



Grain Gridlocks: *“Unlocking the Future of the Western GHTS”*

Mark Hemmes

Canadian Crops Convention

March 5, 2025



Grain Monitoring Program

- Under a contract with the Federal Gov't since 2001 to monitor the performance of the Canadian GHTS
- Performance Measures
 - Infrastructure, volume and performance metrics
 - Measures from farm to ocean vessel departure
 - Consolidated reporting, avoids commercial sensitivity
 - Suggests industry benchmarks
- 25-year time series providing ongoing assessment and analysis
- The Grain Monitor strives to retain a neutral and balanced position on issues

Subscribe @ www.grainmonitor.ca

Grain Monitoring Program

Weekly Performance Update

For Grain Week 44 2023-24 CY
June 11, 2024

Summary

	Week 44	Week 43	Yr. from Last Year
1. Stocks in Store (000 tonnes)			
Country Elevators	2,340.0	1,871.7	-26%
% of Working Capacity	41%	35%	
Terminal Elevators	1,145.0	1,144.7	0%
% of Working Capacity	50%	50%	
2. Country Deliveries (000 tonnes)			
Country Deliveries	1,045.2	529.6	42%
3. Port Performance (Carg)			
Vancouver Unloads	5,659	5,045	23%
Prince Rupert Unloads	541	1,054	33%
Churchill Unloads	0	0	N/A
Thunder Bay Unloads	1,287	1,770	51%
Total Weekly Unloads	7,487	7,822	31%
4-Week Rolling Average	7,560	8,196	51%
Var. to 4-Week Rolling Average	-30%	-11%	N/A
YTD Unloads	336,002	330,606	-6%
Weekly Out-of-Car Time	1.7%	15.9%	-87.5%
4. Terminal Shipments Year-to-Date (000 tonnes)			
Vancouver	24,134.2	23,676.4	-2%
Prince Rupert	2,896.3	2,831.3	-30%
Churchill	0.0	0.0	N/A
Thunder Bay	5,659.4	5,965.5	
Total Western Canada	32,689.9	32,573.2	
5. Vessels at Port as of Jun 10, 2024			
Vessel Lines in port	13	11	
Vessels Arrived	7	11	
Vessels Departed	9	9	
Vessel Lines in port	2	2	
Vessels Arrived	1	2	
Vessels Departed	1	2	
Vessels inbound Jun 10, 2024 to Jun 16, 2024 (Week 46)			
Vancouver	9		
Prince Rupert	0		

- 1. Stocks in Store: (Page 2)
 - Country stocks increased to 2.34 MMT in Week 44 utilizing 41% of the system's working capacity. Space in primary elevators is good.
 - Total western port terminal stocks increased to 1.15 MMT in Week 44, utilizing 50% of the working capacity.
- 2. Country Deliveries: (Page 3)
 - Deliveries to primary elevators were 1.05 MMT in Week 44.
- 3. Port Performance: (Pages 3-5)
 - Total western port unloads were 30% lower than the 4-week moving average and 31% higher than Week 44 last year.
 - West Coast unloads were 4,159 cars (Vancouver 3,659 and Prince Rupert 541), 30% lower than the 4-week moving average and 25% higher than Week 44 last year.
 - Thunder Bay unloads were 1,287 cars, 31% lower than the 4-week moving average and 51% higher than Week 44 last year.
 - Year-to-date total western port unloads are 6% lower than the same period last year. The corresponding tonnage is 4% lower than the same period last year.
 - The total average terminal out-of-car time (OCT) decreased to 1.7% from 15.9% the previous week. The OCT for Week 44 was 1.3% at Vancouver and 2.0% at Thunder Bay. At the time of publishing, Prince Rupert had not yet reported Week 44 OCT.
- 4. Shipments: (Page 6)
 - Year-to-date Western Canadian shipments from port terminal elevators at Week 44 are 7% lower than the same period last year and 11% higher than the 5-year average.
- 5. Vessels: (Page 5)
 - Vancouver vessel lineup for Week 45 2023-24 increased to 13.

