

Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5

APR 12 2017

Ms. Judy A. Sgro
Chair
Standing Committee on Transport, Infrastructure and Communities
House of Commons
Ottawa, Ontario,
K1A 0A6

Dear Ms. Sgro:

As you know, Canada has a world-class freight rail system, which directly supports our economic growth and trade agenda. Freight railways are critical links in many supply chains, including in the grain sector. Grain farmers and shippers depend on the freight rail system to get crops to market, allowing them to compete globally. The continued accessibility and efficiency of the freight rail system is therefore essential for the long-term strength and sustainability of Canada's grain handling and transportation system.

On behalf of the Government of Canada, I would like to thank the members of the Standing Committee on Transport, Infrastructure and Communities (the Committee) for their recent report, entitled *Certain Provisions of the Fair Rail for Grain Farmers Act*, tabled before the House of Commons on December 14, 2016. I would also like to express my thanks to all those who took the time to appear before the Committee to share their views.

In November 2016, I committed to introduce legislation in the Spring of 2017 to advance a long-term agenda for a more transparent, balanced, and efficient rail system that reliably moves our goods to global markets. I have carefully considered the Committee's input, and I am pleased to inform you, on behalf of the Government of Canada, that we are on track to introduce a number of reforms during the Spring legislative session, many of which directly address the recommendations of the Committee. We have worked extensively with stakeholders to arrive at a package of reforms that strikes a proper balance, by supporting rail customers and incentivizing continued investments in the system.

Canada

The forthcoming legislative package will address many of the issues raised in the Committee's recommendations, including:

- the future of the 160 kilometre extended interswitching limit in the Prairie Provinces;
- the requirement under section 116.2 of the *Canada Transportation Act* to move minimum volumes of grain;
- clarifying "adequate and suitable" service;
- financial penalties in the context of service level agreements;
- the future of the Maximum Revenue Entitlement;
- shippers' recourse to dispute resolution processes; and
- access to market data.

In addition, the legislative package will propose other complementary measures for strengthening the freight rail policy framework.

I wish to thank the Committee again for its thorough study of these issues. We all agree on the importance of an effective and efficient rail transportation system for the health of our economy, including the grain sector. I look forward to presenting this legislation, which will support a more transparent, balanced, safe, and efficient freight rail system, for the benefit of all users.

Yours Sincerely,

A handwritten signature in black ink that reads "Marc Garneau". The signature is written in a cursive, flowing style with a large initial "M" and "G".

The Honourable Marc Garneau, P.C., M.P.
Minister of Transport