

National Office
2717 Wentz Ave.
Saskatoon, Sask.
S7K 4B6
Tel (306) 652-9465
Fax (306) 664-6226
E-Mail: nfu@nfu.ca



national farmers union
In Union Is Strength

FOR IMMEDIATE RELEASE

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FARMER RAIL CAR COALITION PLAN OFFERS BEST OPTION FOR FARMERS

WINNIPEG, MB – The Farmer Rail Car Coalition (FRCC) proposal to take over the 13,000-car fleet of railway grain hopper cars is the least-expensive option for farmers.

Jim Robbins, the National Farmers Union (NFU) representative on the FRCC, said the federal government is currently considering three options for the publicly-owned hopper car fleet. The least-cost option involves a transfer of the hopper car fleet to the FRCC for a nominal sum. The FRCC would maintain the cars for much less than the railways are currently receiving and lease them to the railways at below market lease rates. The net result would be lower freight rates. Robbins said the FRCC estimates it can maintain the cars for an average of \$1500 per car annually. Currently, CN and CP are paid \$4329 per car annually for maintenance.

Transport Canada officials, including Jean Lapierre, the federal Minister of Transport, heard from FRCC representatives in favour of their option during a meeting in Winnipeg called to discuss the future of the rail car fleet. CN and CP executives argued against the farmers' initiative at the meeting.

The second option, proposed by CP Rail, involves retaining the status quo, with the federal government owning the cars, but renegotiating the current operating agreement to permit the railways to more readily shift the government cars into alternate service. This option would allow the railways to charge more through freight rates as the government cars are retired and new cars are purchased. The third option would see the federal government put the fleet up for auction, taking bids from any company, without any restrictions on the future use of the cars. This option would force farmers to bid against the railways, who would be able to recapture their costs through increases in freight rates.

Robbins said he is optimistic the federal Cabinet will decide in favour of the FRCC's business plan, which he characterized as "financially sound" with concrete benefits for farmers and taxpayers. The federal Cabinet is scheduled to make its decision by December 31, 2004.

The FRCC will continue to press home its arguments through extensive lobbying over the next few weeks. "We know our proposal is the best option for farmers and the public, and we're confident the federal government will endorse the plan," concluded Robbins.

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*Contact: Jim Robbins, NFU Representative on the FRCC (306) 493-2569
Stewart Wells, NFU President, (306) 773-6852
Terry Pugh, NFU Executive-Secretary (306) 652-9465*