Monitoring the Canadian Grain Handling and Transportation System
Grain Monitoring Program Report for: April 2024 / Q3 2023-24 CY
Release Date: May 29, 2023

GMP Dashboard

	MAR 2024	APR 2024	2023-24 YTD	Var. from Last YTD
Western Canadian GHTS Performance (Days)				
Total Time in System	43.2	39.4	42.7	6.2%
Average Days				
Country	28.7	22.7	25.6	4.1%
Local	7.0	6.3	6.3	0.0%
Average Days in Store	7.5	6.4	6.8	10.2%
Total Traffic (000 tonnes)				
Primary Elevator Shipments	3,713.3	4,125.7	36,279.2	-44%
Shipment to Rail	4,040.0	5,058.9	41,327.3	-7.6%
Canada (Rail)				
Western Port Terminal Shipments	2,875.1	3,487.6	26,440.2	-0.7%
Rail Load in (Wheeler (Carg))	10,400	10,007	9,855	-8.2%
Total Western	15.4	14.1	15.3	10.0%
Port Performance				
Western Port Unloads (Number of Cars)	28,070	36,529	295,414	-10.6%
Vessel Time in	14.5	10.9	10.4	-1.3%

Overview
Western Canadian railway grain shipments increased by 6.8% in April 2024, to almost 5.1 MMT from 4.8 MMT in March. This modestly strengthened the 2023-24 crop year shipments, with total YTD tonnage falling by 7.6% to 41.3 MMT from 44.7 MMT a year earlier. Port shipments for April totalled 3.5 MMT, a 21.3% rise from March volume, and a 6.0% increase from those in April 2023. Crop-year volume shipments registered a decline of 6.7% at the end of the first three quarters. Month-over-month, a decrease is seen in the average amount of time vessels spent in port, which fell to 10.5 days in April from 14.5 in March. The overall first-three-quarter average vessel time in port measures 10.4 days.

Government of Canada / Gouvernement du Canada

Highlights for April 2024 and Third Quarter 2023-24 CY

- Traffic and Movement (Page 2)
 - Primary elevator shipments of 36.3 MMT in the first three quarters of the 2023-24 crop year were 6.4% less than in the previous year.
 - Total Western Canadian rail shipments to all destinations from all primary elevators and producer-car sales in the first nine months of the 2023-24 crop year totalled 41.3 MMT, down 7.6% from the previous crop year.
 - Rail shipments from Western ports totalled 26.4 MMT in the first three quarters of the crop year, down 0.7% from last crop year.
- System Efficiency and Performance (Page 4)
 - Average weekly primary elevator stocks decreased 4.0% from the same period last year, while average days-in-store grew 4.1%.
 - Average weekly port terminal stocks increased 0.7% from the same period last year, while average days-in-store grew 10.2%.
 - The preliminary average car cycle for hopper-car movements to Western Canadian ports decreased by 14.0% in April, to 14.1 days from 16.4 days in March. Still, the YTD average rose by 10.0%, to 15.3 days from the 13.3 days posted a year earlier. In comparison, the rail cycle fell to movements into Western Canada terminals, with the YTD average falling by 12.3% to 21.0 days, while those in the US posted a 2.3% increase, rising to an average of 27.0 days.
 - The average vessel time in port during the first three quarters of the 2023-24 crop year was 10.4 days, a 1.3% decrease from that observed the previous crop year.
 - Port terminal out-of-car time fluctuated through the third quarter, jumping to 21.0% in February before settling to 14.4% in April. The



Government of Canada / Gouvernement du Canada



Canadian Grain Logistics in the Global Market



Determining Factors

- Geography
- Infrastructure
- Demographics
- Climate



Length of Haul to Export

- Brazil: 100-1250 miles (580 miles average) (Truck 90%)
- Argentina: 100–500 miles (Truck 90%)
- Australia: 50–150 miles (Truck 50%, Rail 50%)
- United States: 350-600 miles (Truck 20%, Rail 40%, Barge 40%)
- **Western Canada: 800–1,150 miles (Rail 95%, Truck 5%)**



