

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

MAY 15, 2006

NFU ENDORSES CALL FOR AUDITOR-GENERAL'S INVESTIGATION

The National Farmers Union strongly supports the call for an Auditor General Investigation into the misuse of funds for railway hopper car maintenance.

In a statement released at a press conference in Ottawa May 15, NFU Vice-President Terry Boehm said farmers, and Canadian taxpayers, have been overcharged hundreds of millions of dollars by the two major railways. He endorsed a call by MPs Alex Atamenenko and Peter Julian that an investigation be conducted by the Auditor General into why the railways were permitted to gouge farmers on transportation costs. The Farmer Rail Car Coalition (FRCC) also supports the call for an investigation.

“With realized net farm income at record low levels, family farmers cannot afford unjustified costs for transportation,” stated Boehm. “This massive overcharging represents a gross violation for the public trust, and it is important to ensure those responsible are held accountable.”

The overcharges were brought to light as a direct result of the efforts of the FRCC to determine actual maintenance costs for rail hopper cars. In its business plan, the FRCC concluded that realistic maintenance costs would amount to approximately \$1500 per car. Last year, the Canadian Transportation Agency (CTA) undertook a study which concluded car maintenance costs were \$1686 per car – a figure which is very close to the FRCC's calculation.

However, for the past decade, the railways have been charging the government \$4329 annually per hopper car for maintenance of questionable quality. Many cars on the rails today have serious problems with gates and hatches, and the resulting leakage is costing farmers millions of dollars.

This confidential CTA study was never released publicly, but its contents were leaked last month. The CTA study concluded that the national railways received more than \$48.6 million in excess payments – in 2004 alone – for maintaining the government's 12,000 car fleet of grain hopper cars.

- 30 -

Contact: Terry Boehm, NFU Vice-President (306) 255-2880
Stewart Wells, NFU President (306) 773-6852
Terry Pugh, NFU Executive-Secretary (306) 652-9465