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February 21, 2018

Senator David Tkachuk, Chair  
Senate Standing Committee on Transport and Communications  
The Senate of Canada  
Ottawa, ON K1A 0A4

Dear Senator Tkachuk,

Saskatchewan Pulse Growers is a farmer-led development board in Saskatchewan, working on behalf of the approximately 15,000 pulse and soybean growers in the Province. We make investments into research and market development and advocate in support of growth of the sector.

We are writing to members of the Senate Standing Committee on Transport and Communications (TRCM) to recommend the adoption of a technical amendment to legislation under study during the Committee's review of Bill C-49, *Transportation Modernization Act*. SPG strongly urges the addition of soybeans and chickpeas to the list of Schedule II crops that are regulated under the maximum revenue entitlement (MRE) for grains shipped in western Canada.

The MRE is an important tool that governs the maximum revenue per tonne-mile that can be earned by Class 1 Railways during the shipment of eligible grains from Canadian origins to export positions. It has been an effective mechanism that not only guards against the potential of unwarranted rate increases, but also provides railways with flexibility to structure transportation rates in a manner that encourages efficiencies while responding to market forces related to volumes, seasonal demands, and capacity constraints.

The MRE was established in 2000, at a time when farmers in Western Canada were only beginning to consider soybeans and chickpeas as a potential component of crop rotations. Consequently, soybeans and chickpeas were not included in the list of Schedule II crops identified in the *Canada Transportation Act* (CTA), thereby rendering these crops ineligible for regulation under the MRE.

Since that time, soybeans have become the fastest growing principal field crop in Western Canada. By 2017, the seeded area of soybeans in Western Canada had climbed to 3.1 million acres. Today, soybeans are a major and still increasing crop in Manitoba, a rapidly expanding crop in Saskatchewan, and beginning to venture into Alberta. It is a reasonable expectation that, as the result of rapid changes which are now occurring in plant breeding innovation, pest control, and agronomic practices, soybean production will double yet again during the next 10 years.

In 2017, soybean production in Western Canada exceeded 2.7 million tonnes, more than six times that of the 2010 output and was the sixth largest crop on the prairies, after wheat, canola, barley, peas, and oats. Furthermore, soybean production not only exceeded, but in most comparisons was several magnitudes greater than, the production of other crops currently included in appendix II: lentils (1X), corn (2X), flaxseed (5X), beans (9X), rye (10X), canary seed (20X), mustard seed (22X), sunflower seed (47X), and buckwheat. Chickpeas have increased in production since 2000 to approximately 150,000 tonnes, which is similar to or larger than many other crops currently included in schedule II.

The economic benefits associated with a MRE regulation are real and should to be available equitably to all major and rapidly expanding crops in Western Canada. Equitable access would ensure both fair treatment between crops domestically, and support competitive shipping costs against other large, well-resourced export nations.

On December 21, 2017 the Canadian Transportation Agency ordered CN and CP to pay a total of \$7.2 million to the Western Grain Research Foundation as both railways exceeded the MRE for 2016/2017. Exclusion from the MRE means that chickpeas, soybeans, and soy product farmers, processors, and exporters are not afforded transportation rate protection and competitiveness similar to that offered to all the other major and minor crops specified in Schedule II.

It is our view that there is strong justification for the inclusion of chickpeas and soybeans and soy products in the list of Schedule II crops under the Canada Transportation Act. The current *Transportation Modernization Act* exercise process offers a rare opportunity for the federal government to remove a discriminatory regulatory provision that uniquely disadvantages our industry.

I thank the members of the Senate Standing Committee on Transportation and Communication for considering this request for a technical amendment in its study of the *Transportation Modernization Act*. Please do not hesitate to contact Carl Potts, Executive Director at 306 668 6676 or [cpotts@saskpulse.com](mailto:cpotts@saskpulse.com) should your require any more information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Corey Loessin', with a long horizontal flourish extending to the right.

Corey Loessin  
Chair, Board of Directors

CC: Members of Senate Standing Committee on Transport and Communications