



For Immediate Release

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Wheat Growers Support Government Decision to Retain Hopper Cars

The Western Canadian Wheat Growers Association welcomes the federal government's announcement that it will be retaining ownership of the hopper cars and will pass along savings to farmers on railcar maintenance costs.

"This will help keep a lid on freight rates," says Cheryl Jolly-Nagel, President of the Wheat Growers. "At a time when many input costs are rising, this decision translates into welcome and tangible farm income support."

On May 4, the federal government announced that it would retain ownership of the railcars and reduce the allowance for railcar maintenance costs that are now embedded in the railway-specific revenue caps. The revenue caps set a limit on the overall amount that Canadian Pacific Railway and Canadian National Railway can charge farmers for the shipment of western grain. The government estimates the maintenance savings to be passed on to farmers will be approximately \$2.00 per tonne or about 7% of the average freight rate.

The Wheat Growers note the annual maintenance cost savings, if implemented by August 1, will offset the 6.6% increase in the railway revenue caps announced by the Canadian Transportation Agency on April 28. This increase, amounting to approximately \$1.85 per tonne, reflects inflation in railway fuel, labour and other costs and is scheduled to take effect at the start of the new crop year.

The federal government has introduced legislation (Bill C-11) in the House of Commons that would see reductions in the revenue caps to reflect the savings in maintenance costs, however as the legislation now reads, the timing of the reductions is left open-ended. The Wheat Growers will be seeking to ensure the reductions occur by August 1, 2006.

"We hope all MPs will ensure this legislation passes quickly so the government can be in a position to roll back the revenue caps for the new crop year," says Jolly-Nagel. "If there are savings to be had, we need them sooner rather than later."

The decision to retain government ownership of the cars will also result in savings to farmers. The Wheat Growers note that 1.2% of the 6.6% increase in the revenue caps scheduled for August 1, 2006 reflects costs relating to the leasing of 3,500 railcars by the CWB to the railways.

"Transferring over 12,000 railcars to the Farmer Rail Car Coalition or others would have resulted in further increases in freight rates paid by farmers," notes Jolly-Nagel. "This decision avoids those cost increases."

The Wheat Growers point out that many of the federal hopper cars are now nearing the end of their useful life and so retaining the cars at this stage is an acceptable course of action. However, the Wheat Growers maintain that the responsibility for replacing the cars with a modern fleet should reside with the railways. To this end, the Wheat Growers believe the railway level of service provisions in the Canada Transportation Act need to be strengthened.

"The railways need to be held accountable to provide adequate rolling stock and a decent level of service," says Jolly-Nagel. "The Wheat Growers are calling on the federal government and all MPs to take the necessary legislative and regulatory measures to ensure we see much-needed improvements in this area."

The WCWGA, an independent producer organization, has spent 36 years bringing forth innovative farmer-driven solutions and will continue to lobby on behalf of forward thinking, progressive producers in an effort to make farming sustainable and profitable.

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Innovative, farmer-driven solutions.