

# Opinion: Railways must ramp up to ship more grain

BY DOUG CHORNEY, EDMONTON JOURNAL JANUARY 21, 2014

It's no longer news that western Canadian farmers in 2013 harvested their largest crops ever. Record yields were met with unbridled excitement as farmers anticipated high yields would offset declining grain and oilseed prices.

What's news now is that last fall's optimism has turned into concern because these crops are still on the farm. Abysmal service once again by Canada's two major railways has limited crop movement so drastically that grain companies, which buy and market the crops, are buying limited amounts, or are not buying at all.

The companies' inland terminals and elevators — the points where grain is held and loaded onto trains bound for ocean ports — are full, waiting for railcars that don't come.

While western Canadian crop yields last year were up by 33 per cent over 2012, the number of railcars allocated to move the crop in mid-November, compared with mid-November 2012, was only up by two per cent, according to the Western Grain Elevator Association.

In addition, when the railways do fill elevator orders for railcars, only 27 per cent of the cars are delivered to the elevators on time. Further, railways are leaving the cars at the elevators to be loaded for longer-than-average periods — sometimes up to 11 days. Imagine the effect on loading and shipping schedules.

This poor railway service is holding the system up, from the farm to the ports, creating unnecessary expenses for the grain companies that will ultimately be passed on to farmers as handling fees and lower prices for crops.

For example, port terminals were without rail service for 28 days during a three-and-a-half-month period last fall. When there is no grain to load onto waiting ships, or shipments are late, grain companies are charged a penalty by the ship companies of between \$12,000 and \$18,000 a day per ship.

The effect on farmers, Canada's economy and our international reputation cannot be understated.

Canada is losing sales because contract deadlines with international buyers cannot be met. Canada's agriculture ministry prides itself on implementing programs and conducting trade

negotiations that make agriculture more competitive. All of this is negated when we can't deliver the goods.

Agriculture plays an important role in federal and provincial economies, directly providing one in eight jobs, employing 2.1 million people, and accounting for eight per cent of total gross domestic product, according to Agriculture and Agri-Food Canada. Poor rail service is obstructing a sector that is a major economic driver.

We need short-term intervention by Transport Minister Lisa Raitt and the federal government because farmers need to get their crops to market as soon as possible, before more sales are lost.

In the long term, there needs to be a government-directed reassessment of how railways do business. Moving grain and oilseeds is seasonal in nature, not fitting into transport cycles where product is picked up regularly, and so the railways must be directed to plan for it.

Every other sector that provides services in crop production invests in "surge" capacity, including input suppliers, equipment dealers and grain companies — and railways need to adopt this same practice.

The railways' monopoly allows them to provide inadequate service without fear of consequences. Unfortunately, the new federal Fair Rail Freight Service Act is not an effective way to resolve these service issues — and amending it must also be a priority.

Since agriculture began on the Prairies, shippers of agricultural commodities have experienced poor, lethargic rail service — and it appears to be getting worse.

In mid-November 1993, CN and CP moved 8.7 million tonnes of crop, while in the same week of 2013, only 7.5 million tonnes were moved.

The yields of 2013 are only the beginning of larger and larger crops as new high-yielding varieties are adopted and modern agronomic practices continue to become more efficient.

This is not a once-in-a-lifetime situation; instead, it will be the norm in a few years. Will we wait until then to fix our rail system, or will we begin to do it now?

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