



SASKATCHEWAN CANOLA GROWERS ASSOCIATION

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April 30, 2010

**Rail Freight Service Review
180, Elgin Street
Ottawa ON
K1A 0N5**

Dear Rail Freight Service Review Panel:

I am respectively submitting the comments of the Saskatchewan Canola Growers Association to the Panel for your consideration. The Saskatchewan Canola Growers Association (SCGA) is very supportive of this review and looks forward to the final report.

The SCGA thanks the Rail Freight Service Review Panel for the opportunity to provide comments and thoughts about the level of service provided by the rail industry. The SCGA acknowledges the complexity of the task you have taken on and commends you for the work you have done and will be doing.

Sincerely,

Wayne Thompson
Executive Director
Saskatchewan Canola Growers Association

enclosed



Submission to

Rail Freight Service Review Panel

April 30, 2010

The Saskatchewan Canola Growers Association (SCGA) is pleased to use this opportunity to provide comments regarding the Rail Freight Review that you are currently undertaking. The SCGA is very supportive of this review and looks forward to the final report. The SCGA is a membership based organization in Saskatchewan that has a long history of working on policy issues important for canola growers. This submission contains some comments from SCGA.

As producers, the cost of transportation by truck and rail are of great concern to us as this is one of the largest costs on our farms. What the current rail service review brings to light is that the rail transportation system is in need of change as the system is not meeting the level of service needed by grain and oilseed producers and our customers at final destinations. In each of the reports that have been presented to the Rail Freight Service Review Panel it is noted that there are several areas where both CN and CP can improve their logistics for rail transport. The SCGA welcomes these comments as they directly impact the Saskatchewan canola grower's ability to meet market demands. In Saskatchewan the farmer is in a landlocked situation and therefore relies on rail and truck to move our grains and oilseeds and their products. From the reports it can be noted that there is not a minimum level of service that the railway companies are expected to meet, just that they should move product to maximize the efficiency of their rail capacity. The SCGA would like to see a standard set for the level of service that would be acceptable to Saskatchewan grains and oilseeds producers. The standard should be set based on what is possible in the Canadian transportation system but also it may be necessary to compare a level of service to the rail transportation system in other countries. The standards should also look to the future and provide incentives for investment in technology and infrastructure that will improve the level of service for grains and oilseeds and other products moved by rail. The level of service standards need to take into account the needs of our international consumers.

1) The SCGA asks for a defined service standard.

Once a service standard is established there will be a need for the implementation of a system of penalties if the level of service is not met. The penalties and the system for enforcing them will need to be effective and when necessary create change in the rail transportation system.

2) The SCGA asks for a penalty system to be in place for when the service standard is not achieved.

The reports submitted to the Panel in Phase One stated that the data available in the studies was often inadequate for proper analysis or comparison. The determination of whether a service standard is met or not and if a penalty should be issued and the severity of the penalty will require improved monitoring of the rail transportation system and data collection. Without a suitable monitoring and data collection system in place the service standards cannot be enforced. If the appropriate data is collected there will also be opportunities to improve the defined service standards in future years.

3) The SCGA asks for an expanded monitoring and data collection system to be established for determining if the service standards are achieved and the size of the penalties.

The rail revenue cap is an area of concern for the SCGA. It can be argued that the rail revenue cap does not provide the proper incentives to the rail companies to provide adequate service to the grains and oilseeds industry. The payment from the rail companies to the Western Grains Research Foundation after exceeding the cap in 2007-08 is an indication that there are service and revenue issues that need to be dealt with for the entire industry. The SCGA encourages the panel to consider the impact of the rail revenue cap on the level of service for producers.

4) The SCGA asks for a review of the regulations regarding the rail revenue cap.

In the canola industry I would like to bring your attention to the consideration that needs to be given to the movement of canola seed from Saskatchewan and the Prairies to a port position for export but also the need for rail movement within the Prairie region from inland terminals and elevators to canola crushing facilities and the transportation of canola oil and canola meal south into markets in the United States. Canola is rather unique compared to other grains and oilseeds in that a value added industry has grown on the Prairies.

5) The SCGA asks for a review of the impact of the transportation system on the value added industry for canola.

In addition to the requests the SCGA has already made in this submission the SCGA asks that the following questions be considered in your review. These questions include: "Should the distance for inter-switching be increased to create more competition between rail companies", "Has the time come for joint running rights in order to create better levels of service?", and "What can be done to improve the activities at the port position and regain the confidence of our international consumers for our products?" A larger review of the entire rail transportation system may also include product shipments beyond grains to look at the positives in the shipment of other products and how they may be applied to grains and oilseeds. As long as the rail revenue cap is in place the SCGA also continues to add its voice to the request for a review of the cost of service for grain and oilseed transportation.

The SCGA thanks the Rail Service Review Panel for the opportunity to provide comments and thoughts about the level of service provided by the rail industry. The SCGA acknowledges the complexity of the task you have taken on and commends you for the work you have done and will be doing.