Dependency on Exports (% of Crop Exported)

- Brazil: 50% (150 MMT of 300 MMT)
- Argentina: 50% (50 MMT of 100 MMT)
- Australia: 45% (27 MMT of 60 MMT)
- United States: 30% (160 MMT of 550 MMT)
- **Western Canada: 66% (50 MMT of 75 MMT)**
 - *Grains, oilseeds & processed products exported versus total production*



- Is “Gridlock” the right reference or is it something else... different?
- Does the “system” meet the demands of the markets we serve?
 - Not always
- We have a problem with Supply Chain Consistency which affects our reputation as a reliable supplier of product...

WHY?

And where did it start?





“Those that fail to learn from history are doomed to repeat it.”

Winston Churchill, 1948



The Crowsnest Pass Rail Freight Rate

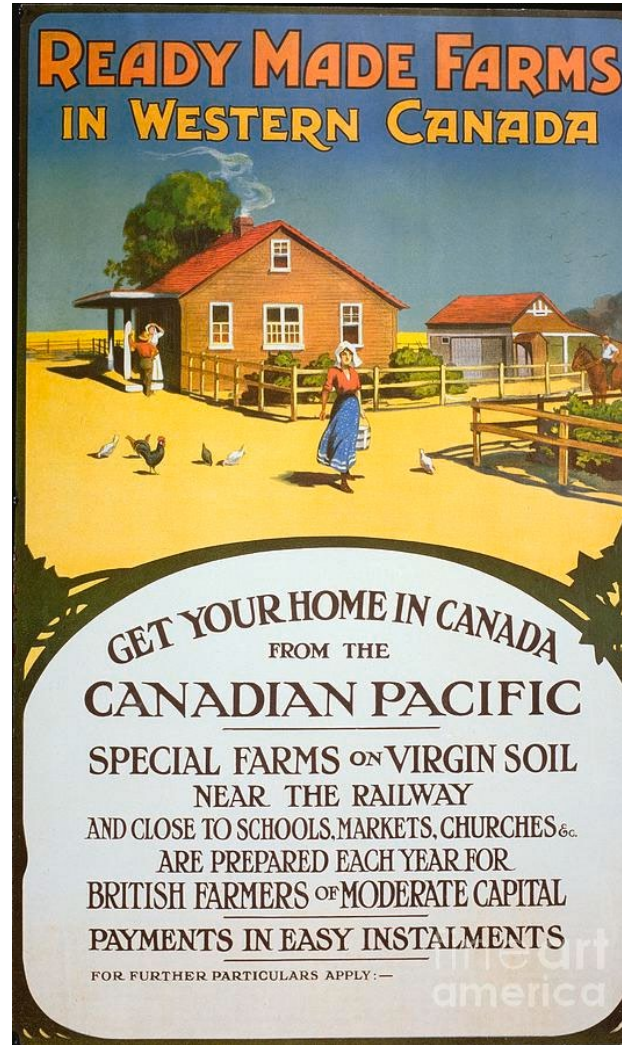
A deal between CPR and the Federal Government

The Government got:

- A physical connection to the West Coast.
- The Railways participation in attracting settlers/ grain farmers to Western Canada.
- The foundation of a practical economy in the West.

The Railways got:

- A guaranteed freight rate for the movement of grain
- Subsidies in the construction of rail lines
- Rights of expropriation



There was a long-standing mutually beneficial relationship between the Government and the railways:

- Created the foundation of a Western Economy initially based on the grain industry
- It gave the railways a foundation on which to grow their business interests



