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• (0815)

[English]

The Chair (Mr. Kody Blois (Kings—Hants, Lib.)): Good morning, colleagues. I call this meeting to order.

Welcome to meeting number 122 of the House of Commons Standing Committee on Agriculture and Agri-Food.

You've been through the reminders and all of the protocol. Let's be mindful of our earpieces for our interpreters. For folks in the room, I just have a reminder that there are to be no pictures taken once we've started our proceedings.

We have a few substitutions here today. We have Mr. Epp in for Mr. Lehoux. We also have Mr. Longfield in for Mr. Drouin. It's great to have you back on the committee, Lloyd.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, October 24, 2024, the committee is resuming its study of issues and opportunities related to railways and agriculture.

I would like to thank our witnesses before us here today. Unfortunately, because of a procedure in the House, we had to reschedule your last appearance. Thank you for being accommodating. It's always great to have you back in Ottawa. You brought the snow with you this time. We'll talk about that and how we keep moving logistics across the country.

We have with us today, from the Canadian National Railway Company, Eric Harvey, who's general counsel of policy and legislative affairs. We have, from Canadian Pacific Kansas City, Nathan Cato, assistant vice-president of Canadian government affairs. Finally, we have, from the Railway Association of Canada, Marc Brazeau, president and chief executive officer. In the second hour, colleagues, we will have an official from Transport Canada as well.

We're going to start with the Railway Association of Canada for up to five minutes.

It's over to you, Mr. Brazeau.

Mr. Marc Brazeau (President and Chief Executive Officer, Railway Association of Canada): Thank you, Mr. Chair.

Through some of the most rugged terrain and challenging weather, Canada's railways move over 380 billion dollars' worth of commodities and consumer goods and approximately half of Canada's exports. Grain accounts for one-fifth of Canadian class 1 freight traffic.

Canada's railways deliver the highest safety performance in North America with industry-leading environmental innovation and strong service. They do it at virtually the lowest cost anywhere in the world. Over the past decade, the Canadian freight rail sector's accident rate has improved by 19%, and the dangerous goods accident rate by 34%. Even with a capital-intensive environment, railways in Canada maintain some of the lowest freight rates worldwide—11% lower than those in the U.S., and significantly lower than the ones in several European countries, Australia, Japan and India.

Let's take grain as an example. All grain starts in a truck. Grain companies charge more to farmers to truck and elevate a tonne of grain than railways charge to move that same tonne 1,500 kilometres from the Prairies to tidewater. A CPCS study found that the implied MRE rate for regulated Canadian grain is 29% lower than the average Canadian freight rate.

[Translation]

A strong rail sector is essential to a competitive Canadian economy. Over 35,000 Canadian railroaders work night and day in challenging conditions to safely get Canadian goods to global markets.

As this committee studies ways to support Canadian agriculture, we urge you to support policies that would enable continued investment in our transportation system. Smart policies create jobs, lower costs for consumers and improve agricultural supply chains.

However, we have recently seen an increase in shipper rhetoric as well as ill-advised regulatory measures such as extended regulated interswitching, which puts investment, efficiency and good-paying jobs at risk.

Extended regulated interswitching allows U.S. railways to access Canadian traffic at regulated rates, while Canadian railways do not have the same access to U.S. traffic. It creates an unlevel playing field.

If shipments go to Seattle instead of Vancouver, it means fewer carloads for Canadian railroaders and less work for port workers. These are good-paying union jobs.

• (0820)

[English]

Using a Winnipeg-to-Vancouver train as our example, the railways have modelled the effects of extended interswitching, and we risk losing up to 44 work days for Canadian railroaders to the U.S. That's equivalent to 11 crews of two moving one train of grain to port and returning with empties. That's why Canada's rail unions oppose extended regulated interswitching.

As Unifor has stated, "Extending the interswitching limit has opened-up the Canadian rail service to unbalanced competition with US-based companies". Also, Teamsters emphasized that they firmly believe that this change "will lead to the exportation of valuable Canadian union jobs to the United States, including those in the railway and port sectors." They thus recommend the government "abandon any plans, both current and future, to expand interswitching distances in Canada."

This committee should not support policies that chase jobs and investments to the U.S. Any continuation of this pilot project will put more Canadian jobs at risk. As a trading nation, Canada's reputation hinges on the reliability of its supply chains. North American supply chains have been recently experiencing labour disruption from coast to coast. As we've seen, these disputes not only affect ports and railways but reverberate through our economy, impacting businesses and consumers alike.

The Canada Labour Code needs to be amended to provide the federal government with tools to rapidly prevent or terminate a work stoppage in Canada's supply chain and impose binding arbitration when the parties are deadlocked. This will help build a resilient system that supports agriculture and the livelihoods of Canadian workers.

Since 2018, CN and CPKC have invested over \$1 billion in thousands of new grain hopper cars and billions more in other projects to increase capacity. Canada should promote the flow of trade, not create obstacles. The federal government must act on supply chain challenges, such as the inability to load grain in the rain at the port of Vancouver and labour stability. We urge the committee to explore real capacity solutions by looking at proven approaches in other jurisdictions to address the issue of loading grain in the rain. Action is what's needed now.

In conclusion, strategic policy changes and continued investments are crucial to ensuring Canada's position in the global market. Railways are enabling their customers and the economy to grow.

Thank you.

The Chair: Thank you, Mr. Brazeau.

I'm going to turn to Mr. Harvey, but just before I do, Mr. Brazeau, you gave a statistic, and I just want to make sure I have it right in my notes. You said there was an 11% lower overall freight cost in Canada on railroads compared to the cost in the U.S. Is that correct?

Mr. Marc Brazeau: That is correct, and if you're carrying grain, it's 29% lower than the average Canadian freight rate.

The Chair: Okay.

We'll go to Mr. Harvey.

[Translation]

Mr. Eric Harvey (Assistant General Counsel, Policy and Legislative Affairs, Canadian National Railway Company): Mr. Chair, thank you for inviting me, as a representative of Canadian National, or CN, to testify on the issues and opportunities for Canadian agriculture related to railways.

This is an opportunity for us to emphasize our commitment to meeting the expectations of our customers in the agricultural sector and to stimulating the Canadian economy.

As a leader in rail transportation and a facilitator of trade, CN transports more than 300 million tonnes of goods per year over a network of more than 30,000 kilometres covering Canada and the United States.

Our mandate is to support the Canadian economy by moving goods safely and efficiently for all of our customers. This includes, of course, a wide variety of agricultural products, offering Canadian producers direct rail access to export facilities in Prince Rupert, Vancouver, Thunder Bay, Montreal and other ports on the St. Lawrence.

In recent years, CN has made significant investments in its infrastructure and rolling stock, which have increased the capacity and fluidity of its network. We expect to receive delivery of 750 new high-yield grain hopper cars in the coming year, on top of a previous investment of 3,500 hopper cars since 2018, when amendments to the act enabled such investments.

[English]

Those investments in grain transportation have been made alongside the significant capital investments made by grain companies in enhancing end-to-end grain supply chain capacity. The results are striking.

Over the past two decades, the amount of the prairie grain crop moved in the fall by CN has consistently increased. In fact, this year, CN set a record for September to October grain movement, breaking the six-million-tonne mark for grain shipments. What used to be shipments of 375,000 tonnes per week in 2009 have grown to over 700,000 tonnes per week today. In the first week of October this year, CN set an all-time record for the most grain shipped in a single week, at over 838,000 metric tons. This service performance highlights our commitment to grain movements and CN's resilience in meeting customer demand.

Constant labour uncertainty has resonating effects on Canada's economy. The government should direct its attention toward all components of the supply chain, as opposed to imposing regulatory burdens on specific links.

This brings me to extended regulated interswitching. Under this pilot program, Canadian shippers, particularly large grain companies, are incentivized to contract with U.S. railways because they receive a regulated, below-market rate. This harms Canada's economic sovereignty by diverting jobs and investment dollars south of the border. When these negative impacts were recognized in the Emerson report, extended interswitching was sunset by this very government in 2017. It was replaced with long-haul interswitching, which gives access to a competing railway up to 1,200 kilometres away at a market rate. This tool remains available to all prairie grain shippers.

All grain movements start in a truck, meaning farmers have a choice of which grain elevator will receive their product and, by association, a choice of which railway or railways serve that elevator. CN competes fiercely with railways in both Canada and the U.S. and with other modes of transportation, and Canadian railways are already subject to a maximum revenue entitlement governing the movement of western grain.

Average Canadian freight rates are among the lowest in the world. Policies like extended interswitching put us on an uneven playing field, and there is no evidence that the policy provides any direct financial benefit to farmers. We strongly recommend that the policy be sunset in March 2025.

CN has approximately 14,000 grade crossings in its network, and almost \$200 million has been spent overall to comply with Transport Canada's grade crossings regulations. When these standards were adopted in 2014, we raised concerns about the high cost to be assumed by some private users. Since then, we've been working with Transport Canada to seek alternatives to limit the cost of upgrades to be assumed by farmers.

We are pleased to say that with the support of provincial agricultural associations, exemptions were granted for the vast majority of the crossings. What was once 57 non-compliant crossings has been reduced to only seven in Ontario and one in Quebec. We are confident that we will be able to find practical solutions for the limited number of grade crossings remaining.

● (0825)

Thank you, and we look forward to your questions.

The Chair: Thank you very much, Mr. Harvey.

Obviously, those eight are in relation to CN's crossings.

Mr. Eric Harvey: Yes.

The Chair: Okay. That's perfect.

We'll go to Mr. Cato for up to five minutes.

Mr. Nathan Cato (Assistant Vice-President, Government Affairs, Canada, Canadian Pacific Kansas City): Thank you, Mr. Chair, and good morning.

There are many opportunities to improve Canada's grain supply chain. One is the need for new tools in the Canada Labour Code to more effectively address labour disruptions. Another is the ongoing challenge of loading grain onto vessels when it is raining at port of Vancouver grain terminals. It is a problem that does not exist, or at least not to the same extent, at other rainy ports.

