



Canadian
Transportation
Agency

Office
des transports
du Canada

AN OVERVIEW OF RAILWAY REGULATION IN CANADA

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Canada

Outline

- Rail Regulation in the Canadian Legal Context
- The Agency in the administration of the Canada Transportation Act
- Rail Mandates



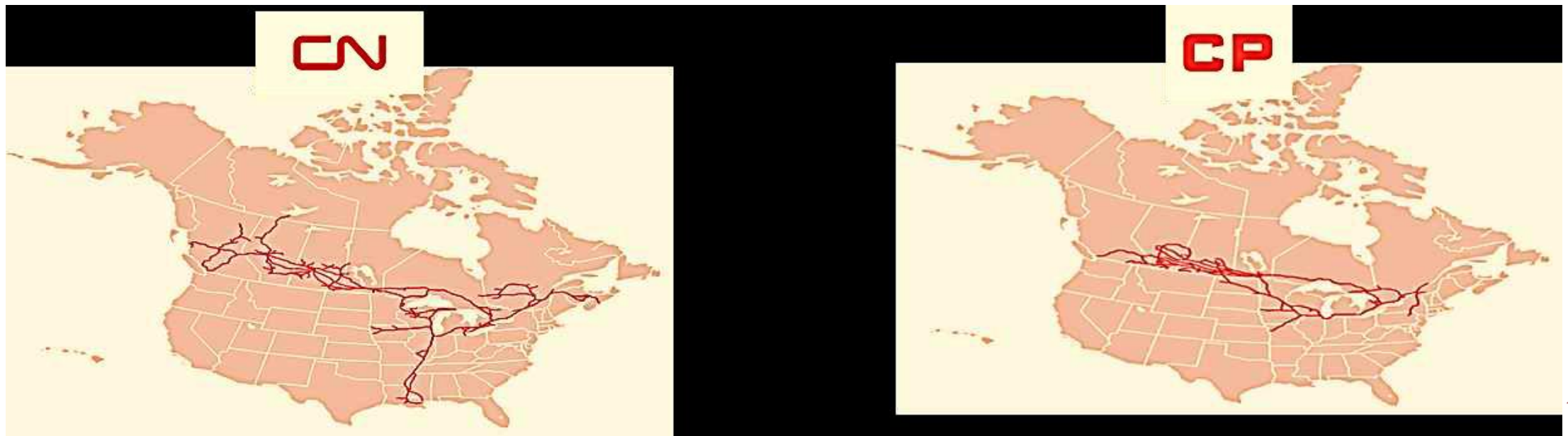
Regulation & Public Intervention

- The CTA's existence is justified in the Canada Transportation Act
- Declaration on the National Transportation Policy:
Subsection 5(b):
"regulation and strategic public intervention are used to achieve economic, safety, security, environmental or social outcomes that cannot be achieved satisfactorily by competition and market forces and do not unduly favour, or reduce the inherent advantages of, any particular mode of transportation"