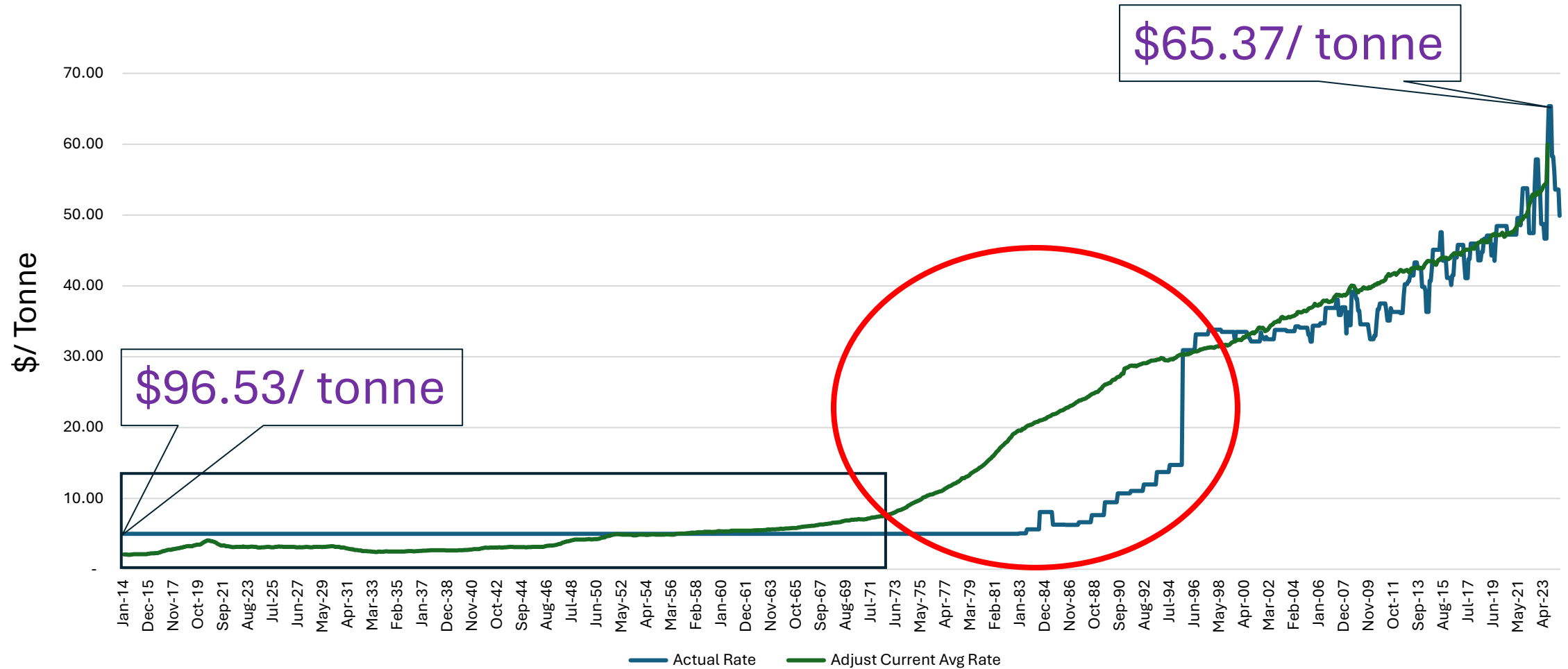
Major Commissions of Inquiry, Investigations and Acts of Parliament

1897-1922	Crowsnest Pass Rate Established
1889	Senkler Commission
1900	Commission into Railway Service
1902	Sintaluta Case
1906	Commission on the Grain Trade
1910	Saskatchewan Elevator Commission
1916	Drayton -Acworth Commission
1923	Grain Inquiry Commission
1931	Duff Commission
1931	Stamp Commission
1936	Turgeon Commission
1948-51	Turgeon Commission (2)
1959-61	McPherson Commission
1972-94	Federal Government hopper car purchases
1975	Hall Commission
1983-95	Robson line abandonment/ Branchline Rehab Program