[*Translation*]

That said, we understand that the committee would like to have our comments today on extended interswitching and Transport Canada's grade crossing regulations. I'll start with extended interswitching.

[*English*]

Advocates of extended interswitching argue that the policy is needed for competition. This argument is not valid. Extended interswitching does not create one new competitive option.

The real motivation of shipper advocates is access to a regulated, cost-based rate, even though Canada's average rail freight rates are among the lowest anywhere in the world and agricultural traffic is discounted by virtue of regulation under the maximum revenue entitlement. What shipper advocates fail to mention is that shippers already have regulated access to a competing rail carrier up to 1,200 kilometres away through long-haul interswitching, or LHI. LHI was created as a replacement for extended interswitching because of the unintended and harmful consequences observed when the policy was tried previously from 2014 to 2017.

[*Translation*]

Long-haul interswitching is also more consistent with Canada's national transportation policy, which is set out in section 5 of the Canada Transportation Act.

● (0830)

[*English*]

The difference between LHI and extended interswitching is the rate. The LHI rate is based on actual market rates for comparable traffic, which is essentially a commercial rate. This avoids the harmful market distortions caused by cost-based rate regulation, such as incentivizing the export of jobs and investment to the U.S. The evidence is clear from when extended interswitching was previously in place: The overwhelming consequence was the diversion of Canadian rail traffic to a U.S.-based rail carrier, the BNSF.

We are seeing the same damaging pattern emerge under this second trial of extended interswitching. The reason is simple: Extended interswitching gives the BNSF a 160-kilometre reach into Canada to solicit traffic at a cost-based rate, while the same is not true for rail carriers with traffic into the U.S. This imbalance was one of David Emerson's key conclusions when his statutory CTA review panel studied extended interswitching and recommended that it be sunset. The 2001 CTA statutory review panel also studied expanded interswitching limits and recommended against it.

Cost-based rate regulation harms the long-term interests of Canadian workers, shippers and consumers. Every carload of freight interchanged to a U.S. carrier under extended inter-switching takes away the work of unionized Canadian railroaders. It also undermines private sector investment in capacity-enhancing infrastructure. CPKC competes fiercely in the market with other railways, other modes of transportation, and different routes and gateways. The competition must be on a level playing field. Canadian law should not be tilted to favour an American rail carrier at the expense of Canada. The policy should be sunset once again.

The grade crossings regulations were promulgated in November 2014 by the previous Conservative government following decades of consultation by TC. The department said it first started stakeholder consultation in 1991. The TSB identified a serious public safety concern regarding the risk of collisions at railway crossings.

In 2001, the TSB recommended that TC expedite new grade crossings regulations. Then in 2010, the TSB added this issue to its safety watch-list. Throughout the consultation, stakeholders raised concerns about the time needed for and costs associated with upgrading crossings to meet the new regulatory requirements. In response, the previous Conservative government allowed a seven-year period for crossings to be upgraded.

[*Translation*]

In November 2021, as the original deadline was approaching, the current government granted an extension of up to three years.

Crossing safety is a shared responsibility between railways and crossing owners.

We worked co-operatively, diligently and transparently with crossing owners to ensure compliance.

The responsibility for costs varies depending on the level crossing.

[*English*]

Financial responsibility for the maintenance and upgrades at private crossings is assigned by agreement or statutory right. Landowners who have a statutory right to a crossing are not responsible for maintenance costs. Those costs are covered by the railway. In other cases, crossings exist because an adjacent landowner whose land was not bisected by the construction of the railway requested one for their benefit.

The cost for these crossings is assigned according to the terms of an agreement between the landowner and the railway. If no agreement exists and there is a disagreement regarding cost apportionment, the law provides that a landowner can seek recourse from the agency. CPKC has taken a reasonable and pragmatic approach to finding a workable solution with each landowner. We were successful in the overwhelming majority of cases, and I am pleased to say that today we have completed the crossing safety upgrades required by the regulations.

Thank you, Mr. Chair.

The Chair: Thank you very much, Mr. Cato.

We'll now turn it over to questions. I'm going to start with my Conservative colleagues.

Ms. Rood, you have up to six minutes.

Ms. Lianne Rood (Lambton—Kent—Middlesex, CPC): Thank you, Chair.

Thank you to the witnesses for being here today.

This is a very important topic for our farmers. We know supply chains in Canada are at rock bottom, chronically short of labour, constantly disrupted, and considered embarrassing and unreliable by our trading partners.

What actions are being taken by the rail industry to assist in solving our national supply chain problems, and what suggestions might you have that are not currently being addressed by the government?

Mr. Marc Brazeau: One thing we have been advocating for is government having more tools at its disposal. If collective bargaining fails, we believe the federal government, through changes to the Canada Labour Code, should be given more options to act quicker. The best deals are had at the table, but if you can't get a deal at the table and supply chains are crippled, we strongly believe there needs to be binding arbitration as an option.

Looking at other jurisdictions, as an example you could look to the U.S. and the Railway Labour Act. I think some potentially good lessons could be learned from the U.S. on how we could change the Canada Labour Code to ensure that our supply chains continue to be fluid and that we continue to meet the needs of Canadian businesses and consumers.

● (0835)

Mr. Eric Harvey: I think I read that there's recently been, in the last two years or so, over 60 work stoppages in the Canadian supply chain. It's a very high number. We could say that maybe it's unusual, but it remains that this happened and it has a big impact.

We want to stress that we're certainly not averse to our employees having adequate leverage for negotiating fair working conditions. At the same time, I think it's important to recognize that the current environment and the current regime of collective bargaining under the labour code gives leverage to certain employees in the supply chain that probably far exceeds the impact to their own employers. In other words, if you stop, for example, as in recent weeks, the port of Vancouver, you're affecting not only the operations of the port of Vancouver but also the railway operations. You're affecting the operations upstream of our own customers, who are also relying on the port of Vancouver to export their commodities.

We believe that in 2024 there are means other than what we could call the traditional collective bargaining approach to ensure that, basically, employees in the supply chain are compensated fairly for their work, while at the same time perhaps not harming the economy in the way that has been the case in recent years.

Ms. Lianne Rood: Earlier this week, I asked the Minister of Agriculture if there had been a rise in rail accidents on private crossings to spur the regulatory change for private crossings and he couldn't answer me. Do any of you know if rail incidents have increased on private crossings?

Mr. Eric Harvey: I'm not aware that in recent years there's been a significant increase in accidents at rail crossings—

Ms. Lianne Rood: I'm sorry, but my time is very short.

Mr. Eric Harvey: All right. I'm sorry.

Ms. Lianne Rood: Were any of the rail companies consulted by the government before it made this change?

Mr. Eric Harvey: Yes, we were consulted back in 2014 when the regulations were developed.

Mr. Nathan Cato: I can add to that.

Transport Canada says that it began consultations on these regulations back in 1991. They actually took place over several decades and multiple governments. The regulations were implemented in 2014 by the previous government, and there was significant consultation throughout the process. Cost was a major issue identified by all stakeholders throughout that process.

As it went through the Canada Gazette, part I, consultation, the government at the time allowed a longer period for implementation. I think it increased from five years to seven years before the regulations were put in place. The current government extended that by up to another three years for certain crossings. That decision was taken back in 2021, just as we were approaching the original deadline. That's how we got to a deadline at the end of just last month, November 2024.

Ms. Lianne Rood: We know that it will cost farms between \$600,000 and \$2 million to upgrade a private crossing to the new standards. How much does it cost the rail companies to upgrade a crossing? Do any of you know what the annual maintenance costs associated with a private crossing are?

Mr. Nathan Cato: A significant portion of the private crossings on our network are what we call section 102 crossings, where there's a statutory right to a crossing. In that case, the farmer or the adjacent landowner would not pay any costs associated with those crossing upgrades. Those costs belong to the railway.

With regard to the other private crossings, what are referred to as section 103 crossings—from section 103 of the Canada Transportation Act—there are agreements in place with adjacent landowners. Often those agreements have been in place for decades, and they typically specify the cost apportionment. That's what determines who's going to pay and to what extent for any required maintenance at the crossing.

● (0840)

The Chair: We're at time, unfortunately, Mr. Cato, but thank you for walking us through section 102 crossings and section 103 crossings. It's good to hear that we're down to only eight in the country, which we know we have to keep working on.

Ms. Taylor Roy, it's over to you for six minutes.

Ms. Leah Taylor Roy (Aurora—Oak Ridges—Richmond Hill, Lib.): Thank you very much, Mr. Chair.

Thank you to the witnesses for being here today.

This is a question for Mr. Harvey and CN Railway on private crossings.

I understand that you've been working on this. Apparently, you've had 10 years. I didn't realize that the regs were changed under the Conservative government in 2014. That's a long period of time. I'm just wondering if you can tell us what sort of progress you've made. In my riding of Aurora—Oak Ridges—Richmond Hill, where CN crosses, I think we're working well on the Elgin Mills crossing, which is not a private one. We also have a couple of farms toward Leslie Street that it crosses over.

Can you expand on that? I'm just curious about it.

Mr. Eric Harvey: As I indicated, we have in our network 14,000 grade crossings. It's a lot of crossings. That project took considerable time. In the first part of this initiative, we had to coordinate with all road authorities, the municipalities and the province, plus each private user to determine their type of usage of the crossing. The type of vehicle has an impact on the type of protection that has to be installed.

Our concern from day one was the cost for the private users of the section 103 crossings under the Canada Transportation Act, which are at the cost of the owner and users. Railway equipment is very expensive. With inflation and everything, we're now at a stage where the protection required for the few remaining exceeds \$1 million. This is why we applied to Transport Canada to seek an exemption for the 57 that were remaining, understanding that at those 57, you have essentially very limited use. Some are farm crossings, so they're used from spring to fall for the purpose of harvesting and so on. Some are residences, where people are using them basically to access their homes.