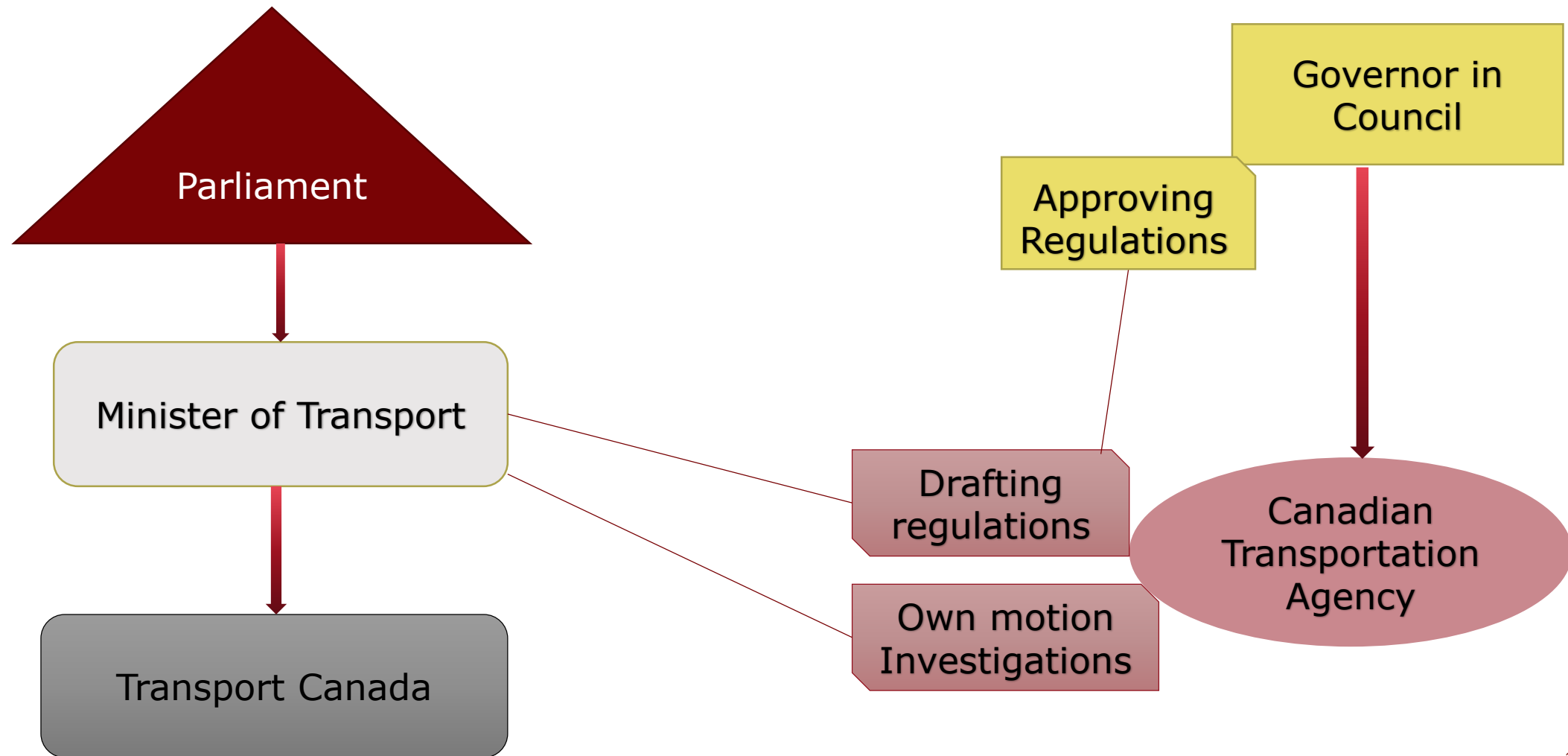


Industry Concentration in Canada

- CN and CP => 97% of total rail traffic in 2015
- Remaining 3% => 50 short line railways ; 18 are federally regulated



The CTA in the Canadian Government System



The CTA in the Act

- Section 25: Powers, rights and privileges that are vested in a superior court
- Section 26: Compelling power
- Section 41: Federal Court of Appeal
- Part III: Our rail mandates
- Part IV: Arbitrations
- Part VI: Enforcement and administrative monetary penalties



