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PROVINCE TO SELL GOVERNMENT-OWNED RAIL CAR FLEET

Saskatchewan Shortline Railways Given First Option to Buy Nearly 1,000 Hopper Cars

Saskatchewan's 13 commercial shortline railways will be given the first opportunity to purchase the province's 900 grain cars as the Saskatchewan Grain Car Corporation (SGCC) is wound down.

"The time is right for the Government of Saskatchewan to exit this business," Minister Responsible for the Saskatchewan Grain Car Corporation David Marit said. "By selling the fleet now, the cars will still move Saskatchewan grain. At the same time, the province will get a higher return by selling the cars while they still have significant useful service life left."

Under Association of American Railroads rules, rail cars can be interchanged between railways for a maximum of 50 years, meaning SGCC's cars have about 14 years of service life left. The cost of replacing the original fleet of 1,000 cars is estimated to be \$100 million.

"Transferring the ownership and control of these grain cars to the shortline railways will enable better movement of grain within the province," Marit said. "The railways will have the choice to use the fleet internally to support their own grain transportation services or lease the cars to shippers."

The cars are being sold through a competitive Request for Offer (RFO) process. The RFO submission deadline is May 12, 2017, with the sale expected to be concluded this summer under the oversight of a fairness advisor. The successful offer will provide the best overall value to the Government of Saskatchewan.

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