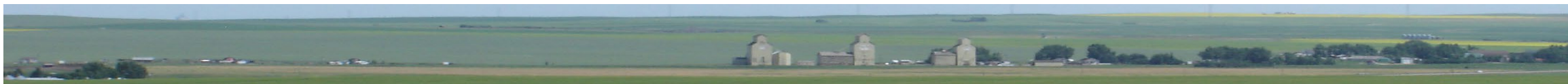
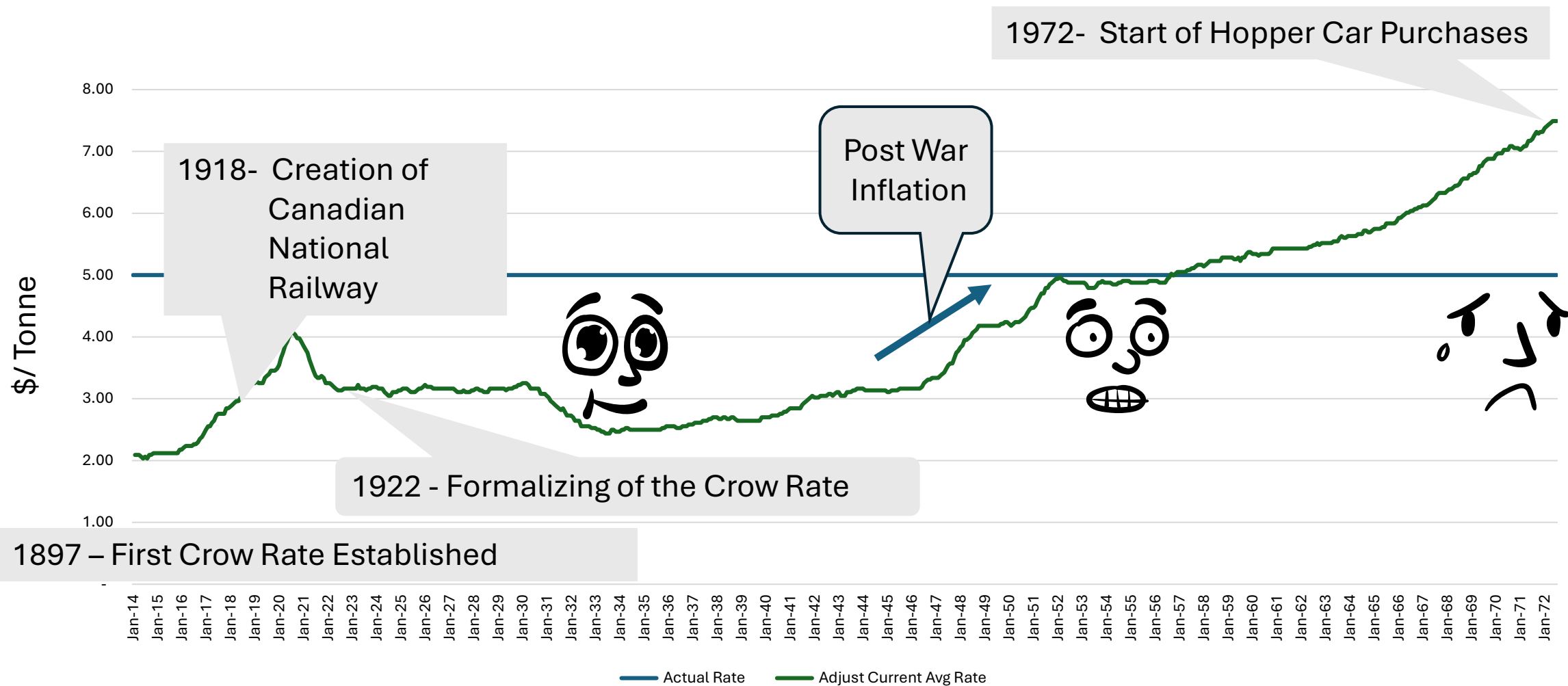
1983-93	CN Pass Rate converted to Maximum Rate scale
1983	Western Grain Transportation Act
1988	Economic Council of Canada Investigation
1992	National Transportation Act Review Commission
1995	Western Grain Marketing Panel Commission
1995	CNR Privatization (\$2.25 B sale) (\$52.7 B today)
1998	Estey Commission
1999-00	Krueger Review
2000	Maximum Revenue Entitlement
2001	Canada Transportation Act Review
2011	Rail Freight Service Review
2014	Fair Rail for Farmers Act
2016-18	Canada Transportation Act Review
2018	Act to change MRE
2018	MRE Change to incent hopper car renewal

