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**PRODUCER CAR LOADING SITES ARE IMPORTANT TO FARMERS: AN OPEN  
LETTER TO FEDERAL TRANSPORT MINISTER JOHN BAIRD**

Hon. John Baird  
Minister of Transport, Infrastructure and Communities  
House of Commons  
Ottawa, Ontario  
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Dear Minister Baird,

I am writing to express the profound consternation all farmers have with CN Rail's announcement of the delisting, or closing, of numerous producer car loading sites in western Canada.

Producer car loading sites are an absolute necessity if farmers are going to be able to exercise their hard-fought right to load rail cars themselves. If they do not have a large number of widely-dispersed and accessible loading sites, their right is effectively extinguished, because it will be physically impossible, and economically impractical, to load the cars. If a farmer does not have access to a loading site within a reasonable distance from his farm, he cannot get the grain to a railway car in the short time frame the railways require for loading.

What is a producer car loading facility? It is simply a short bit of track with a railway switch at each end to allow a car to be "spotted", or left, for a farmer to load. Often these sidings are the remnants of where grain elevators once existed and the rail cars were spotted for loading. The rapid destruction of the prairie grain elevator system some fifteen years ago has once again made the producer car an important element in prairie grain handling. The producer car gives farmers access to rail transport, but it also acts as a competitive cap on elevation charges that elevator companies can charge.

Essentially, an elevator takes the farmer's grain and loads the car for a fee. The price paid by the farmer for this service ranges from \$13 to \$16 dollars per tonne. This means that for a 100-tonne rail car, it costs the farmer approximately \$1300 to \$1600 to load a rail car. In addition, of course, there is also the cost of trucking the grain to what is now a widely-dispersed and very small number of grain elevators located on rail lines. For example, on my grain farm, it costs me \$9 per tonne to haul my grain to the nearest elevator. This means that I must pay \$900 just to get that 100 tonnes of grain to the rail car. Then I must pay rail freight of \$43 per tonne to move that grain to export position. So the railways receive \$4,300 per car regardless whether it is loaded by a producer or an elevator company. Thus, the elevator company earns \$13 to \$16 per tonne, the trucker earns \$9 per tonne, all of which are significant when that same rail car of wheat might only gross the farmer \$140 per tonne.

The right to a producer car is of overarching importance. It allows a farmer to order a car and have it spotted (at the railways' convenience) for him to load. It guarantees a farmer access to rail service. It originally came into being as a result of antagonisms generated by past arrangements where the CPR only allocated cars to selected elevator companies, leaving farmers to deal with monopolies. Later, when there were literally thousands of elevators and regulated elevation tariffs (20 short years ago), producer cars were rarely used. Now however, they offer a real saving to a farmer of more than \$1000 per car, and give him guaranteed access to rail cars.

CN is saying that because farmers have rarely used these points, the onus should be on farmers to bring CN a proposal that guarantees a suitable amount of grain cars will be shipped. In response, CN might keep some of these sites open. By taking this stance, CN is usurping the historic right of farmers, and imposing all the conditions of access they see fit. What is particularly vexing is that this is occurring after the recognition of this right by the courts. In the famed "Santaluta test case" of 1902 (which was upheld by the Supreme Court of Canada), the court recognized the provision of producer cars to farmers "as a legal right" and not as a matter of privilege. The understanding inherent in this was to restore some effective degree of competition at local points. None of this is of any use to farmers if the railways are able to circumvent this right. By delisting and then removing sidings, CN is doing exactly that. Indeed, in the original legislation, a petition signed by ten farmers was enough to require the railways to construct a loading platform. We should consider returning to a similar position to establish new producer car loading sites, rather than the closing of existing ones, as the legislation currently allows. There is very little cost for the railways to leave the sidings in place.

It is well known that moving grain by rail is far more fuel-efficient than by truck. If Canada is at all concerned about CO2 emissions, it would seem to be an obvious choice to require these sites to remain open. Producer cars, for the most part, get grain on the rail with far shorter trucking distances than going to elevators. Farmers also save in excess of \$1000 for every car they ship,

Railways have "Level of Service" obligations they must abide by in order for them to operate as Class 1 railways in Canada. It is imperative for the environment and for

farmers, that you, as federal Minister of Transport, stop CN from proceeding with its efforts to close down producer car loading sites. It is also imperative that you move immediately to amend the *Canada Transportation Act* to prevent this from happening in the future.

Yours truly,

Terry Boehm  
President  
National Farmers Union  
Allan, Saskatchewan

Cc: Wayne Easter MP  
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