

Grain Monitoring Program: The GHTS at a Glance



Key Measures for 1999-2005

<u>Productions and Volumes</u>	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	GMP Report Reference	Notes
Western Canadian Crop Production (tonnes 000)	55,142	54,073	42,541	31,540	47,655	53,401	Measure 1A-1	The average crop production in the first two years of the Grain Monitoring Program (GMP) was 54.6 M tonnes, an amount widely seen as representative for a normal crop year. The 2004-05 crop year saw a return to what would be considered "near normal" production. This crop year was not without challenges as poor harvest conditions in August and September contributed to lower quality in some areas, which caused sourcing problems for grain companies and the CWB throughout the winter delivery period.
Carry Forward Stocks (tonnes 000)	7,418	9,776	8,751	6,071	5,489	6,647	Measure 1A-2	
Total Grain Supply (tonnes 000)	62,560	63,848	51,292	37,611	53,144	60,048	Calculated for this Report	
Shipments from Primary Elevators (tonnes 000)	32,494	33,282	25,924	19,052	28,527	28,594	Measure 3B-1	
Railway Movement (tonnes 000)	26,441	25,885	18,765	12,736	20,659	20,832	Measure 1B-1	
Port throughput (tonnes 000)	23,555	23,941	18,005	11,807	18,962	18,944	Measure 3D-1	
Infrastructure								
Delivery Points in the Western GHTS	626	543	348	292	288	282	Measure 1C-1	The single largest change in the western Canadian GHTS has been the reduction in the number of grain elevators (down 62%) and delivery points (down 59%). Despite these dramatic reductions, the storage capacity fell by about a third of this rate (down 17%), an indication of the proliferation in high-throughput elevators across the territory. While the rail network has changed very little (down 4%), more lines were added as abandonment candidates to the railway's three year plans. Terminal Elevators saw no change this past crop year.
Elevators in the Western Canadian GHTS	917	781	500	416	404	385	Measure 1C-1	
Storage Capacity of Primary Elevators (tonnes 000)	7,444	7,137	6,125	5,747	5,688	5,846	Measure 1C-1	
Western Canadian Terminal Elevators	15	16	17	17	16	16	Measure 1E1	
Route Miles of rail lines in the GHTS	19,468	19,021	18,924	18,924	18,823	18,764	Measure 1D-1	
Commercial Matters								
CWB Tendering - % of product moved under the tendering program (Annual Target)		5.4%	27.9%	46.1%	18.1%	18.0%	Measure 2A-5	Bidding during the 2004-05 crop year was significantly less aggressive than in the previous year (in terms of both volume and bid value). With the first bids with premiums having been paid by the CWB (as opposed to discounts), this year's bidding positions reflected the challenges faced by industry as a consequence of issues related to lower quality crop.
		25%	25%	50%	20%	20%		
CWB Transportation Savings (\$ Millions)		\$10.7	\$40.9	\$33.8	\$51.1	\$26.1	See detailed discussion in Section 2.1	CWB transportation savings are made up of savings from the tendering program, penalties charged for mis-shipments and rebates negotiated by the CWB with terminal elevators and railways. The significant decrease in 2004-05 reflects the impact of low tendering discounts and the tight supply of high quality grains.
Tot. Revenue Cap Differential (\$ Millions)		\$5.8	\$22.2	\$23.9	\$0.9	\$0.4	Measure 3C-10	This calculation shows the differential between the railway's total allowable revenues and those actually earned. In the early years of this program, the railways consistently fell short of the cap by as much as 6%. In the past two crop years the each railway's revenues has been within 1/10 of 1% of it's defined revenue cap, further indicating that they have become adept at managing their rates and revenues under the new regime.
Average railway multiple car incentives (\$ tonne)	\$2.41	\$3.48	\$4.07	\$3.97	\$4.54	\$4.52	Measure 3C-6	The average amount paid by railways to the grain companies for multiple car incentives has leveled in the past two years.
% of total traffic incentive was paid on	50%	68%	77%	76%	75%	74%	Measure 3C-5	
Grain Company Handling Charges - Index (Aug 1, 1999=100)	100.6	107.2	108.4	109.4	110.3	111.3	Measure 3B-6 for Receiving, Elevating and Loading Out	Based on elevation tariffs across western Canada, elevation and handling charges have increased by a modest 11% over the past six years - a rate substantially below that exhibited for other farm input costs (see the "Western Canada Crop Production Price Index" below).
GHTS Performance								
Time Grain Spends in the GHTS (days)	69.4	64.6	67.4	79.7	62.3	58.0	Measures from 3D-4, 3C-4 & 3D-4; discussed in detail in Section 3.5	While not a formal GMP measure, the time taken by grain as it moves through the GHTS from the moment a producer delivers it to an elevator to the moment it is loaded on board a vessel at port provides a reasonably good indication of how efficiently the system is operating. The changes over the past two crop years reveal reduced time in store in country elevators, which reflected a significant draw down of stocks in the late summer and early fall of 2004.
