

Ottawa to work out deal for grain hopper cars

By ALEX BINKLEY

OTTAWA – The federal government has agreed to work out a deal to transfer the ownership of its 13,000 grain hopper cars to the Prairie Farmer Rail Car Coalition, says Transport Minister Tony Valeri.

“We will continue with the necessary due diligence on the proposal to ensure that the roles and responsibilities are clear and that value for taxpayers is optimized,” Mr. Valeri said in the House of Commons. “The government and the Coalition have shared interests in ensuring that there is sufficient commercial and competitive grain transportation in this country, grain transportation that in fact meets the needs of producers and other stakeholders.”

A spokesman for Mr. Valeri said the minister was sending a signal about the government’s intentions. He said the deal will be done “on a commercial basis; people will see a

reasonable transaction.”

The agreement will probably be carried out on a lease-to-own basis. The spokesman said the government was mindful of the need for the transfer of ownership to pass the scrutiny of the auditor-general as well as the United States, which has signalled in the past that it sees the hopper cars as a subsidy to Canadian grain growers.

The government has wrestled with the disposition of the cars since it promised in 1996 to sell them as long as they remained primarily for the benefit of western grain farmers.

The minister’s announcement came as a surprise to grain industry officials who have met with Mr. Valeri recently to raise their concerns about handing the cars to the Coalition. The railways have said that the cars should be sold to the highest bidder.

Coalition President Sinclair

Harrison has been in Ottawa on a regular basis trying to convince the government to give the cars to the Coalition. Political sources said that Finance Minister Ralph Goodale, trying to curry favour with voters in Saskatchewan before an election, exerted measurable pressure on his cabinet colleagues to proceed with the deal.

There is considerable conjecture over what the cars are worth. Estimates have ranged from \$35 million as scrap for the obsolete cars to \$150 million as a lease fleet.

The supply of railway hoppers in North America is tight after several years when thousands of the cars sat in storage in both Canada and the United States.

The Coalition has been hoping to gain ownership of the hoppers by August 1, the start of the new crop year.

Mr. Harrison said the Coalition would set itself up as a leasing company. Grain shippers and companies could lease hopper cars from the Coalition, although it is likely the railways would be the main customers at first.