

## CP RAIL STATEMENT TO CBC NEWS

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Canadian Pacific Railway

For the last 10 years in a row, CP has been the safest Class 1 railroad in North America (measured by train accident frequency). Canadians can take pride in this fact. CP's commitment to safely transporting the goods Canadians need remains unchanged.

In fact, CP increased spending on infrastructure improvements by 32 percent from 2012 through 2015, installing new track, new ties, new ballast and doing other work to ensure a safer railroad. CP has reinvested an average of 21 percent of its annual revenues into the business during that period, one of the highest reinvestment rates in the industry. In addition, more than 700 switches have been removed from active service since 2012, a measure that significantly lessens the risk of incidents across the network.

The recently announced temporary layoffs are the result of lower car volumes and softening demand in a lackluster North American economy – factors that are affecting all railroads, not just CP. To that point, on June 21, CP announced that revenue in the second quarter would decline approximately 12 percent due to lower-than-anticipated volumes in bulk commodities, such as grain and potash, and the unexpected and devastating wildfires in northern Alberta.

CP must adjust staffing levels according to business ebbs and flows associated with global markets and operational efficiency gains. We communicate any needed staffing changes directly to our employees. In this case, we have been working closely with the TCRC-MWED (Teamsters Maintenance of Way Division) and Transport Canada, meeting or exceeding all requirements of the union's collective agreement and Transport Canada.

These temporary layoffs will not impact CP's commitment to safety – the frequency of both visual inspections and ultrasonic rail flaw detection remains unchanged. CP will continue to meet or exceed all regulatory requirements for track inspection and maintenance, as set out in the Track Safety Rules. CP carefully considered the changes that were being made and concluded that since they posed no additional risk to employees, the public, property or the environment, a risk assessment was not required. Transport Canada was notified and agreed with this conclusion.

As market conditions improve over the longer term, we look to bring back employees in order to meet market demand. Safety is of fundamental importance to CP and supersedes any financial metric. While CP is committed to

delivering long-term value for its shareholders, it can only be done through operating safely and efficiently.

## CBC's QUESTIONS TO CP RAIL Wednesday June 22, 2016

CBC is preparing a story about the layoff notices CP has sent out to various employee unions in recent days.

What are the chances of Mr. Harrison granting an interview on this?

The Teamsters union representing CP track maintenance workers says CP has issued temporary lay off notices affecting approximately 260 currently filled jobs, and 240 vacant positions.

In addition, the union asserts CP Rail has verbally assured the union leadership that the company has not done a 'risk assessment' as per the Railway Safety Management System Regulations, 2015 sec 15 (1)(c)(v)).

Absent an interview with Mr. Harrison, I have a few questions:

- 1) Has CP Rail prepared a risk assessment of its elimination of 500 track maintenance employee positions?
- 2) If so - can we see it?
- 3) If so - has it been provided to the union?
- 4) If so - has it been provided to Transport Canada?
- 5) If a risk assessment has not been prepared - why not?
- 6) What does CP Rail say to the union's assertion that the reduction in track maintenance employees will put the public and CP rail trains and employees at greater risk of derailment?
- 7) Why has CP Rail laid off 500 track maintenance workers?
- 8) How does CP Rail justify the elimination of these 500 positions at a time the company is also paying dividends to shareholders?
- 9) CP Rail's CEO Hunter Harrison in his previous position as CEO of CN Rail led significant cost cutting efforts at CN. CN Rail's track failure and poor maintenance have been cited in numerous TSB derailment and accident investigations. Mr. Harrison is now taking a similar approach at CP to reducing staffing levels of maintenance workers.
- 10) What risk is there that Mr. Harrison's current cost-cutting strategy at CP won't result in a similar legacy of poor track maintenance now manifesting itself at CN?