



April 29, 2010

Mr. Walter Paszkowski, Chair
Rail Freight Service Review
Suite 808, 180 Elgin Street
OTTAWA ON KIA ON5

Dear Mr. Paszkowski:

Thank you for this opportunity to comment on the overall state of rail service in Saskatchewan and to provide you with recommendations on opportunities for improvement.

The Saskatchewan economy has historically been export-based, with approximately 70 per cent of all goods produced destined for locations in other provinces and outside Canada. One major challenge and expense facing Saskatchewan exporters is that due to our geographical position at the centre of the continent, Saskatchewan export products must travel long distances to reach either their final destination in North America or to port position.

Most nations competing with Saskatchewan exporters have their production closer to tide water and as a result, the reduced transportation costs and assurance of delivery provide them with a significant competitive advantage in the world market.

As a result having a rail transportation system that meets the needs of Saskatchewan shippers is critical to the future success of the Provinces economy.

To determine overall shipper satisfaction with rail service in Saskatchewan, the Ministry of Highways and Infrastructure in conjunction with the Ministry of Agriculture conducted a shippers' survey.

The majority of survey respondents indicated that rail service being provided (spotting of cars at origin, movement to destination, communications etc.) was either poor or very poor. As a result of these inadequate service levels, Saskatchewan businesses are experiencing lost sales opportunities, and are unable to achieve their full potential levels of business activity.

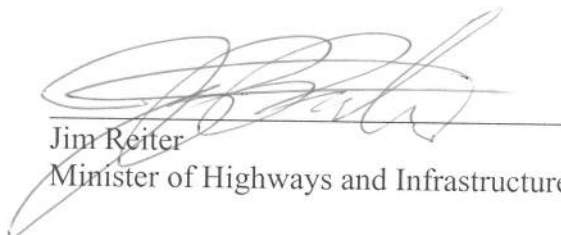
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Railway shippers indicated that the railways have used their market dominance to establish a rail transportation system that maximizes railway profitability at the expense of the needs of their customers.

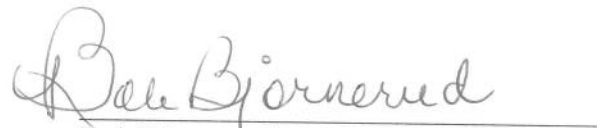
Based on these survey results and an analysis of the current rail industry practices and regulatory processes, Saskatchewan has developed the attached submission to the Rail Freight Service Review Panel. Our submission makes a series of recommendations which are aimed at balancing the market power between shippers and railways and establishing a rail transportation system that is more customer focused and allowing Saskatchewan businesses to participate in world markets.

It is our belief that by moving to a more customer focused rail transportation system, we can create a win win situation, in which the increased economic activity resulting from improved rail service levels will in turn generate more business and profitability for the rail industry itself.

Thank you again for this opportunity to be consulted. We look forward to seeing the results of this important review.



Jim Reiter
Minister of Highways and Infrastructure



Bob Bjornerud
Minister of Agriculture

cc: Rob Penny, P. Eng., Deputy Minister, Highways and Infrastructure
Alanna Koch, Deputy Minister, Ministry of Agriculture
Nithi Govindasamy, Associate Deputy Minister, Ministry of Agriculture
George Stamatinos, Assistant Deputy Minister, Policy and Programs