

NEWS RELEASE

For immediate release

Farmers railroaded by higher grain shipment fees

Sherwood Park (May 14, 2012) – A significant increase to an annual index intended to provide shipping price protection to western Canadian grain producers is at odds with the federal government's efforts to expand global markets for Canadian agricultural commodities.

The Canadian Transportation Agency (CTA) recently announced the volume-related composite price index (VRCPI) will jump by 9.5 percent on August 1. The VRCPI is a key factor in the western grain revenue cap introduced in 2000 to replace maximum freight rates for CN and CP.

"It's one thing for government to create new market opportunities," said Lynn Jacobson, President of Wild Rose Agricultural Producers (WRAP), "but prairie farmers are being priced out of those markets by constantly escalating rail shipping costs. A farmer who ships 2,000 tonnes of grain, oilseed or pulse crops is going to be paying almost \$6,000 a year more in freight costs because of this change. And that includes feed wheat or barley that's being fed on the prairies. Astoundingly, over 80 percent of the increase is because the CTA revised the way they calculate the railways' cost of capital and pensions."

"Considering that CN and CP had net income that was more than 25 percent higher than the net income before tax for all prairie grain farmers in 2011, it's hard to fathom why farmers are being compelled to pay \$75 million that will be directed to rail company shareholders and employee pension plans," continued Jacobson.

WRAP is urging the federal government to immediately review the costs being used in the revenue cap calculations. The last review was done in 1999, and efficiency gains in the transportation industry since then are not being reflected in the calculations to the detriment of farmers.

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Wild Rose Agricultural Producers is Alberta's largest producer funded general farm organization. Whenever decisions are being made that affect the province's agricultural industry, we're there, providing an effective voice for Alberta's farmers. For more information on WRAP, please visit our website at: www.wrap.ab.ca.