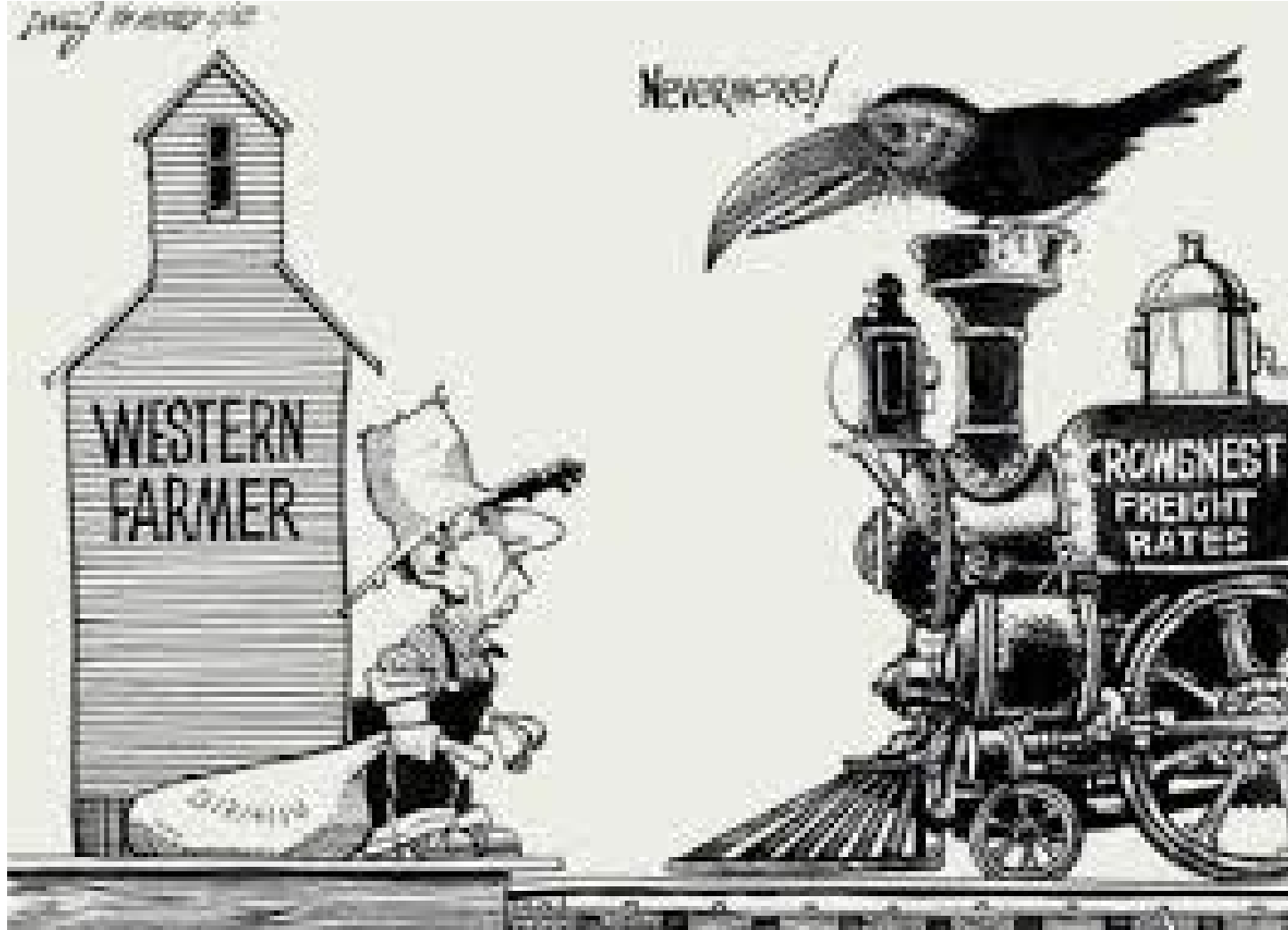


1914-2024

