

Myths and Realities of Poor Rail Performance

Western Canadian farmers are close to a crisis due to poor rail service. Grain farmers need railways to move grain so that they can deliver grain and get paid. However, the railways are only delivering one in three rail cars requested by grain companies on time.

This level of service is unacceptable. The excuses offered by the railways are also unacceptable. It is time to set the record straight.

Myth #1: Cold weather justifies poor rail service.

Reality: Most of winter 2017/18 has been warmer than normal.

There is some truth in the railway's claim that its cold. We are, after all, in Canada, in winter. It will be below zero, and there will be snow. So yes, it is cold.

However, the reality is that winter 2017/18 has been warmer than average. According to Agriculture and Agri-Food Canada, winter weather in [January](#) was between 0 to 2 degrees warmer than average across the Prairies. Weekly data from the Government of Alberta shows that it has been warmer than normal [one week](#), a [mixed bag](#) the next, and [colder](#) than normal at the end of February.

Snowfall in the Mountains of Alberta was below or about normal in [December](#), less than average in [January](#) and above normal in [February](#). Over the [winter](#), snowfall has been at or below the historic average.

The bottom line is that winter 2017/18 has been a pretty typical Canadian winter. It should not be too much to ask that a Canadian railroad be able to operate in a Canadian winter.

Myth #2: The supply chain can only handle 4,000 railcars per week in the winter.

Reality: The supply chain can handle more. Rail capacity is the weakest link and is holding the supply chain back.

CN claims that weekly capacity for grain movement maxes out at 4,000 rail cars. While CN claims there capacity may only be 4,000 cars, the rest of the supply chain can handle significantly more.

350 rue Sparks St., Suite 912
Ottawa, ON K1R 7S8

☎ 613-233-9954
📠 613-236-3590

🐦 @graingrowers
💻 www.ggc-pgc.ca

The reality is that it is available rail cars and crews that are restricting capacity, which is driven by management decisions made by the railways. Industry [estimates](#) calculate that supply chain capacity could increase by 35% if the railways matched throughput capacity at the Ports.

It is anticipated that capacity will further increase over the next couple of years. The entire supply chain, including [grain companies](#) and the railways, are investing billions to increase capacity. Bill C-49 will change the Maximum Revenue Entitlement (MRE) to encourage railways to make investments that will further increase capacity. The Government has also committed to investing in infrastructure at the Port of Vancouver to increase capacity. GGC supports all these measures.

The bottom line: it is not true that the supply chain can only handle 4,000 cars per week. CN may only be able to handle that amount, but the rest of the supply chain can handle significantly more than that today, and investments will mean it can handle even more in the future. It is essential that the railways keep pace and increase capacity as well.

Myth #3: The railways could not foresee increased demand.

Reality: Railways were forecasting growing demand at the same time that they were laying off rail crews.

Despite stable and growing demand from the grain industry, railways claim declining demand from other sectors justified [laying off](#) crews and selling locomotives in 2016 and 2017.

The reality is that at the time CN and CP were laying off crews, both were predicting the increases in demand. In their 2015, 2016 and 2017 [Annual Reports](#), CN was forecasting grain demand in line or above the 5 year average. In their 2016 [Annual Report](#), while CN was decreasing their capacity, it was also predicting increased demand in 2017. By July 2017 railways were reporting [record profits](#) as demand was growing, as they had previously forecast.

The bottom line is, that while layoffs were great for making the railways record profits, it resulted in the railways not being able to fulfill the demand that they knew was coming from the grain sector. Farmers across the country are now suffering because of the management decisions that the railways made.

ABOUT GGC

The Grain Growers of Canada is devoted to representing grain farmers' interests in national policy development. The Grain Growers of Canada is voice for 50,000 grain farmers across Canada who actively grow and care for a variety of crops including wheat, durum, barley, canola, oats, soybeans, peas and lentils.