



KEYSTONE
AGRICULTURAL
PRODUCERS
of MANITOBA

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Standing Senate Committee on Agriculture and Forestry
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Presenter:

Dan Mazier, President
Keystone Agricultural Producers
203-1700 Ellice Avenue, Winnipeg, MB R3H 0B1
Phone: 204-697-1140
www.kap.mb.ca

Good Day. I'm Dan Mazier, president of Keystone Agricultural Producers.

We are the largest farm policy group in Manitoba, representing the interests of all farm sectors on the overarching issues that affect our industry. This includes taxation, transportation, regulatory legislation and farm programming – to name just a few.

Our mandate is to foster profitability, sustainability and success in our industry – for current farmers, and for the 'next' farming generation.

KAP – as we're commonly known – is a member of the Canadian Federation of Agriculture, and I sit on its board of directors.

I'm pleased to have the opportunity to speak to you today about agriculture in Manitoba, and the need for international market access for our primary commodities.

Manitoba produces wheat, a variety of other cereal crops, pulses, soybeans and canola. In fact, we produce 17 per cent of Canada's total canola crop and 20 per cent of Canadian soybean sales.

We are also one of the largest pork producers and exporters in Canada – and this includes both live animals and processed products. We also have robust beef, dairy, poultry and egg sectors.

Manitoba has over 19 million acres that produces food, and that generates \$6 billion in cash receipts annually.

And that's just in primary production. Another \$4 billion is generated from food processing – which is Manitoba's largest manufacturing sector.

Much of what we produce and process is exported to the U.S., Asia, Europe and South America – and the new trade agreements we have seen recently will expand our opportunities in other countries.

But developing new markets is of no use unless we can deliver there.

Western ^{Canadian Farmers} Canada ~~relies~~ heavily on rail transportation to get ^{their} our goods to port – whether it's Vancouver, Thunder Bay or Churchill. Speaking as a grains and oilseeds producer, I want to emphasize how important good rail service is for our sector.

However, it's no secret that over the years the service we receive from the railways has not met our needs.

Things came to a head in 2013-14, when a bumper crop, combined with slow railway service, lead to many serious repercussions for farmers.

For example, port terminals were without rail service for 28 days during a three-and-a-half month period that fall – and Canada lost sales because contract deadlines with international buyers could not be met.

Not only that, it hurt our reputation as a reliable supplier.

Additionally, when there wasn't grain to load onto waiting ships, or shipments were late, grain companies were charged a penalty by the ship companies of between \$12,000 and \$18,000 per day, per ship.

That cost was passed right onto farmers.

Farmers also lost money in the hundred of millions – some estimates say billions – when the backlogged system lead to an over-supply at local elevators. This drove local prices down compared to the price at port.

This had a significant impact on our ability to maintain cash flows, balance farm accounts, and contribute to rural economic development.

In 2014, the Fair Rail for Grain Farmers Act was passed to address this crisis. Provision of the act included extended interswitching rights, arbitration in shipper-rail contract disputes, and the ability to set rail volume requirements if needed.

However, these provisions were set to expire on August 1, 2016.

Our federal government is working to extend these provisions for one year, and I want to thank this committee for its part in moving this forward. The Senate, as you know, voted to adopt the extension resolution last week.

This extension will mean Western Canadian farmers can rest assured knowing they'll be protected for the coming shipping season.

Now, we must work to enshrine these key elements into the Canada Transportation Act because they are extremely important in maintaining an efficient grain transportation system.

The interswitching provision allows one railway to move grain of the other railway's customer up to 160 kilometres, instead of the traditional 30.

This ensures shippers with only one choice of railway have fair and reasonable access to the rail system at a regulated rate.

The provision for volume requirements, used only when necessary, requires railways to move a government-determined amount of grain in a specified time period. Otherwise, the railways will face fines.

This ensures the grain transportation system will not face the massive backlogs and delays to port we saw several years ago.

Incorporating these measures into the Canada Transportation Act will protect shippers and farmers, help us meet our contract obligations in the global marketplace and ensure we can capitalize on new trade agreements.