We're glad to say that of the eight crossings, we have one that we agreed with the owner to close. That person agreed. They found another alternative and therefore that one was closed. Then we have three where we basically agreed to apply slow orders—in other words, to reduce the speed of our trains such that the crossing becomes compliant with the regulations. Those were at residences. For one, the speed restriction was very close to a zone where the speed was already reduced, so we thought it practical.

What's left are four crossings in the Kingston subdivision, which is a subdivision that connects Montreal to Toronto. There I would say we've reached out to all owners. The challenge we have is that this is the corridor used by Via where they operate at a very high speed. Therefore, it's very challenging to make them compliant. What we're doing is engaging with each individual user for the purpose of establishing a temporary closure during the wintertime. We believe they're not used during the winter, so the speed can remain as it is. During the winter, we'll try to explore whether there are other alternatives. If there are not, then I guess we'll have to pay for those upgrades.

I say "pay", but as I said in my opening remarks, CN has invested \$200 million in our network. We believe the few remaining, depending on the outcome of our engagement, are ideal candidates for the rail safety improvement program that Transport Canada manages.

Ms. Leah Taylor Roy: That's great. Thank you very much.

You've made great progress. Ten years is a long time, and it sounds like it was a really big project with all those different players.

• (0845)

Mr. Eric Harvey: Yes, it was.

Ms. Leah Taylor Roy: I just want to use the rest of my time, Mr. Chair, to table a motion, because I know we're getting to the end of studies.

I'd like to table a motion for a study to start, hopefully, in the new year. It's to do with Canadian farmland and reimagining the future of agriculture. We know that Canadian farmland is a vital natural resource for food security, for rural economies and for combatting climate change. The agricultural sector right now—and we've heard this many times—is facing growing challenges: urban sprawl, soil degradation, climate change, etc.

I'll circulate this. I'm not going to go through the entire motion right now. It would be a study that basically looks at the future of agriculture, which would present an opportunity to foster innovation, to enhance ecological stewardship and to promote sustainable food systems, while making sure that we have a secure and prosperous future for all Canadian farmers and for consumers.

A number of the things I would like to look at in the study, which I've detailed in this motion, evaluate the current threats to farmland, look at sustainable agricultural practices that are already in use and that could be expanded, look at ways to make sure farmers are compensated for the contribution they're making to the environment, assess the role of farmland in the protection of our domestic food security and look at advancing our environmental and economic goals. Those would be things like carbon sequestration and emissions reduction.

Lastly, the study would look at organics, plastics and plant-based agriculture as an opportunity for farmers, with a \$25-billion market opportunity. It would also look at how that could work with the transition that some farmers are having to make right now because of climate change to more plant-based organic farming.

The idea is to engage a number of stakeholders from across the community—obviously farmers, agriculture organizations, experts and indigenous communities—to talk about this.

I will circulate this motion, but I think this study would be very beneficial for all farmers across Canada.

The Chair: Thank you, Ms. Taylor Roy.

There is about a minute and a half left, because we stop when you move motions. I know Mr. Longfield wanted to get in.

Lloyd, you have 45 seconds for a question and maybe 45 seconds for response, if you want to go.

Mr. Lloyd Longfield (Guelph, Lib.): Sure. Thank you.

This one is likely for Mr. Brazeau.

I was on the committee when the Emerson report came out. At the time, we had some problems with winter shipments getting through the mountains. There was grain in terminals. The farmers were having trouble getting paid for the grain that was sitting without movement. The rail lines added locomotives and engineers so that we would not have the second delay we had in the time we were looking at. There was one, I think, three years previous to that.

Could you update us on how it's gone with new locomotives and with new hiring?

Mr. Marc Brazeau: That's probably a question I'll leave to my colleagues because they have specific data on that.

Mr. Lloyd Longfield: Okay. Thank you.

Mr. Nathan Cato: I can take that one quickly.

In our case, at CPKC, we've been investing significantly in new capacity, including and especially in our grain supply chain in Canada. We've invested more than \$500 million in the acquisition of 5,900 new high-capacity hopper cars. When you combine those higher capacity hopper cars with our 8,500-foot loop train model, or what we call our high-efficiency product train model, we're getting more than 40% more grain on every single unit train. That is a massive capacity lift for the Canadian grain supply chain, and we're really proud of that.

The Chair: We'll have to leave it at that.

[*Translation*]

Mr. Perron, you have the floor.

Mr. Yves Perron (Berthier—Maskinongé, BQ): Thank you, Mr. Chair.

Good morning to the witnesses. I'm sorry I couldn't be there in person this morning. We'd like to doubly thank them, since they've appeared before the committee twice. I apologize for the parliamentary procedures that took place last time.

My first question is about the Canada Labour Code. Several of the witnesses talked about the need to look at the impact of conflicts as well as binding arbitration, which is used in certain circumstances.

Don't you think that workers' rights could be violated, in the long term, since employers will say that, in any case, there will be arbitration and that they don't need to make concessions?

Isn't there another solution that would help us avoid conflicts?

• (0850)

Mr. Eric Harvey: Thank you for the question, Mr. Perron.

As I said in my response to one of your committee colleagues, we do recognize the right of our employees to negotiate and to have some form of pressure tactic to do so.

Recently, however, we've seen that the pressure tactics seem to go beyond the interests of employers and have repercussions that go beyond the Canadian economy as a whole. These pressure tactics sometimes extend over long periods, and that has a cost in terms of our gross domestic product or other analyses of that kind.

In terms of solutions to consider, it might be worthwhile to conduct a study to determine what the options might be. Mandatory arbitration is one option, but there are also other countries that manage their labour relations without necessarily having to suffer the same repercussions we are experiencing at home. Perhaps we need to look at a slightly broader vision to see how these issues are addressed in other countries.

That said, it seems important to note that the current situation is harmful to our economy. That's the situation we're mainly denouncing, and that's why we're asking for action to limit this risk, while allowing our employees to be paid properly.

Mr. Yves Perron: Thank you very much for that detailed answer.

You say that other options should be studied. I imagine you're thinking about the possibility of considering certain goods as an essential service, a minimum service, a bit like what's done in the health care system.

Is that correct?

Mr. Eric Harvey: Let me give you an example.

The United States passed special legislation to manage labour relations between employees and railway companies. It has a very elaborate mediation and conciliation regime that needs to be used prior to the strike phase. This device makes it possible to exhaust all recourse, by bringing competent people to the discussion table to determine whether the requests of both parties are reasonable or not, so as to influence the outcome.

As you just said, it would also be possible within the current framework to broaden the definition of what constitutes an essential service in order to be able to cover certain circumstances, such as a strike in the rail sector or in the supply chain. There are a series of choices.

Mr. Yves Perron: Thank you.

Mr. Eric Harvey: I think the question that needs to be asked is which of those choices would be best suited to Canada's particular circumstances.

That's why we're asking that efforts be made in this regard.

Mr. Yves Perron: Thank you very much, Mr. Harvey. I'm sorry to have to cut you off, but my time is limited.

I would also like to hear what the other three witnesses have to say about interswitching.

Mr. Harvey, you mentioned that the 160-kilometre interswitching zone moves rail traffic to areas served by American companies, if I understood you correctly. I had no idea about that.

My question is twofold.

First, what do you think the consequences would be if that area were to move to 500 kilometres?

Second, agricultural producers told us that the 160-kilometre zone did not make it possible to reach certain groups of producers. Couldn't there be, without going as far as 500 kilometres, a midway measure, an exception zone where an intermediate tariff would be put in place?

There's only a minute left, but we can come back to it later.

Mr. Eric Harvey: First, the introduction of a 500-kilometre interswitching zone would be extremely harmful to the Canadian rail industry. That would mean that the compensation paid to the railways would be based on costs, whereas all railway expenditures are based on a commercial market value. We pay our employees at a commercial value, and we pay for our gas and equipment at a commercial price. Remuneration based on a cost that is below market would result in a subcompensation that would ultimately lead to a reduction in the quality of service and safety.

Second, it's important to note that, as we mentioned in our opening remarks, the measure that regulates the revenue cap that Canadian railways can receive for grain transportation provides a 30% advantage over other commodities in Canada. Also, it applies to all producers who are covered in the Prairies.

The idea of extending this measure or extending the interswitching distance is a bit perplexing to us. The Canadian agriculture industry already has an advantage that no other Canadian shipper has.

• (0855)

The Chair: Thank you.

[English]

I know, Nathan, that you want to come in. You have 15 or 20 seconds if you have anything to say.

Mr. Nathan Cato: I would add to the comments of my colleagues.

On the debate about distance for extended interswitching, I'd highlight that shippers today have access to long-haul interswitching, which is 1,200 kilometres away. There are a few exceptions to it, but it applies nationally. It's a 1,200-kilometre distance to give the shipper access to a competing carrier. The difference is that the rate is based on comparable traffic.

The Chair: Thank you very much.

Go ahead, Mr. Cannings, for up to six minutes.

Mr. Richard Cannings (South Okanagan—West Kootenay, NDP): Thank you all for being here.

This is a new subject for me, so I'm trying to wrap my head around it. It seems the main issue you're all concerned about is competition with BNSF, which is operating under a regulation-based, cost-based rate, while you're using average market rates.

I'm going to start with Mr. Cato of CPKC.

I assume BNSF is forced to offer a cost-based rate because it's regulation-based. Does CPKC operate under that as well? Is this an American regulation?

Mr. Nathan Cato: It's a Canadian regulation. It's under the Canada Transportation Act. What it does is create a 160-kilometre zone in only three provinces—Alberta, Saskatchewan and Manitoba—where there's a cost-based rate applied to traffic interchanged to a competing carrier.

What that means for us on our network is that, because we interchange with the BNSF at Coutts, Alberta, right at the border... What this Canadian regulation does is give the BNSF a 160-kilometre reach into Canada to solicit traffic exposed within that zone at a cost-based rate. Essentially, they can undercut us marginally on the long-haul portion of the movement. They can get that traffic. There's an incentive being created with that cost-based rate to move traffic under a competing American rail carrier.