Country Elevator Annual "Turns"	4.8	5.0	4.5	3.6	5.6	5.6	Measure 3B-2	The number of "turns" made by an elevator refers to the number of times its capacity has been fully utilized (total throughput volume divided by total storage capacity). Although these values are largely driven by the total throughput volumes, the number of turns has also been increased as a result of the reduction in the network's total storage capacity.
Terminal Elevator Annual "Turns"	9.1	8.9	6.6	5.0	7.0	7.5	Measure 3D-2	
Average Railway Car Cycles: Total (days)	19.9	16.4	17.1	20.4	16.7	18.0	Measure 3C-4	A railway car cycle is defined as the time a rail car takes to travel from its loading point, through to its destination and back for its next load. While car cycles have exhibited a degree of variability, the overall trend continues to be generally flat.
to Vancouver (days)	19.6	16.8	17.8	23.0	17.8	18.4	Measure 3C-4	
to Thunder Bay (days)	20.5	15.7	16.3	18.2	17.0	17.9	Measure 3C-4	
to Prince Rupert (days)	26.1	26.2	21.9	22.5	13.9	17.5	Measure 3C-4	
Average Vessel time in port (days)	4.3	5.9	4.9	4.3	4.0	4.9	Measure 3D-7	The time vessels spend at port before demurrage charges accrue is often part of the arrangements made between the buyer and seller, and is an element of the logistical economics of any export grain movement. The increase for this crop year was primarily due to problems sourcing high quality grains which resulted in delayed product arrival at port.
Producer Impacts								
Average Weighted Applicable Freight for 1 CWRS Wheat (\$ per tonne)	\$31.87	\$30.93	\$32.31	\$34.73	\$33.32	\$33.74	Measure 5A-10A	The Average Weighted Applicable Freight is a valuable measure for the GMP as it provides a true indication of the freight cost borne by producers in the movement of their grain. It combines the rail freight with the CWB freight adjustment factor (FAF), weighting it based on the actual volume of product shipped. The average freight rates contained in this measure have realized total increases in the order of almost 5% over the last six years. FAF and other adjustments contributed an additional 1% increase over that time frame.
Average Trucking Premium for 1CWRS Wheat (\$ per tonne)	\$2.32	\$3.01	\$3.62	\$3.96	\$4.25	\$3.68	Measure 5A-10A	The trucking premiums are measured through a survey of designated sampling elevators as reported by grain companies. While the average premium has increased over 37% through the period of the GMP, significant regional variability was seen. This year's drop reflects the increase in production and the reduced need for grain companies to "incent" the delivery of grain to their elevators.
Avg. Total Logistics Costs (Export Basis) for 1CWRS Wheat (\$ per tonne)	\$54.58	\$52.92	\$50.88	\$57.15	\$55.51	\$57.77	Measure 5A-10A	The export basis is the average total logistics costs borne by producers in the movement of their grain. It includes freight, elevation, trucking and CWB pool costs, offset by any trucking premiums and CWB transportation savings (a combination of benefits accrued from the CWB tendering program, railway and terminal volume rebates, and the penalties charged for misgrades and mis-shipments). Through the term of the GMP thus far, farmer's logistics costs have increased by only 1.5% per year on average. The significant increase in this past crop year stems from a combination of higher truck costs, lower truck premiums and a reduction in the CWB transportation savings.
Final Realized Price for 1 CWRS (based on 13.5% protein) (\$/ tonne)	\$192.43	\$202.58	\$217.02	\$250.20	\$211.14	\$205.10	Measure 5A-10A	The 2004-05 crop year's price was higher than at the beginning of the GMP but continues to reflect significant fluctuations in world grain prices.
Logistics Costs as a % of the Final Realized Price	28%	26%	23%	23%	26%	28%	Calculated for this summary	Representing an average of 25% of total revenues, logistics costs consistently account for a large portion of a producer's total costs.
Industrial Product Price Index	106.4	107.6	107.6	106.2	109.5	111.1	Statistics Canada (see Export Basis and Producer	While the Industrial Product Price Index (a composite index of costs incurred in general industry operations) has seen a total increase of slightly more than 4% over the six year period of the GMP, the costs for western Canadian producers (as shown in the Farm Input Price Index) has increased 29%, or more than 7 times what other Canadian industries have seen. Driving this increase are such factors as increased costs on inputs such as seed, fertilizer, fuel and machinery. The 1.5% increase seen in the export basis, the producers total logistics cost, is relatively modest by comparison.
Western Canada Crop Production Farm Input Price Index	122.4	123.1	142.7	140.6	167.1	158.4*	Netback section of Executive Summary)	

