



NEWS RELEASE

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Farmers paying more than fair share for freight: study

Canada's farm groups call for government review

Regina -- Western Canadian farmers have been paying \$200 million per year more for rail service than was considered fair under former legislation, a new study suggests.

"Farmers were supposed to share in efficiencies in the grain handling and transportation system from elevator and track closings, but so far we have not," said Greg Marshall, president of the Agricultural Producers Association of Saskatchewan (APAS). "We need a full costing review to determine fair costs for freight."

The study by respected rail analyst John Edsforth found that, rather than share in efficiencies, farmers have paid \$6.87 per tonne more than what was considered fair and reasonable compensation for moving grain under the former Western Grain Transportation Act (WGTA).

"This means thousands of dollars to the average farmer," noted Allen Oberg, an Alberta farmer and chair of the CWB's farmer-controlled board of directors. "On my farm, this amounts to between \$17,000 and \$32,000 per year."

The independent study was released today by APAS, the Canadian Federation of Agriculture (CFA), the CWB, Keystone Agricultural Producers (KAP), the National Farmers Union (NFU), and Wild Rose Agricultural Producers (WRAP).

The study found that in 2008-09, farmers paid \$8.81 per tonne, or \$275 million overall, more than was deemed fair and reasonable under the WGTA. The previous year, they paid \$4.61 per tonne, or \$123 million, more than was considered fair. High volumes, rail efficiencies and low fuel prices combined to create the increased amount in 2008-09. The study updates a 2008 Travacon report that said farmers paid over \$100 million more than their fair share in 2006-07.

Farmers can estimate how much they have individually paid above their fair share using a new rail cost calculator on the CWB's Web site at www.cwb.ca/rail.

"Most farmers will be shocked to learn how much more they pay now than under the WGTA," Marshall said. "No one is saying the railways shouldn't earn a profit, but we are saying farmers should be paying a fair and reasonable amount."

Railway costs for grain movement have not been reviewed since 1992. Since then, transportation has seen two major efficiencies: the number of elevators has plummeted from 1,500 to about 240, and the railways have moved to multi-car blocks of at least 50 cars at a time.

Prairie farmers are heavily reliant on railways. Farmers here move their grain more than twice the distance to port of any other grain exporting nation – Saskatchewan is 1,450 kilometres from the nearest port, compared to 650 for a farmer in Kansas and 280 for Australian farmers. For Prairie farmers, transportation is the single largest cost in marketing grain.

The farm groups are encouraging all producers to join a call for action and make their voices heard. Farmers can go to the CFA's Web site at www.cfa-fca.ca to submit an electronic postcard that will tell political leaders that a costing review is needed.

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