Mr. Richard Cannings: Over the last few years, from what I hear, both CPKC and CN have done very well. Your profits, according to the National Farmers Union, have tripled in the last 10 years. CN's have doubled.

How has this interswitching pilot impacted that? Would your profits be quadruple or higher if that were the case? It seems you're doing fine. Farmers seem to want this interswitching. You say you can do better than the United States and you're offering lower prices. It's just mysterious to me why we're having this conversation.

Mr. Nathan Cato: I would say that the public policy question for parliamentarians is focused on jobs and investment in Canada. We need a regulatory environment in Canada that facilitates investment.

For our part, the railroad industry is an incredibly capital-intensive one. We're now spending record amounts in our capex. We're looking at spending up to \$2.8 billion a year in investment in our infrastructure for safety and capacity enhancements. That's very important. We've also been investing, as I noted earlier, in capacity expansion—more than \$500 million for high-capacity hopper cars. We've been growing our network to enhance competition.

• (0900)

Mr. Richard Cannings: Again, it comes down to the same question. You say you can provide shipping at rates better than the United States, but farmers and shippers seem to want access to interswitching to make things better. We're in the middle of a pilot project and you're seemingly doing fine. You're making all these new investments. I'm still wondering how getting rid of this would be better for farmers and shippers if that's what they want and feel they need to move their products.

Mr. Nathan Cato: It's important to remember that the farmer is not our customer and is not a shipper. Typically, very large grain companies are the customers. We've certainly seen no evidence that there's any benefit to farmers from extended interswitching. We'd be very interested to see if there is any evidence that demonstrates that, but at the end of the day, we need to create a regulatory environment in Canada that incentivizes investment in the capacity that will be needed to support a growing population and economy. As the population grows in Canada, we expect that demand for freight transportation will increase, and we need a regulatory environment that incentivizes investment in capacity-enhancing infrastructure over the long term because that is clearly what's in Canada's interest.

The Chair: We're at time.

If you'd like, go ahead, Richard. You have 30 seconds.

Mr. Richard Cannings: Again, why do the shippers, then, want to ship through BNSF when you are offering 29% lower costs?

Mr. Nathan Cato: That's an average based on the MRE discount from average Canadian rail freight rates. I think this is about large grain companies for the most part. It does apply to all traffic, I should say, but for the most part they want to move traffic for less. We can understand the motivation, but—

Mr. Richard Cannings: Then they should do it through you because you give them a 29% discount.

Mr. Nathan Cato: Again, that's the average overall when you look at it.

The Chair: Unfortunately, we're at time. It was at the peril of the chair to give you that 30 seconds, but thank you, Mr. Cannings.

Mr. Epp, you have up to five minutes.

Mr. Dave Epp (Chatham-Kent—Leamington, CPC): Thank you, Mr. Chair.

Thanks to the witnesses for coming back today.

I'd like to begin with an estimation that APAS calculated: Farmers in Saskatchewan paid more than \$36 million last year in carbon taxes to ship their grain by rail, and they're on track to doing \$57 million this year. From your own reporting, CN determined that the carbon tax charges last year were \$128 million and CPKC's were \$102 million. I'd ask you to table with the committee, if you would, how much of those last two numbers were carbon taxes charged to grain shipments. Can you also estimate what carbon taxes have been paid since 2019, and as the rate is forecast to increase through 2030, could you table with the committee your estimated carbon taxes?

That said, I will shift gears a bit. There's an expression that comes, I believe, out of California, that goes, "Whisky is for drinking and water is for fighting over". It's a bit early in the morning for whisky, so let's talk a bit about water. What was the federal change, in either policy or legislation, that prompted both railways to no longer consider themselves subject to the Ontario Drainage Act?

Go ahead, Mr. Harvey.

Mr. Eric Harvey: None. There was no change to any legislation that prompted that. Since 1996, drainage facilities have been considered utilities for the purpose of the Canada Transportation Act. The cost apportionment between utility users or owners—like municipalities in this case—and us is decided by the agency on the basis of the relative benefits that both parties derive from the infrastructure.

• (0905)

Mr. Dave Epp: You mentioned 1996. That is when the Railway Act was split and was updated into the Railway Safety Act and the Canada Transportation Act. There was a clause, which was not carried over, that dealt with specific references to drainage issues across the provinces.

Mr. Eric Harvey: I'm sorry. Your question was referring to the 1996 amendments. In basically the last 28 years, there has been no change, so I thought you were—

Mr. Dave Epp: That's correct. The change was back in 1996.

Mr. Eric Harvey: That's right. I'm sorry about that.

Mr. Dave Epp: My follow-up question is, which legal eagle picked up that omission when the act was split? Was it CP's shop, your shop or RAC's shop that picked up the omission?

It's been about five years since both railways ceased to co-operate with municipalities in Ontario and with farmers and landowners on drainage issues. Where was that change in legislation from back in the nineties, when the railway was split up, picked up? Look at your own behaviour for 100 years. Going back to my opening comment, it was 1894 when the Ontario Drainage Act came into being. It was the most important piece of legislation, the very first piece, dealing with water, and for 100 years both national railways complied. Who picked up the change?

Mr. Eric Harvey: I want to stress that the issue we're talking about is only in Ontario. That's the first thing, and it's an important aspect to remember.

The second thing is that, as I understand it, in 1996, the policy reason behind the change was simply that the federal government wanted the regime applicable to utilities for national railways cross-

ing the entire country to be the same in each province, so that's what happened then.

I want to answer specifically about recent years, because in Ontario itself, recent cases have been with very specific municipalities. We're talking about maybe two or three cases.

Mr. Dave Epp: Perth East in your case, and in my own municipality of CK.

Mr. Eric Harvey: That's right. In those cases, railways are prepared to pay for the benefit they derive from drainage infrastructure. The challenge we're facing with those very specific and limited cases is that municipalities are assessing amounts to railways that we are saying seem disproportionate to the benefit that railways derive from the infrastructure. That is where we disagree.

Mr. Dave Epp: I have limited time.

I'm actually a farmer, so I've paid into many drainage schemes and have been subject to many engineering reports that determine the benefit by landowner.

I'm wearing a Great Lakes pin here, which takes care of most of the water in the southern part of Ontario where crossings come. I believe the rain still falls on your tracks in Ontario and on neighbouring landowners' farms.

Is it your testimony that the neighbouring farmers and municipalities should pay for the upkeep of drainage? The water from your own drains must outlet into the Great Lakes at some point.

Mr. Eric Harvey: Our position is that the contribution made by municipalities and adjacent owners should be consistent with the benefit they derive from the infrastructure, just as we would contribute if we benefited from it.

Mr. Dave Epp: That would be subject to the engineering reports that are a requirement under the Ontario Drainage Act.

Mr. Eric Harvey: Yes, but to be clear, we're federally regulated, and what we're saying today is consistent with the federal framework.

This is why we at CN brought a case to the CTA. I engaged personally with the City of Sarnia because I thought there were perhaps better things to do than have a fight with them. However, we could not reach an agreement, so here we are.

We have to seize the CTA. They will decide, and we will comply with the final decision that will come out of this process.

Mr. Dave Epp: Thank you, Mr. Chair.

Mr. Nathan Cato: If there's time, I would like to respond to some of that as well.

The Chair: Do so very quickly. I'm probably going to take it off the third round for you guys, but go ahead, Mr. Cato.

Mr. Nathan Cato: I would really underscore that this is a question of jurisdiction. We're federally regulated companies. Parliament has created a regulatory process under the Canada Transportation Act to resolve these kinds of disputes about utility crossings. That's what they are. You deal with drainage, water, needing to flow through the railway corridor. Typically, that's done by way of a culvert, so there's a process.

In the vast majority of cases, we reach agreements with adjacent landowners on this. We sign an agreement that defines terms and conditions and deals with costs, and there's no issue. In the very rare circumstances where there's a disagreement, the Parliament of Canada has created a regulatory process to resolve that dispute, and it's through the Canadian Transportation Agency.

• (0910)

The Chair: Thank you very much.

I'll go to Mr. Louis. I know you might split a bit of your time with Mr. Longfield.

Just for the benefit of colleagues, we will come back to the Conservatives for about two and a half minutes, and then we'll probably have one more round on this side.

Go ahead, Tim.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Thank you. Yes, I will be splitting my time with Mr. Longfield.

Thank you all for being here today.

Rail companies have looked after railroad farm crossings since 1894, as my colleague mentioned. When they severed farms, they were required to find a way to let farmers cross over the railways so they could get to the other parts of their farm.

In Waterloo region, I have 15 private and farm crossings on the CN line and 12 on the CPKC line. The farmers are justifiably nervous. They've been told that they have to pay \$600,000 to up to \$2 million in costs, and that's just unacceptable. Farmers cannot afford a bill like that.

It sounds to me like you are taking action, and I appreciate that, but it sounds like it was forced upon you. Can each of you tell me on what date your company decided to walk away from the agreement from 1894? What date did you say that you weren't going to pay? Can you also tell me when you changed your mind and said you were going to work with farmers and cover those costs?

Maybe I'll start with Mr. Cato.

Mr. Nathan Cato: I would say that nothing, really, has changed in the legal framework that governs cost apportionment at crossings. As I described it earlier, there are three types of crossings in the Canada Transportation Act. That hasn't changed.

Mr. Tim Louis: Where's the change? Where is the disconnect? Farmers and farming associations are saying you're telling them they have to pay, and now you're saying you are paying for it and moving forward. It sounds like you're already done.

Mr. Nathan Cato: Yes, we've completed the crossing upgrades that were required by the regulatory change in 2014. Our team has worked for 10 years now, working across the network. We have approximately 7,000 crossings in our network in Canada. An enormous amount of work has gone into making sure that those crossings meet the new standards.

Mr. Tim Louis: I can tell that to the 12 farmers in my region on the CPKC line.

Has anyone else reached out to them, to your knowledge? They're waiting to hear back because the deadline has passed.

