

Ottawa, industry to fund study of grain backlogs

Chinta Puxley, The Canadian Press Edmonton Journal

Published: Wednesday, January 22

Ottawa is chipping in half the cost of a \$3-million transportation study to tackle huge rail backlogs that have left a bumper crop of grain still sitting on some fields.

Agriculture Minister Gerry Ritz says last year was a record for Canadian grain - the harvest was up about 20 million tonnes - but that has posed some serious challenges.

Such big crops are the "new normal" and Canada's economy depends on a reliable way of getting them to market, he said.

"There is a logistical situation out there where farmers are still sitting with grain in the fields," Ritz said Tuesday after announcing the transportation study.

"This is a challenge, but it's also an opportunity for us to address the ongoing efficiencies. If this is the new normal of crop production - which I think it's going to be if we're going to step up and produce what the world is going to be demanding in the next several decades - this is what we have to start to rationalize around."

The federal government is providing \$1.5 million for the five-year study aimed at coming up with solutions to the backlog. That amount is to be matched by the Grain Growers of Canada, the Canadian Canola Growers Association, the Western Grain Elevators Association and the Inland Terminals Association of Canada.

Frustrated farmers called on the federal government to address the backlog that became so bad that mountains of wheat and other crops were building up outside jammed grain elevators.

The problem left many farmers wondering what the point of a bumper crop is if they are unable to get the grain to market.

"There is a frustration level that has to be addressed," Ritz said. "There is a collective demand to do better. This will require everyone in the chain to step up their game."

Gordon Bacon, CEO of Pulse Canada, which is heading the study, said it's obvious some serious improvements to transportation are needed. But he said it's not as simple as adding more rail cars.

Shipping grain requires co-ordination from farm to rail terminal to port, he said.

"If we're going to be focusing on growing more crops, we have to find ways to more quickly, efficiently and reliably deliver that product to markets around the world," Bacon said.

"Our goal is to be seen as a reliable supplier of grain to markets around the world and our record is a bit tarnished in that area."

Some farmers welcomed the study and said any acknowledgment of the problem is a step in the right direction.

Doug Chorney, president of Keystone Agricultural Producers, said the past harvest was unprecedented. Shipping vessels went away empty after waiting in vain for grain shipments that never arrived by rail, he said. Grain companies stopped putting in bids on grain completely because of the backlog, he added.

Grain shipments are not as high a priority to rail companies as oil, potash and coal, Chorney said. Rail companies also can't respond quickly to a bumper crop immediately after harvest, he said.

"We have lots of work to do ahead of us to resolve this. We didn't develop this problem overnight and we're not going to fix it overnight."