



## **Response to the Canadian Transportation Agency's Approach to Setting Regulated Interswitching.**

**August 21, 2019**

To whom it may concern:

The Agricultural Producers Association of Saskatchewan (APAS) welcomes the opportunity to respond to the Agency's review of the methodology used to calculate regulated interswitching rates.

APAS is a provincial general farm organization that serves as a policy resource and advocate on behalf of primary agricultural producers. APAS members generally do not contract directly with railways to ship their product. As a result, our organization is unable to respond specifically to the questions raised in the Discussion Paper concerning the methodologies and options under consideration. We do however wish to take this opportunity to highlight the importance of effective interswitching policy, and to request that the Agency to develop its methodologies in close consultation with western Canadian shortlines and grain shippers.

Canadian interswitching policy has undergone significant reforms in recent years, mainly with the objective to lower rates and improve rail service for western Canadian grain shippers. In part, these policy initiatives recognized that agricultural producers ultimately bear the cost of freight in their grain prices and are entirely dependent on uncompetitive rail service providers to access markets. The availability of extended interswitching under Bill C30 demonstrated the extent to which interswitching is an effective tool to promote competition, lower costs, and create new marketing opportunities for agricultural products.

It has been over one year since the extended interswitching was replaced with the new Long Haul Interswitching policy. Our members are concerned with reports that the new policy has reduced access to this competitive tool by making the process cumbersome and impractical for shippers outside the 30 km range. The Agency is now reviewing its methodology for setting regulated rates, and we are concerned that interswitching could be made even more ineffective if the new approach increases rates or imposes additional burden on shippers within the 30 km range for regulated interswitching.

We strongly urge the Agency to work closely with grain sector representatives and the Western Canadian Shortline Railway Association to ensure the resulting methodology does not increase costs for western Canadian shortlines and grain shippers. APAS would also like to see the Agency undertake immediate consultations on the LHI Policy to assess its overall effectiveness and investigate shipper concerns with the new approach.

Thank you for the opportunity to provide comments.

Sincerely,

A blue ink signature of the name "Duane Haave".

Duane Haave, General Manager