Mr. Nathan Cato: I would have to check specifically with the 12 you're referring to—I'm not familiar with them—but we have worked across the network and are now in compliance with the regulations for our crossings.

Mr. Tim Louis: Mr. Harvey, is it the same for you?

Mr. Eric Harvey: It's the same here. Essentially, we have only four left in our entire network. They're in Kingston. I think your group is okay.

Mr. Tim Louis: Has anyone reached out? You must have a list of those farm crossings.

Mr. Eric Harvey: You mean in terms of—

Mr. Tim Louis: Have you reached out to say you're in compliance? What's changed? Nothing has changed on their farms. The regulation has changed.

Mr. Eric Harvey: I can check with our public affairs group to see if that has been done. If it hasn't, I will recommend that we do it.

The exemption decision from Transport Canada is a public document. It's available. We are committed to working with the last four to see how we can develop something there.

Mr. Tim Louis: Thank you.

I'll turn it over to Mr. Longfield.

The Chair: Mr. Longfield, you have two minutes.

Mr. Lloyd Longfield: That's great. Thank you, Chair.

Thank you, Mr. Louis.

Mr. Harvey, after the 2013 Lac-Mégantic disaster, there was a regulatory review under the previous government but no funding. In 2016, our budget had \$143 million over three years. We subsequently worked on more funding for safety at level crossings. One of them is in Guelph on Alma Street.

In terms of government support for a rail line, could you comment on how important it is to have continued support for capital infrastructure projects so that we don't have another Lac-Mégantic?

Mr. Eric Harvey: Since the Lac-Mégantic incident, both our regulators and the rail industry have been taking this seriously. I can confirm that at CN, following this incident, we've spent considerable time working in collaboration with TC to develop sound regulations and implement them, even though CN was not involved in the incident. Now—

• (0915)

Mr. Lloyd Longfield: Right. Cutting regulations isn't the answer.

Mr. Eric Harvey: On the question of financing, the rail safety improvement program that has been administered at TC for many years is a very useful program because it provides proponents with opportunities to have access to public funds in the interest of safety. When I say “proponents”, I mean not only railways, but also public roads, municipalities and provinces, essentially. That program is a very effective one because grade crossings are the location where the traffic of roads and rail conflict. Therefore, the safer you make grade crossings, the safer you make operations for both modes of transportation.

The Chair: Mr. Harvey, we're going to leave it at that.

[*Translation*]

Mr. Perron, you have the floor for two and a half minutes.

Mr. Yves Perron: Thank you, Mr. Chair.

I'll go back to the issue of grade crossings and the regulations that came into force on November 28.

If I understood you correctly, Mr. Harvey, there are still seven or eight rail lines that are not fully compliant with the regulations.

Mr. Cato, you say that all level crossings are in good standing.

Mr. Harvey, on the subject of regulations and adaptations, you mentioned earlier reducing speeds at private level crossings with less traffic.

What is your interpretation of these new safety regulations that have been adopted? Don't you get the impression that it was applied more or less quickly everywhere?

Mr. Eric Harvey: People in the rail industry live in a world where safety and risk assessment are paramount. We always try to determine the risk that exists at a specific location and the measures needed to manage it.

If we pass a regulation that sets out a whole series of measures and we have 14,000 level crossings, sooner or later, we will consider that some of them need improvement, whereas in practice, that may not be the case.

Let's take the example of the 57 non-conforming level crossings for which we made requests. We're very pleased that we were able to reduce that to eight, with the help of Transport Canada, and then to four, because of the commitment I mentioned earlier.

The remaining four crossings are located in areas occupied by farms, and they are used very little. Nevertheless, we're talking

about investing over \$1 million in it. This winter, we will explore all existing opportunities for these level crossings, from closing them to fully protecting them. We would have to see if there are medium-term solutions to reduce costs, while ensuring an adequate level of safety based on an objective risk analysis.

The Chair: Unfortunately, the time is up. Thank you very much, Mr. Perron and Mr. Harvey.

Mr. Cannings, you have the floor for two and a half minutes, please.

[*English*]

Mr. Richard Cannings: Thank you.

Mr. Cato, I'll start with you again. I'm sorry. I'm not trying to pick on you, but hopefully if we have time and I can stop myself from talking, we might have time to move on to something else. I just want to tackle the labour issue we've heard about.

We always hear about labour disruptions. In many cases, or in most cases I've looked at with our railways or ports, it seems that they are just as often management issues. The rail strike this summer was two lockouts basically at the same time from CN and CP-KC. It was seemingly done to put maximum pressure on the government to force arbitration on the unions. The Vancouver port strike was referenced. We hear a lot about Vancouver port labour disputes. That was the first strike in over 60 years in Vancouver. Everything else has been lockouts.

Your suggestion for this seems to be that we should change the labour laws in Canada to make it easier to force arbitration on unions in these situations. I'm just wondering if you have any suggestions that would involve more collaboration with unions to make them feel heard.

You talk about safety. The unions said that CPKC wanted to gut the collective agreement of all safety critical fatigue provisions. CN wanted to implement the forced relocation of workers to fill in labour shortages across the country, often for months at a time. Have you been thinking of ways to involve the unions to make sure they feel heard? Right now, it looks like you're trying to get away from their concerns.

• (0920)

Mr. Nathan Cato: I would say a number of things in response to that.

We have an excellent track record of collective bargaining with our unions in Canada and the U.S. and now in Mexico, with the exception of the TCRC, which was involved in the work stoppage in August. In that case, 10 of the 11 last rounds of bargaining since 1993 have required intervention of some form from the federal government. When you look at our four other unions in Canada, we've had 36 rounds of bargaining in the same period of time and we've had only one work stoppage. We have an excellent record of getting agreements at the table. We very much want agreements at the table. We believe that's the best outcome.

The question is, what happens when the parties are deadlocked? When we're talking about the transportation sector, whether it's a railway or a port, it is much bigger than just a dispute between an employer and a union. The entire country's economy depends on those critical functions to keep our economy moving. It's a question of what happens to break the deadlock.

You referenced some of the union's statements around that. We were at the negotiating table trying to negotiate with the TCRC for a year in advance of that—

The Chair: We'll have to leave it at that.

We're over by almost a minute, Mr. Cannings, but I wanted to give some time for that. I think we got a sense of what the answer is.

We'll go to our last round. It's only about two and a half minutes because we ran over.

Go ahead, Mr. Barlow.

Mr. John Barlow (Foothills, CPC): Thanks, Chair.

In the opening comments from both of you—and your wording was very similar—you were talking about the concern that extended interswitching diverts jobs and traffic to the United States, and I quickly looked up the Stats Canada results. When extended inter-switching was in place in the previous Conservative government, from 2014 to 2017, rail shipments from the prairie provinces to U.S. destinations were around 33% and went down during the period of extended inter-switching. However, when extended inter-switching was removed in 2017, the amount of traffic going from the prairie provinces to the United States actually went up to 37%, and to a similar number in 2019.

I'm just curious about that. If you're saying that extended inter-switching is an unfair advantage that drives traffic to the United States, why do those numbers tell the opposite? How can you square that circle given the amount of traffic went down during inter-switching and went up when inter-switching was removed?

Mr. Nathan Cato: I would say to be cautious around correlation versus causation. I think when you look at traffic that's moved on our rail network across North America, it is overwhelmingly a function of macroeconomic conditions.

When you look at the period from 2014 to 2017, there was a period of relatively soft economic conditions followed by more robust growth throughout North America, especially in the U.S. Looking at that macro level volume, it's primarily a function of how the economy is doing.

The Chair: Mr. Harvey, I saw that you want to jump in.

Mr. Eric Harvey: Our numbers show that during that period of the pilot, back in 2014 to 2017, 25% of the traffic that originated on CN and went to the U.S. was under that measure. It's a significant number for us, because it was at this cost-based rate.

The Chair: Be very quick, Mr. Steinley.

Mr. Warren Steinley (Regina—Lewvan, CPC): I have a quick question.

I've had a couple of discussions previously with you in my office. When you guys replace railroad ties across Saskatchewan, there are huge piles of ties. These ties are concerning for the communities nearby because if the ties ever catch fire, they're going to destroy a whole town.

I wonder what your policies are for cleaning up used railroad ties in the communities, because it is a safety concern for communities across the country.

• (0925)

The Chair: Reply in short order, gentlemen, if you could.

Mr. Nathan Cato: The challenge with tie removal is that there are a limited number of disposal facilities in North America. This issue needs to be managed day in and day out.

The issue is that there are limited facilities to properly dispose of the ties. It's something we need to manage. We're always mindful of community safety. We manage it as best we can, but the issue is the disposal facilities, making sure it's done properly.

The Chair: Thank you. I'll take the last round.

Mr. Harvey, last summer in Nova Scotia we had a major, significant rainfall event—hundreds of millimetres of rain over a short period of time—which is becoming sadly part of the new norm of extreme weather.

In my home community of East Hants, particularly in the community of Lantz, there were concerns from residents about drainage ability. Mr. Epp asked questions on that. In Nova Scotia, we don't have a similar type of provincial act that would govern that. Residents with engineering backgrounds have been conversing with CN on the size of the culverts and their ability to move water outward towards the river, and of course, if there's an inward flow, what that means.

To the credit of CN, you guys have been good about engaging, but there is a difference of opinion about whether the current infrastructure is adequate enough to manage the flow of water from the residential side. The municipality is engaged as well. I've written to CN and you guys have engaged.

If there is a difference of opinion on what should happen, is the next course of action for the residents or the municipality to take that to the Canadian Transportation Agency? Where are these things litigated? Is it the CTA?

Mr. Eric Harvey: I would say so, frankly. I want to say publicly, though, that before you guys move there, I'd like to have a discussion with you. If it's a question of the technical capacity of the structure to accommodate water, I suppose there's room for discussion, especially if it was recently done.

My suggestion would be that we see how it goes and that we engage collectively to try to find a... Clearly, it's about safety for us. If the capacity is not there and there's a risk of washout, we will take the proper measures, no doubt.

The Chair: I'm happy to take that conversation off-line.

