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national farmers union

In Union Is Strength

FOR IMMEDIATE RELEASE **MAY 4, 2010**

RAILWAYS HIKING GRAIN RATES AND CUTTING SERVICE

SASKATOON, Sask.—The Canadian Transportation Agency (CTA) announced on Friday it would allow CN and CP railways to increase grain transportation charges to farmers by 7% in the coming year. At the same time, CN is closing sidings, forcing farmers to haul grain further. And both railways are tearing up branchlines.

"By closing sidings, CN is effectively extinguishing farmers' rights to load producer cars, a legislative right won by farmers many decades ago. If farmers don't have a siding within a reasonable distance to use as a loading site, they are effectively prevented from loading producer cars and prevented from saving $1,000 to $2,000 per car in reduced handling and elevation fees," said NFU President Terry Boehm. The NFU sent a letter late yesterday to the CTA intervening in a Level of Service complaint launched by Cam Goff that is aimed at preventing CN from de-listing sidings and, thus, eliminating producer car loading sites.

Boehm continued: "At the same time that the railways are cutting service and foisting costs onto farmers, the railways are asking for, and receiving, government approval to raise freight rates." The CTA announced Friday its approval of a 7% increase in the "Volume-Related Composite Price Index" (VRCPI), used to establish Canadian National Railway (CN) and Canadian Pacific Railway (CPR) revenue caps for the movement of Western grain. The VRCPI is essentially an inflation factor that reflects forecasted price changes for railway labour, fuel, material and capital purchases by CN and CPR.

Currently, the railways and the CTA adjust the revenue cap upward to account for changes in railway costs. But there is no mechanism in place to adjust the revenue cap downward to account for increased railway productivity and efficiency and, hence, lower actual costs. The railways have eliminated their cabooses, tore up branchlines, adopted more fuel-efficient locomotives, cut the number of grain delivery points, and have driven the system more toward 50- and 100-car loading. All these moves have reduced railways' costs. But because the federal government has refused to do a railway costing review, CN and CPR have been allowed to pocket all those efficiency gains, and they continue to do so.

Boehm concluded: "It is a one-way street: farmers pay more if railways' costs go up, and there is no reduction in rates if railways' costs go down as a result of system restructuring and efficiency gains." Until 1992, the federal government conducted regular costing reviews, adjusting railway charges downward to reflect increasing efficiencies within the system and, thus, sharing a portion of efficiency with grain farmers. Quadrennial costing reviews and the sharing of efficiency gains reflected the reality that efficiency gains were created by investments by *all* system participants—railways, grain companies, governments, and farmers.

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