

# Saskatchewan farm groups wants more input on grain transportation

BY BRUCE JOHNSTONE, REGINA LEADER-POST DECEMBER 3, 2014

A coalition of Saskatchewan farm groups is calling for major changes to the Canada Transportation Act (CTA) that would heighten competition, increase transparency and ensure producers have a voice in the grain transportation system.

The coalition - representing the Agricultural Producers Association of Saskatchewan, Saskatchewan Wheat and Barley Development Commissions and Sask Pulse - issued its recommendations Tuesday to the CTA review panel.

The panel is reviewing the act in the wake of the grain backlog that cost western farmers more than \$5 billion in lost or deferred sales, demurrage charges and contract penalties this year and last.

Norm Hall, president of APAS and spokesperson for the coalition, said \$5.1 billion is the most recent estimate of the grain backlog's cost by University of Saskatchewan economist Richard Gray and includes \$3.1 billion for the 2013-14 crop year and \$2 billion in the 2014-15 crop year.

Last year's bumper harvest produced a record 76 million tonnes of grains and oilseeds in Western Canada, which combined with the carry-over the previous year's crop, pushed the total tonnage to be moved in the 2013-14 crop year to more than 80 million tonnes.

With record-breaking cold weather, a shortage of railcars and locomotives and the absence of logistics co-ordination by the former Canadian Wheat Board, the grain backlog resulted in billions of lost sales, as ships waited in port for grain shipments that never arrived, grain buyers found other suppliers and farmers got stuck paying demurrage charges and other penalties.

Hall said the coalition is calling for greater oversight over the grain transportation system and that producers should play some role in that oversight body. "Whether it's a stand-alone agency or whether it's attached to another agency, such as the Canadian Transportation Agency or the Canadian Grain Commission, we want to see some sort of (oversight body) established," Hall said.

While it wouldn't fully replace the logistic co-ordination role provided by the former Canadian Wheat Board, the oversight body would ensure that farmers would have a seat at the table,

Hall added. "We haven't hammered out the size or the shape of the table that we want to see built, but we want, for sure, that there be seats with farmers' names on them.'

The coalition also wants the CTA to foster more competition between the two major railways, Canadian National and Canada Pacific, or in the absence of competition, regulation.

Producer cars - in which producers directly ship their grain by hopper cars to port terminals, bypassing the grainhandling system - need to have equal access to the rail system.

"Producers have the right to order cars, but there's no guarantee of service. We're not asking for special service; we're asking for equal service.'

Producers also want to have more "transparency" or more detailed, timely information about the grain transportation system. "If a producer is going to work in the open market, as we are now, we need as much market information as possible to make the marketing decisions in a timely manner. Currently, that information is not available to producers," said Hall, who farms at Wynyard.

The coalition is also calling for a "full railway costing review' before any adjustments are made to the "maximum revenue entitlement" that railways use to cover their costs. "The revenue entitlement is the maximum dollar figure on a per tonne, per mile basis above the fixed cost that the railroads have. It's their cost of production, plus (a profit margin).'

A full costing review would enable producers, shippers and others to be sure that the railways are not getting "overinflated' costs from the maximum revenue entitlement. "Then we can make a decision based on facts, as opposed to suppositions and innuendoes."

The review panel has set a deadline for submissions of Dec. 31. The panel is expected to deliver its report to the Minister of Transport by the end of 2015.