On the technical side, I'm being presented with information by my constituents. I'm also equally having those conversations, I would say, with some of your senior management. We'll have that conversation off-line.

Mr. Epp asked about carbon pricing and some of the associated costs. He's asked you guys to table them.

My question is for the two railroads.

You've talked about the maximum revenue entitlement. With regard to carbon pricing, beyond the cost—I'm not necessarily transfixed on the actual cost—is the entirety of the carbon price that you pay on your freight passed off to shippers? That's my question. When we have conversations with agricultural associations in western Canada, their assertion is that they understand there will be costs passed down as a result of this policy. They're saying they're in a situation where some of them should be borne by the railroads.

The concept of carbon pricing, of course, is to adjust and change behaviour. I know and appreciate that there's probably some work being done on the railroads with regard to efficiency and fuel efficiency on cars. However, if the entire price is being passed down through the supply chain, you can see how it truncates the goal of what we're trying to do, which is that some of the true cost is borne by the railroads.

Is that actually happening? Is 100% of the carbon price being passed down to shippers?

Mr. Eric Harvey: It's clear that a carbon tax is a cost for us; it increases our cost of operation. Yes, we have a regime in place that essentially has, as a purpose, allocating the cost of the carbon tax to the shippers that are triggering its payment. If you don't do that and say you're going to lump it into your overall costs, what happens is that much of your customer base will, for example, assume a cost that is not triggered by their shipments.

A simple example is the B.C. carbon tax. We don't charge the B.C. carbon tax to customers in the Prairies or eastern Canada who are not triggering the carbon tax in B.C. Similarly, we're not charging our U.S. customers for something triggered in Canada, and conversely, we don't charge Canadian shippers for—

• (0930)

The Chair: What I'm hearing is that the entirety of the cost paid is being passed off to shippers.

There's an argument being made here. The concept is that the cost is borne to drive innovation. If the entirety of that cost is being passed off to the supply chain, it runs contrary.... We're talking about a situation where we have just two railroads, so it does beg the question at one point of whether parliamentarians say that the entirety of the cost shouldn't be passed on; it should be a true cost borne by the railroads that does not get around the price signal, thereby reducing emissions.

Mr. Nathan Cato: I have a couple of points with regard to that.

First of all, we believe that rail is part of the climate change solution. Our emissions are about 75% less than moving freight by truck. One train is the equivalent of getting roughly 300 trucks off the road. We'd like to see policies that incentivize moving more freight by rail because that's part of the climate change solution.

Specifically on carbon taxes, if we're talking about grain, grain products are regulated. Our total revenue is capped in Canada for the movement of just those commodities. Part of the calculation that the agency does every year to determine the overall cap for CP-KC and CN looks at changes in fuel costs.

The MRE is a cap, but part of the formula used to determine it is what they call the VRCPI, the volume-related composite price index. It's essentially an inflation calculation. One of the inputs that the agency looks at in determining that calculation each year is changes in fuel cost, including all taxes.

The Chair: The answer is, then, that the entirety is being passed on. I understand—

Mr. Nathan Cato: In the case of grain, I would say that it's recovered to the extent that we're permitted by the MRE.

The Chair: However, the MRE does not preclude you from passing 100% of those costs on. We can table that. I only have a bit of time, and I don't want to test any more of the patience of my colleagues.

The last piece is about interswitching. If you're Minister Anand and you're sitting with agricultural groups—and we've had them before this committee—that swear by interswitching as being an important tool, even if it's not facilitated, you know that having it there is important for engaging with both CN and CPKC. It's an important tool to make sure they try to keep costs competitive, which you guys have highlighted.

Mr. Cannings talked about whether the maximum MRE keeps costs down for the U.S. piece, but if you're Minister Anand, would you simply be saying...? I'm sympathetic as the chair of the agriculture committee about the fact that there's not reciprocity, that you as railroads don't have access. Would the argument not be—maybe through an extended pilot beyond 2025 to allow for more data—to make the simple change that the American railroad does not have the same 160-kilometre radius into Canada and that you guys in the agricultural community continue to have the 160-kilometre, short-term interswitching benefit, competing among yourselves as Canadian railroads?

Mr. Nathan Cato: There's significant data to make public policy decisions about this policy. It's been two and a half years since the previous time it was in place. We're now more than a year into this second pilot project. We report all the data to Transport Canada, so they have all the data about how it's being used. It's the same pattern we're seeing with this second pilot.

We would encourage the committee to look back at David Emerson's analysis on this in his 2015 statutory review report.

The Chair: How often has it been used? Do you have the number for how often it has statutorily been used under the pilot right now? If not, could you table it with the committee?

Mr. Nathan Cato: The specific number for a specific carrier can be commercially sensitive. What I can say is that it is being used, but it is only being used to transfer traffic to the BNSF, in our case, at Coutts, Alberta.

The Chair: I can appreciate that it's commercially sensitive, but is there any sense of that? “Very limited” is what we've heard.

Mr. Eric Harvey: No. I can only echo my colleague at CPKC.

The Chair: Thank you, colleagues.

To our witnesses, thank you so much for your work on the railroads. Obviously, it's a very important sector. Thank you for taking the time today to engage in this study.

Colleagues, we're going to break for about a minute. We're going to have our Transport Canada officials come up and we'll start the second round, which will be truncated.

The meeting is suspended.

• (0935) _____ (Pause) _____

• (0935)

The Chair: We're back at it for a truncated panel with the Department of Transport.

Here in the room with us are Tamara Rudge, director general, surface transportation policy, and Stephen Scott, director general of rail safety and security.

I would extend our sympathies for last time. We had a number of votes and had to reschedule you. We're happy to have you back.

I'll let you provide five minutes of opening remarks, if you have anything, from the Department of Transport. Then we are going to turn to questions, probably for the last 30 minutes. There will probably be one round for each party.

Ms. Rudge, would you like to go ahead?

Ms. Tamara Rudge (Director General, Surface Transportation Policy, Department of Transport): Thank you, Mr. Chair and members of the committee.

I'd like to begin by acknowledging that we're gathered today on the traditional territory of the Algonquin and Anishinabe people.

[*Translation*]

My name is Tamara Rudge, and I'm the director general of surface transportation policy at Transport Canada.

Thank you to the committee for inviting us to speak about rail challenges and opportunities.

[*English*]

We acknowledge that agricultural companies rely on freight railways for timely and efficient service and that for many, rail remains the only practical and economical means of transporting their products to domestic and international markets.

Canadian railways operate in a complex freight rail network that connects over 400 grain elevators and moves high volumes of grain over long distances. Canada's reputation as a trading nation depends on its railways to meet demand and deliver on time.

The transportation of western grain by rail has generally been operating well. This past crop year, Canadian class I railways transported more than 53 million metric tons across their networks. The car cycle times—the length of time it takes a car to travel from its origin to destination and back—are regularly at or below the five-year average for the major western grain corridors, which are Vancouver, Prince Rupert and Thunder Bay.

The government continues to monitor this system's performance closely. We engage collaboratively with stakeholders to talk about the market dynamics that underpin Canada's freight rail system. This helps inform and shape how Transport Canada and the government consider which legislative or regulatory changes, if any, are appropriate for ensuring that Canada's freight rail system remains competitive and efficient.

I'll turn to my colleague.

• (0940)

[*Translation*]

Mr. Stephen Scott (Director General, Rail Safety and Security, Department of Transport): Good morning, everyone.

Mr. Chair and members of the committee, thank you for having us this morning.

[*English*]

My name is Stephen Scott, and I work as the director general of rail safety and security at Transport Canada. Thank you for the opportunity to speak with you today about the regulatory regime for safe operation of railway grade crossings in Canada.

In total, there are about 23,000 grade crossings across the country. These comprise about 14,000 public grade crossings on roads that are maintained by a municipal road authority and are designed for public use. The remaining 9,000 are private grade crossings where the adjacent land is owned by private landowners—for example, businesses, farmers and residents—and the crossing is not intended for use by the general public.

In 2014, Transport Canada introduced the grade crossings regulations to improve safety at rail crossings by mandating the standards that govern their design, construction and maintenance. This includes engineering specifications for the crossing surface, the physical barriers, the warning systems and the signage.

Recognizing that a one-size-fits-all approach would not be pragmatic or in the interest of safety, the regulations establish a spectrum of safety measures tailored to the assessed level of risk of each individual crossing, with risk being dependent on several variables, such as volume of traffic, speed, sightlines and geography.

The regulations provided up to 10 years for railways and landowners to make infrastructure upgrades and bring rail crossings into compliance with the new safety standards. Over this period, Transport Canada has extensively engaged with stakeholders on the changes, including with farmer associations, and we are grateful for their continued involvement.

In order to ensure a reasonable regulatory burden and that resources are prioritized to the highest risk areas, the regulations were amended in 2021 to permanently exempt from upgrade requirements about 3,000 of the lowest-risk private grade crossings. The regulations came into full force on November 28, 2024. Information provided to Transport Canada from the railways indicates that over 99% of grade crossings are compliant with the new standards.

Under the regulations, private crossing owners have a shared responsibility for safety at their crossings and have flexible options to ensure compliance with safety standards. Apportionment of financial responsibility is governed by the Canada Transportation Act, which is administered by the Canadian Transportation Agency, an independent, quasi-judicial administrative tribunal with the mandate to regulate and adjudicate economic issues in the transportation sector.

Thank you. I'm happy to take any questions.

The Chair: Thank you very much to you both. We'll get right to that.

Mr. Lawrence, I don't know if you remember this committee, but you have lots of agriculture in your riding, so welcome to the committee. It's good to have you here. You have six minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you very much, Chair.

Yes, I spent some time on this committee when I had a PMB asking to exempt farmers from the carbon tax on propane and natural gas, which carries on these days. I'll note that I got a thumbs-up from the chair on that.

It's great to be here.

I want to start by getting some background on this. My understanding is that, as you said, there are about 9,000 private rail crossings, give or take. At those 9,000 private rail crossings, what is the total number, if you have it, of crossings in a year? A ballpark figure is fine.

