) represents manufacturers, wholesalers, and retail distributors of Canadian fertilizers. Our members comprise companies which produce nitrogen, phosphate, potash and sulphur products and promote the responsible, sustainable and safe production, distribution and use of fertilizers. Canada's fertilizer industry contributes over \$12 billion annually to Canada's economy and employs 12,000 people.

The fertilizer sector has invested heavily in world-class production facilities, which are dependent on efficient rail transportation to move large volumes of product over long distances into domestic, offshore and U.S. markets. Over two-thirds of CFI member production is transported by Canada's railways, making fertilizers the third largest customer group of the two major Class I railways.

The fertilizer industry believes that the *Canada Transportation Act* Review must address four major issues:

1. The current level of rail service in Canada is not adequate to meet the needs of shippers and enhance the Canadian economy.
2. Railways continue to have too much economic power over their customers.
3. Investment in the rail system is not keeping pace with the demand for exports.
4. Railways must uphold their obligation to safely transport essential, dangerous goods to domestic customers and export facilities.

The situation will only improve with government reform that balances the need for a commercial rail system with the reality of limited competition and the need for major investments.

The Canadian fertilizer industry makes recommendations in the following three areas:

1. The system for settling railway service disputes should be further strengthened with the following provisions:
 - Put the rights of shippers and railways on an equal footing
 - Extend coverage to cross-border shipments and all aspects of service contracts
 - Enable financial penalties to be paid to shippers for railway service failures



- Strengthen the expertise, resources, transparency and investigative powers of the Canadian Transportation Agency
2. The federal government should play a leadership role by encouraging strategic investment in rail system capacity in partnership with railways, shippers, provinces and other stakeholders by:
 - Balancing shipper and carrier support at Transport Canada to support growth in the Canadian economy. The refocused mandate should include dedicated resources to perform the regular review, monitoring and reporting on rail service, investment levels, service constraints and forecasted rail freight requirements
 - Building capacity through a stable regulatory system that allows and encourages decisions by railways to make the necessary capital investment decisions. Government may need to actively incent specific projects depending on circumstance.
 3. Railways' obligation to carry dangerous goods must be enhanced by:
 - Prohibiting the transfer of liability to shippers for incidents within a railway's care and control, and providing the Canadian Transportation Agency with full authority to rule on related tariffs
 - Ensuring that common carrier obligations remain in the *Canada Transportation Act*, by the federal government strengthening those obligations in regulation

For further information, please contact: Emily Pearce Rayner, Director, Government Relations, epearce@cfi.ca or (613) 786-3034