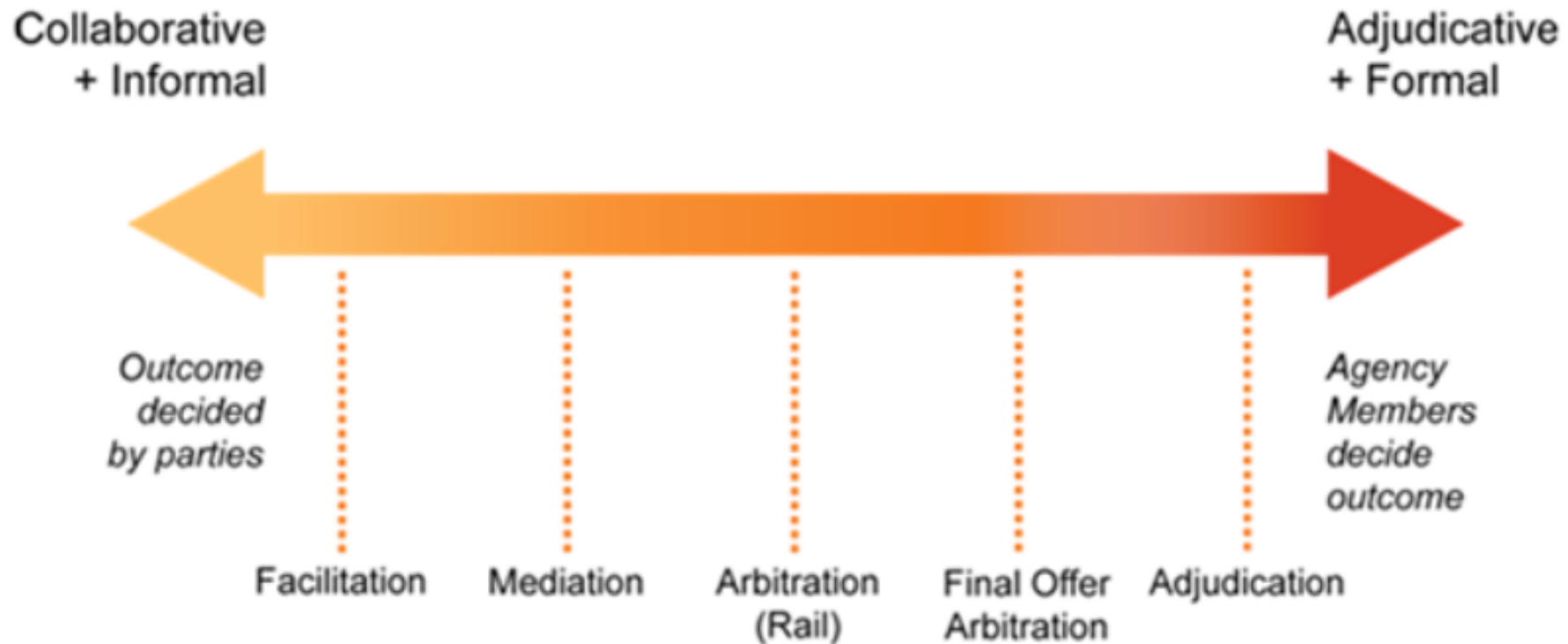
Key Responsibilities in Rail

- Providing Licenses to operate a railway, including third party liability insurance requirements
- Issuing authorizations to build railway lines
- Overseeing rail line discontinuance process
- Determining Costs, Rates (Interswitching) and Revenue Caps (MRE)
- Conducting investigations on our own
- Resolving disputes between
 - Railway companies
 - Railway companies and shippers
 - Railway companies and prov.Govt/municipalities/public



Dispute Resolution

Dispute Resolution Spectrum



Subsection 116(1.11): Own Motion Authority

- This is a new provision introduced in the Canada Transportation Act in 2018
- The CTA can now launch an investigation into a *rail level of service issue*, with the authorization of the Minister of Transport.
- **Does not apply to issues related to rates**
- The Minister set terms and conditions as part of an own motion investigation.
- The CTA must complete its investigation within 90 days and **can make an order as a result of its investigation.**[subsection 116(4)]
 - In April 2019, after launching its first own motion investigation the CTA issued an order stating that a railway company did not fulfill its service level obligation.



Enforcement and Penalties

- The Act or any regulation can be subject to penalties if not respected
- Sections of the Act and Regulations subject to Penalties are listed in a distinct regulation (Designated Provisions Regulation)
- Designated Enforcement Officers => Notice of Violation
- Violating the Act or Regulations => Penalties of \$5,000 to \$25,000
- Appeal: Transportation Appeal Tribunal of Canada, 30 days