Mr. Stephen Scott: Are you asking how many are farm crossings?

Mr. Philip Lawrence: No. How many individuals cross at those private rail crossings?

Mr. Stephen Scott: It really depends. Of the 9,000, as I mentioned in my opening remarks, the bottom 3,000 were scoped out.

• (0945)

Mr. Philip Lawrence: I'm sorry, but I think we're missing something here. There would be hundreds of thousands of crossings at those private rail crossings. There would be tractors and cars going across. How many incidents occur at those private rail crossings?

Mr. Stephen Scott: I have stats on accidents.

Mr. Philip Lawrence: That's perfect.

Mr. Stephen Scott: Transport Canada uses the same data as the Transportation Safety Board, and it's publicly available. The trend line in accidents and fatalities over the last 10 years is down, which is positive. In 2023, there were 149 crossing accidents in Canada. Thirty-three of those were at private crossings and two were at farm crossings.

Mr. Philip Lawrence: Okay. Of the hundreds of thousands of crossings that occur every year at private rail crossings, we have 33, and two at farm crossings. In the two that occurred at the farm crossings, were there fatalities? What was the total number of injuries? Do you know?

Mr. Stephen Scott: The fatalities in total for last year, 2023, were 13.

Mr. Philip Lawrence: Was that over all crossings?

Mr. Stephen Scott: That was over all crossings. There were 13. That was down from the 10-year average—which, again, is a positive—and there were none at farm crossings.

Mr. Philip Lawrence: First of all, I want to thank you. You're one of the few folks from this government who has actually had numbers at hand. That's some awesome work.

Ms. Lianne Rood: Yes. Thank you for that.

Mr. Philip Lawrence: Obviously, safety is always of extreme importance, and we appreciate the work you do, but we have a finite amount of resources. We want to make sure those resources are put in places where you get maximum results.

We have two incidents and zero fatalities at farm crossings. We're hearing from the Ontario Federation of Agriculture—feel free to dispute this—that some of these crossings, to bring them up to the new standards, will cost farmers between \$600,000 and \$2 million, and then \$10,000 a year in an annual maintenance fee. This will put farms out of business.

If we're not accomplishing anything, or we're accomplishing very little, from a safety perspective, but we are putting farmers out of business, you can see where that is an issue. At the very least, as per a letter that we are sending out, perhaps a delay and further study before we start shutting down railways might be in order.

Could you comment on that?

Mr. Stephen Scott: I would share a couple of thoughts. The regulations do put in place a risk-based approach. It's not a one-size-fits-all approach. We recognize that. I think this is where you're going.

On the whole, private grade crossings, which farm crossings are part of, generally speaking tend to be of lower risk than the public crossings in cities, with their high traffic, but that doesn't mean that all private crossings are low-risk. Some are of medium- and high-risk. Those are the remaining 6,000 of the 9,000 that remain as part of the regulations.

The regulations set a spectrum-based approach. There are five levels of risk. Where a crossing falls in that spectrum determines the mitigation measures required to bring risk down to a tolerable level. I think in the vast majority of cases, because we're at a 99% compliance rate, the measures put in place are financially reasonable.

For a small number—the representative from CN in the first hour spoke to it being down to eight—there are cost-prohibitive budgets or estimated costs of between \$600,000 and \$2 million. They're working with landowners to find practical solutions for those eight. CPKC testified that they're in full compliance.

Mr. Philip Lawrence: I'll just end with this. We have a situation where at farm crossings, we have two incidents and zero fatalities. We also have an affordability crisis. The cost of food has never been higher in this country. My strong suggestion and recommendation to your department is to indeed take a flexible approach. Don't just arbitrarily close private rail crossings, which will cut off farmland, increase the cost of food and perhaps drive farms out of business, where very little, if anything, will be gained from a safety perspective.

Once again, thank you for being so prepared. I appreciate it.

• (0950)

The Chair: Ms. Rood, you wanted to very quickly ask about a tabling of information. Go ahead.

Ms. Lianne Rood: Thank you.

I'm just wondering about the statistics you gave with regard to the fatalities. I'd be interested to know how many of those fatalities involved a collision with a train and how many of them were just accidents or collisions that happened around a railroad track. You can table that with the committee if you don't have that answer.

Mr. Stephen Scott: My initial reaction is that most of them, if not all, involve a train. That's the subset of data I have, but I'll check that and table it.

The Chair: Thank you very much.

I'll now take the first three minutes. Mr. Louis will take the next three.

I know that a lot of the first round of questioning for our officials was on crossings. It was refreshing and important to hear a few things on that in the first panel. One is that we're down to only about seven or eight cases in the country. At least CPKC talked about the fact that they are completely compliant, and CN is very close. We have a flexible approach. Certainly, this process started under the Conservative government and has been continuing on for quite some time.

I want to ask about interswitching. That is an important piece. We just heard from the two major railroads, which were not able to share the number of times interswitching has been used under the pilot. I presume that you have that information.

Are you able, Ms. Rudge, to share how often it has been utilized so far in the time that it's been in place?

Ms. Tamara Rudge: Since September, at an aggregate level, the number of cars that have been interswitched is less than 1% of the total car rail movements in Canada.

The Chair: I assume this assessment is still being done by Transport Canada, as the information is coming in, but does the department have a view thus far about the pilot and its success, or the data that has come back thus far?

Ms. Tamara Rudge: Mr. Chair, as you said, we're still assessing the pilot. It's not done. The data is coming in.

We saw previously under the other three-year extended inter-switching period that the uptake increased over time. I think, based on how contracts and negotiations work, the start of the pilot might have had lower usage, and things increase over time, so we're still assessing it. We are getting information from the railways on usage and we've gone out to the shipper side, which was not done under the previous pilot, to do a survey and get input from them.

We continue to assess the pilot.

The Chair: I asked questions of the railroads in the first panel.

Again, I'm supportive of carbon pricing, but I've fought to make some adjustments at the national level. One thing I was concerned to hear is that the railroads are able to pass on the entirety of that cost, which I think goes against the principle of the market mechanism serving as a way to incentivize the reduction of emissions. Is it your understanding as well that the entirety of the cost that is incurred can be passed off, and that there is no ability under the maximum revenue entitlement to adjust what proportion of carbon pricing can be passed off to shippers?

I take note that there is still a question of whether that benefit flows directly to the farms, because these are major shippers, but it is something we hear a lot. Am I reading that situation correctly?

Ms. Tamara Rudge: I think it would be for Environment Canada, which is the expert on carbon pricing, to explain exactly what's allowed under the policies. Even with the maximum revenue entitlement and how the costing works within that, it is quite complex.

I think the CTA is the expert on that. Transport Canada is not well positioned to opine on it.

The Chair: I have one last quick one before I go over to Mr. Louis.

We heard from the railroads in the first panel about BNSF having access to Canadian rail networks and that there's no symmetry there with Canadian railroads having the same types of principles. At Transport Canada, are you of the view that that is a valid argument? Can something be done to try to create a network?

Have there ever been conversations with U.S. states about allowing for similar types of principles to be extended, taking into account that this pilot is Canadian? Is there anything you can provide the committee on that?

Ms. Tamara Rudge: Yes. In fact, the U.S. has recently introduced reciprocal switching. It's not the same as extended inter-switching. It's a different approach in the U.S. A shipper would have to show a service concern before having access to that remedy.

It's a different approach in the U.S. It's not the same, so the railways are correct in saying it's not exactly the same system.

The Chair: Do Canadian railroads have access to those tools when they have those tracks?

Ms. Tamara Rudge: The shippers would have access to that tool to get a different railway, yes.

I just want to clarify that what's happening in Canada through the extended interswitching pilot is they are able to market a different

path through the U.S. The railway doesn't really have that opportunity through the way reciprocal switching works in the U.S., so it's different.

• (0955)

The Chair: Okay.

Mr. Louis, you have just over two minutes. I'm sorry. I didn't quite get you half.

Mr. Tim Louis: Thank you, Chair.

Thank you to the officials from Transport Canada.

I would ask this question of either of you.

In the previous panel, CPKC and CN said that of the private farm crossings, there are only about eight left in the country that haven't been addressed. There are 27 in my region and many haven't been notified.

Whose responsibility is it to notify these farmers about any kind of modifications or closures? Now that the deadline has passed, they're concerned. Whose responsibility is it to notify them?

Mr. Stephen Scott: Under the regulations, there are information-sharing requirements, so the railways are obligated to share certain information with the landowners. I know it's not always possible to get in touch with specific landowners for logistical reasons or what have you, but if a landowner wants to contact a railway to initiate that dialogue, they can do that.

As I said in my opening remarks, if landowners or other stakeholders need assistance in navigating that dialogue, the Canadian Transportation Agency provides dispute-resolution, mediation and adjudication services.

Mr. Tim Louis: It's more that the information seems to be lacking right now.

I have two quick questions. First, have you been in touch with organizations like the Ontario Federation of Agriculture or the Canadian Federation of Agriculture?

Mr. Stephen Scott: Yes, over the last 10 years, we've had quite a comprehensive engagement strategy. There have been working group meetings and town halls, and bulletins were sent to over 1,600 municipalities. The departmental website has been updated. There have been bilateral meetings, including a few weeks ago, with the agriculture associations.

We've had joint seminars with the Canadian Transportation Agency, because we recognize that the roles and responsibilities are not always clear to stakeholders. We try to do those jointly. There have been mass email communications and social media notifications, recognizing that there are 23,000 crossings across the country and we need to do everything we can to reach people.

Mr. Tim Louis: Finally, can the rail safety improvement program be part of the solution? Is that something that can be applied here?

Mr. Stephen Scott: The rail safety improvement program is a grant and contribution program administered by Transport Canada. It funds all types of projects—infrastructure, research, technology and educational awareness projects—to improve safety. Since its inception in 2016, it's funded more than 1,000 projects, for a total of \$230 million.

