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March 31, 2014

The Honorable Lisa Raitt  
Minister of Transport  
House of Commons  
Ottawa, ON K1A 0A6

Dear Minister Raitt:

Saskatchewan Pulse Growers has been a strong advocate for government action on transportation that addresses both the pressing need to work through a large backlog of grain as well as addressing systemic capacity issues in order to ensure shippers of products from all sectors have the ability to ship to meet customer demands.

We commend the Government of Canada for its recent actions to increase the level of service for grain farmers in Western Canada. We also commend the actions of the Government of Saskatchewan in continuing to press the need for improvements in the system. Measures to increase reporting and transparency are welcomed. We think that the measure to increase the interswitching distances could help to bring some semblance of competition between our two railways to many more delivery points as well as providing some opportunities for BNSF to provide competitive service for some southern shipping points as well. Your commitment to expedite the review of the Canadian Transportation Act (CTA) is also a welcomed development.

There are a few areas that require further attention in order to ensure we achieve the desired outcomes of improving the accountability of railways in providing the level of service our industry requires.

We would like to stress the need for more guidance than a simple target provides. If railways are allowed to hit targets while cutting off flow through certain corridors, to certain shippers like pulse crop shippers, and to certain destinations then we run the risk of the Order in Council having the opposite effect than what was intended. In order to ensure that the unanticipated consequences do not become the story, we need to ensure that the Government sets clear expectations that the targets are hit in close consultation with all shippers so that the result is that improved service is provided to small, medium and large shippers of all agriculture commodities through all corridors.

Our experience this season demonstrates that capacity was not established to meet demand and that without intervention, there would have been no effort to expand capacity to recover even in a small way. As we look forward, the central theme has to be that the system is in place to meet the needs of its users. We plan to roughly double pulse crop production in Saskatchewan relative to 2010 levels. All industries have a growth strategy and a rail freight system that establishes its capacity based on last year's volumes or the five year average will never support economic growth. In fact it will stifle it. The Act and the measures we put in place must acknowledge that so that we're not simply using service level agreements (SLAs) to lock in historical allocations.

Defining railway obligations with greater clarity through the regulations is a top priority. Defining the service obligations provides a framework within which railways and shippers can negotiate levels of service. We expect that there will be a right to incorporate financial consequences for failure to perform in the amendments that will flow from this announcement. Without the ability to hold a party accountable for failing to perform, all we have is a best efforts agreement. Shippers tell us that they will not seriously entertain the SLA concept until they have assurances that it will provide for balanced accountability that comes from being able to impose a financial consequence on the carrier for failure to perform. We also believe these measures should be permanent and not time-limited.

We look forward to the opportunity to provide further input on the regulations that will implement the spirit and intent of the legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Morgan Nunweiler". The signature is fluid and cursive, with a prominent initial "M".

Morgan Nunweiler  
Chair, Board of Directors

cc: The Honourable Gerry Ritz, Minister of Agriculture and Agri-Food  
The Honourable Lyle Stewart, Minister of Agriculture, Government of Saskatchewan