* - preliminary



About the Grain Monitoring Program

On May 10, 2000 the Government of Canada introduced Bill C-34, which prescribed a number of changes to the handling and transportation of prairie grain. In conjunction with its enactment on August 1, 2000 the government also announced that they would appoint an independent third party to monitor the overall efficiency of the prairie grain handling and transportation system, including the impact of changes on producers, the Canadian Wheat Board, railways, grain companies, and ports.

On June 19, 2001 the Federal Government announced that Quorum Corporation had been selected as the monitor for the prairie grain handling and transportation system.

Under its mandate, Quorum Corporation provides the government and industry with a series of quarterly and annual reports that track overall changes in the structure of the grain handling and transportation system, the effectiveness of the Canadian Wheat Board's tendering process, commercial relations, the efficiency and reliability of the system and producer impacts.

To ensure that as broad a view as possible is taken in measuring the efficiency of the Grain Handling and Transportation System, Quorum Corporation consults extensively with the key stakeholders.

The statistics contained in this summary represent only a few of the over 4,900 discreet measurement elements in 161 tables for each quarter of the five years covered by the monitoring program. The reports prepared by the Grain Monitor attempt to provide an objective assessment of the grain handling and transportation system in Western Canada. Quorum welcomes feedback on our reports, the program and industry issues. We encourage all stakeholders to provide their input and feedback by contacting the Grain Monitoring team at the location shown below.

About Quorum Corporation

Quorum Corporation is an independent subsidiary of the Quorum Group of Companies, with sole responsibility for the monitoring of Canada's Prairie Grain Handling and Transportation System.

Quorum Corporation
Suite 701, 9707 - 110 Street
Edmonton, AB T5K 2L9
PH: (780) 447-2111
FX: (780) 447-2630
EMAIL: info@quorumcorp.net
WEB: www.quorumcorp.net

A part of the Grain Monitoring Program, the Producer Netback Calculator is a management tool intended for producers use in the determination of logistics costs in the delivery of their grain. It also allows the GMP access to information on the distance producers haul grain to elevators.

The service is free to producers of grain in Western Canada



Monitoring the Canadian Grain Handling and Transportation System

GHTS at a Glance

1999-2000 to 2004-2005 Crop Years