The timing and theme of the next call is expected in 2025-26 at the earliest for projects starting in 2026-27. It will be a pathway available for applicants going forward.

The Chair: We're out of time, Mr. Louis.

I will echo what Mr. Lawrence said. Thank you to our officials. You're very well prepared today with lots of good information.

[*Translation*]

Mr. Perron, you have the floor for six minutes.

Mr. Yves Perron: Thank you very much, Mr. Chair.

I'd like to thank the witnesses for being here this morning.

I'll start with the grade crossings regulations.

Mr. Scott, you said there are 23,000 crossings in Canada, 9,000 are regulated, and of those, 3,000 have been exempted.

If I understand correctly, the 9,000 level crossings you mentioned are private.

Is that correct?

Mr. Stephen Scott: The 9,000 crossings I referred to are indeed private crossings.

Mr. Yves Perron: Agricultural producer groups appeared before the committee at a previous meeting. We also met with representatives of the rail sector earlier.

These witnesses told us that, for level crossings that are subject to the regulations and that have not been exempted from them, in some cases, development measures could be used that are less costly than those that are being considered and that range from \$600,000 to \$2 million. It makes no sense that it would cost so much to build a private crossing.

It is conceivable that, when a railway separates a piece of land in two, the railway company is responsible for the level crossing. However, even when a railway does not split agricultural land in half, a level crossing may be required to access that land.

In such circumstances, is your department open to the idea of analyzing what the railway companies are doing?

Are discussions still possible about the few cases that have not yet been resolved, particularly with respect to CN's rail network?

• (1000)

Mr. Stephen Scott: Thank you for those questions.

[*English*]

Under the regulations, there's what I like to call a menu approach. Once the assessed level of risk of a crossing is determined, there are multiple different options for a railway or landowner to

achieve compliance and reduce risk to the tolerable level we want to see it at.

In many cases, it can be achieved by vegetation clearing and adjusting the road approach so it's a little less acute to the railway to improve blind spots. In some cases, the crossing can be moved, let's say, further down the field or to some other spot where sightlines are improved. There are also the warning systems, which tend to be the most costly options.

[*Translation*]

Mr. Yves Perron: In cases where such accommodations aren't possible, because we can't improve visibility, speed and everything else, we have the rail safety improvement program. However, according to representatives of agricultural organizations, there is no money in this program. It happens a little too often that the government announces programs that appear to exist, but they don't have the necessary funds. When the time comes to apply, people realize that there's no money.

Are you aware of this situation?

Is there any money for the few remaining cases? We all know that a cost ranging from \$600,000 to \$2 million for an agricultural producer makes no sense. There have to be alternatives.

Will there be money in this program or will there be another program?

Mr. Stephen Scott: Mr. Chair, I thank the member for the question.

In fact, Transport Canada has a program.

[*English*]

It's the rail safety improvement program. It provides funding for all sorts of projects, as I referred to earlier. It's currently fully subscribed. The next call-out is anticipated some time in fiscal year 2025-26 for projects starting in fiscal year 2026-27. It's not an immediately available solution because it's a popular program and is fully subscribed at the moment, but applicants can subscribe to get on the program's distribution list to be notified of future call-outs.

[*Translation*]

Mr. Yves Perron: Thank you for your precise and honest answers.

The government says it wants to introduce regulations that had to be complied with from November 28, 2024. However, the money won't be available until 2025-26. Don't you think this contradiction is a bit ridiculous?

Should the committee make a recommendation so that the funds are available now for the people who need them? There doesn't seem to be a huge number of crossings that need to be improved.

Mr. Stephen Scott: I would like to make a few comments, Mr. Chair.

[English]

First, there's been a 10-year implementation period, which we feel as the regulator is reasonable and balanced. The funding has been made available to applicants in the past, and there have indeed been successful applicants for crossing upgrades.

My understanding, based on the testimony from the railways and information they've provided to us, is that over 99% of the crossings are already in compliance. We're really just talking about the eight that CN spoke about in the previous hour. They were clear in explaining their interim approach and how they intend to move forward there.

[Translation]

The Chair: Unfortunately, you have only 10 seconds left, Mr. Perron.

Mr. Yves Perron: Okay.

You'll be more generous next time, Mr. Chair.

The Chair: That's perfect.

Mr. Cannings, you now have the floor for six minutes.

[English]

Mr. Richard Cannings: Thank you.

Thank you both for being here today.

I'm going to start with one question on crossings, and then I might expand things a bit.

Recently, the government spent a lot of money, a billion dollars or so, getting new trains for Via Rail to help speed up service along the corridor. Now CN is requiring Via Rail to slow its trains to 70 kilometres per hour at every crossing in the corridor. Does Transport Canada agree that this is a safety issue?

• (1005)

Mr. Stephen Scott: I'm appearing at the transportation committee next week on this issue.

Some hon. members: Oh, oh!

Mr. Stephen Scott: Yes, it is something we're monitoring. It's an important point, so it's important that you raised it.

We are aware that CN is imposing some additional restrictions at grade crossings for Via Rail Venture trains in the corridor. This affects about 300 crossings. The net result is that Via Rail trains need to slow down when they cross these crossings. That's adding time on Via Rail's route travel times in the corridor.

We're monitoring the situation. We're requesting more empirical data from the parties to assess it ourselves and do our own due diligence review. Following the conclusion of that, if there are additional measures from a safety perspective we need to take as the regulator, we have the existing tools to do that.

Mr. Richard Cannings: I just want to expand this a bit.

A couple of years ago, the transportation committee prepared a report on railway safety. It had 33 recommendations in it. Then we came along with Bill C-33, not to be confused with the 33 recommendations. This was the big chance the government had—the one chance—to update transport in Canada, yet none of the 33 recommendations in that rail safety report were acted on.

I'm just wondering if you could comment on why that was. I could go through some of them. We have fatigue regulations. We have the number of inspections that Transport Canada does, when those inspections occur, whether they are random and whether there is a risk. You do a risk analysis of dangerous goods. Is that public? There were all of these recommendations for rail safety.

I don't have to add in why we need this. We had Lac-Mégantic. We had the horrific runaway train incident in the Rockies at Field a couple of years ago.

I'm surprised that the government had this opportunity. I know you're not the government specifically, but you should be giving it advice on why none of these recommendations were implemented.

Mr. Stephen Scott: First, thank you for raising the issue. It's an important issue.

The parliamentary transportation committee report from 2022 was a very important report, and it was helpful input into our continuous cycle of regulatory and policy modernization. The vast majority of the 33 recommendations have been completed or have actions under way to complete.

The reason you didn't see more of those in Bill C-33 is that Transport Canada as the safety regulator already has quite extensive legislative powers to move forward with an agenda, so additional legislative changes were not needed to push forward the vast majority of the actions in the report. There are a few that I think we're still studying, but the vast majority are under way.

Mr. Richard Cannings: You're saying that you're doing this through regulation within existing legislation, I assume, yet we had a rail disruption last summer where the unions were claiming that most of their big issues were about safety and much of them about fatigue. They claimed, for instance, that CPKC was going to gut the safety conditions for their workers around fatigue. They claimed that CN was going to force workers to move across the country for months at a time.

These are things that affect rail safety, and I'm wondering what Transport Canada has done to update and strengthen safety regulations so that railway workers and the people in communities along the tracks can be assured that things will be safe.

• (1010)

Mr. Stephen Scott: Transport Canada is not involved in the labour negotiations between the railways and unions, so I can't comment on that.

Part of our regulatory modernization agenda over the last number of years has been to bring in new duty and rest period rules. They took effect in 2022 for freight and just last month for passenger railways. Those I would call transformative in the sense that they introduced a series of duty restrictions and fatigue management requirements in regulation for railways. The key feature there is to set a weekly and monthly cap on the number of hours worked for employees in safety-critical positions, which was new. That didn't exist before. We feel that's a big step forward for advancing the safety agenda.

Fatigue continues to be an issue. It's on the Transportation Safety Board's watch-list, and we continue to look at what other measures need to be taken. The rules that we brought in over the last couple of years I would characterize as a positive step forward.

The Chair: I'll get on your Christmas card list, I hope, Richard. I gave you seven minutes, but it was a good line of questioning. Thank you.

Mr. Richard Cannings: I have one in my bag right here.

The Chair: Oh, good. Yes, I do want one. I want to put it on my fridge at home.

Colleagues, that brings us to the end of our meeting today.

I'd like to thank Mr. Scott and Madam Rudge for your work on behalf of the good folks at Transport Canada. Thank you again for being well prepared for our committee. There was lots of really important information.

I have one quick bit on interswitching. Of course, notwithstanding what the railroads have said about not extending the pilot, if members of Parliament were persuaded that some form of a pilot should be extended beyond March 2025, does that require legisla-

tion? Is it an order in council? What would the minister have to do in a legislative sense to extend a pilot if that was the decision of the government?

Ms. Tamara Rudge: It would require legislation.

The Chair: There's not much of that happening right now in the House, but we'll see. There's an incentive.

Colleagues, just before we break, I'll note that this will probably be the last public session we have before Christmas, so I want to wish everyone a merry Christmas and happy holidays.

[*Translation*]

Happy holidays.

[*English*]

We will obviously see each other next week, but to everyone who follows the committee and to the stakeholders who come, I hope you guys have a great break.

Here's what I want you to know. We are scheduled for Tuesday next week. Votes on estimates are lurking. In the interest of trying to make sure we can get the work done that we want to get done before we break for Christmas, I have asked the clerk to look into a potential meeting on a Monday as opposed to a Tuesday. We don't know if that's even possible yet. I will be connecting with all of the vice-chairs and representatives on the committee to make sure we can make it work.

What I would like to avoid is a situation where the votes start and we're not able to get our work done. I know we had wanted to end on Tuesday and let people focus on their constituency work leading into the holidays. I will be in touch with you, but just be prepared that we might be looking at a Monday date. I'll work with you guys accordingly. If it's not possible, we'll adjust accordingly.

Thank you, everyone.

The meeting is adjourned.

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