



WESTERN BARLEY GROWERS ASSOCIATION

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Hopper Car Decision by the Federal Government Will be Costly for Farmers

March 14, 2005, Airdrie, AB., "The decision by the federal government to transfer the hopper car fleet to the Farmer Rail Car Coalition (FRCC) will prove costly to farmers and the grain industry in western Canada" said Albert Wagner, Past President, Western Barley Growers Association (WBGA) when commenting on the announcement by federal Ministers Lapierre and Goodale.

"The government has decided to move ahead with the divestiture of these cars and ignore the House of Commons Standing Committee on Transport recommendations which included a due diligence process to determine costs, benefits to producers and taxpayers, and establish an open and transparent request for proposals" commented Wagner.

Transport Canada officials had testified to the Standing Committee on Transport that they did not have the actual maintenance costs of the hopper cars. At the same hearing, Transport Canada officials also testified that there were provisions to reduce the revenue cap if charges by the railways were inflated and that no change of ownership was required to address maintenance cost issues.

"Since the premise of the FRCC proposal is in savings in maintenance costs, would it not make sense that the government would want to know if charges by railways were excessive and if the estimated savings claimed by the FRCC are realistic before making a decision" questioned Wagner.

"The FRCC proposal will add operating overhead costs to farmers of some \$2 million annually, while entrenching tariffs by the US against our wheat, and add another political entity to hopper car allocation, with no improvement to efficiencies in our handling and transportation system" said Wagner.

"Had the government followed the recommendations of the Standing Committee on Transport, farmers and taxpayers in Canada could have gained, however both now stand to lose. One of the recommendations from its committee was for the government to retain ownership and adjust the revenue cap to reflect actual maintenance costs - at this time that is the most productive alternative" commented Wagner.

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Western Barley Growers Association

A strong voice for a vibrant, market responsive barley industry in western Canada