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**national farmers union**  
*In Union Is Strength*

**FOR IMMEDIATE RELEASE**

**MAY 5, 2006**

**NFU DISAPPOINTED FARMER RAIL CAR COALITION DEAL AXED**

The National Farmers Union (NFU) is disappointed the federal government refused to follow through on a deal to transfer ownership of the fleet of 12,100 grain hopper cars to the Farmer Rail Car Coalition (FRCC).

However, the fact the government is retaining ownership of the cars, and not turning them over to the railways, marks a partial victory for farmers, says Terry Boehm, NFU Vice-President and chair of the NFU's Transportation Committee.

"The FRCC proposal was widely supported by a cross section of farm organizations who have put a lot of work into it for many years," he said. "By preventing the sale of the cars to the railways ten years ago, the FRCC has saved farmers a substantial amount of money." The FRCC has also been instrumental in exposing the fact the railways have been overpaid an estimated \$48.6 million annually for car maintenance.

Jim Robbins, the NFU representative on the FRCC who serves as the coalition's vice-president, said the FRCC is committed to keep on working for the transfer of ownership of the cars. "The FRCC is not going to fold up its tent and go home," he said. "There are too many issues that still need to be addressed."

At the top of the list of concerns is the fact that the government intends to retain ownership of the current fleet of hopper cars only. As these cars, many of which are over 30 years old, are retired from service, they will be replaced by new cars which will be owned by the railways. The cost of purchasing these new cars will be built into the railways' annual revenue cap formula – which effectively transfers the purchase cost directly to farmers through increased freight rates. At the same time, however, farmers will have no ownership of the cars they have paid for.

Last week, the Canadian Transport Commission (CTC) announced a 6.6% increase in the revenue cap for the railways. However, on May 4, when Federal Transport Minister Lawrence Cannon announced the Government of Canada's intention to retain ownership of the cars, he also indicated maintenance costs in the revenue cap would be lowered. This lowering of allowable maintenance costs appears to be an admission that farmers were significantly overcharged on that account, stated Robbins.

On the other hand, the government is continuing to leave maintenance with the railways. “The same outfits will be doing the maintenance as before,” noted Robbins. “It’s generally agreed that some parts of the cars are not being maintained adequately, gates and hatches in particular.”

Terry Boehm said the federal government must ensure the railways live up to their level of service obligations. “It’s interesting to note that the rationalization of the grain transportation system in western Canada over the last decade has not resulted in any improved car cycle times,” he said. “Rationalization allowed the railways to capture higher profits, while farmers paid the price through increased trucking and on-farm grain storage costs. Those profits should be passed back to the farmers.”

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