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national farmers union

In Union Is Strength

FOR IMMEDIATE RELEASE

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NFU URGES MECHANISM TO BOOST COMPETITION IN FARM FUEL PRICING

The National Farmers Union (NFU) wants the Manitoba government to allow farmers to take advantage of lower prices at retail outlets for diesel fuel used in their farm operations.

In a letter to Manitoba Agriculture Minister Rosann Wowchuk, NFU Manitoba Coordinator Fred Tait of Rossendale says there is often a big discrepancy between diesel fuel prices at retail stations and prices charged farmers for marked diesel fuel at bulk fuel dealers.

He cited an informal survey of pump prices taken during the last week of April, 2009 at several stations in the Winnipeg and Portage la Prairie area, in which the retail price ranged from 70 cents per litre to 81.9 cents per litre. Yet the price at farm fuel bulk dealers – which are supposed to incorporate a deduction in the provincial fuel tax of approximately 11.5 cents per litre - ranged between 64.88 cents per litre and 71.6 cents per litre.

“If the 11.5 cents per litre deduction was incorporated into the retail fuel price for diesel, those prices would be in the range between 58.5 cents per litre and 70.4 cents per litre,” stated Tait. “That’s a big discrepancy.”

Tait said a difference of a few cents per litre for diesel fuel at the pump can translate into thousands of dollars in increased input costs for farmers. He urged the provincial government to implement a mechanism to allow farmers to “shop around” for the lowest cost diesel fuel in their market area. “The Manitoba government should allow farmers the option to purchase regular transportation diesel fuel at retail suppliers and then apply for a refund of the provincial fuel tax as part of their Manitoba income tax schedule. This would provide a simple, straightforward method of accounting that would enable farmers to reduce their input costs on essential diesel fuel, while ensuring that the system remains fair and honest. It would also have the beneficial effect of increasing the level of competition in pricing of farm diesel fuel among suppliers, and prevent excessive profit-taking by companies at the expense of farm operators.”

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