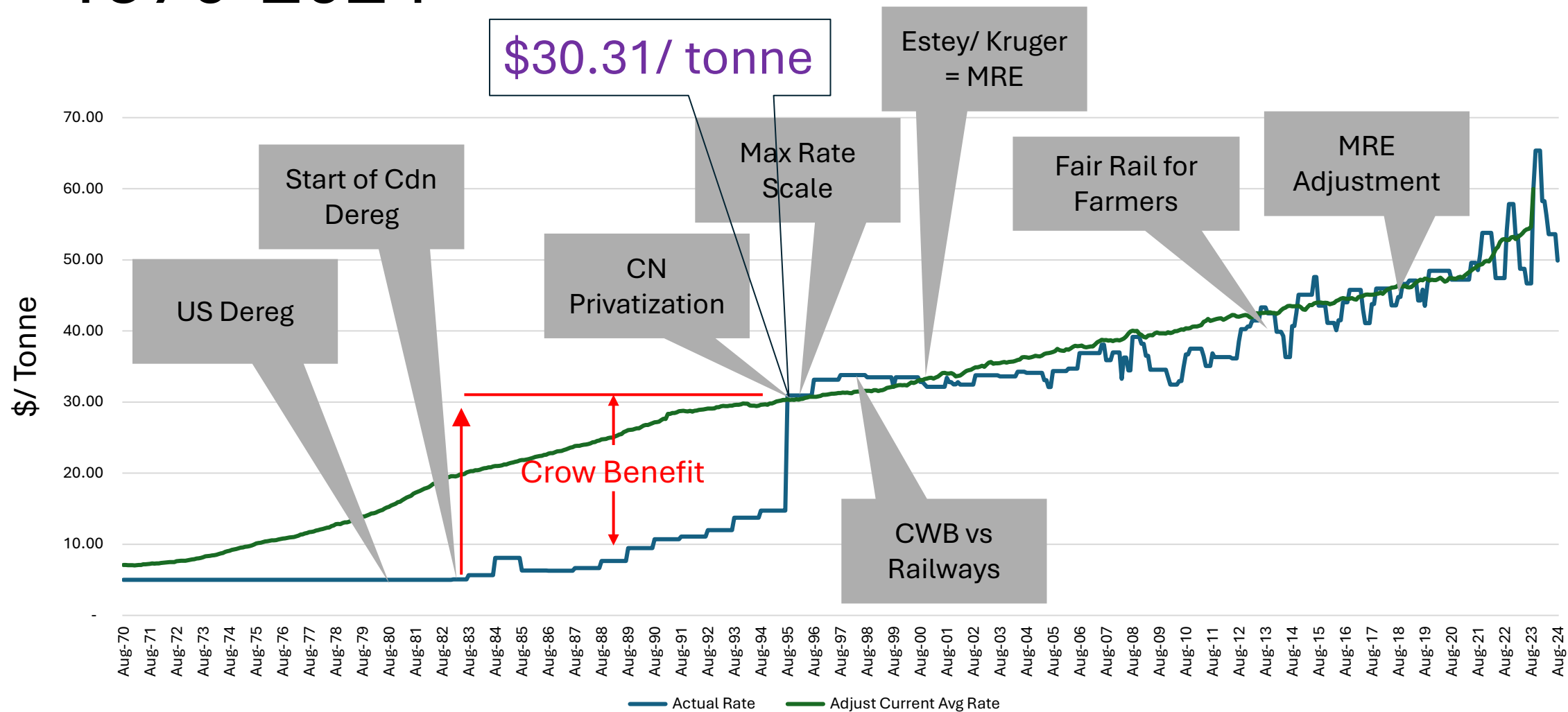


1914-1972





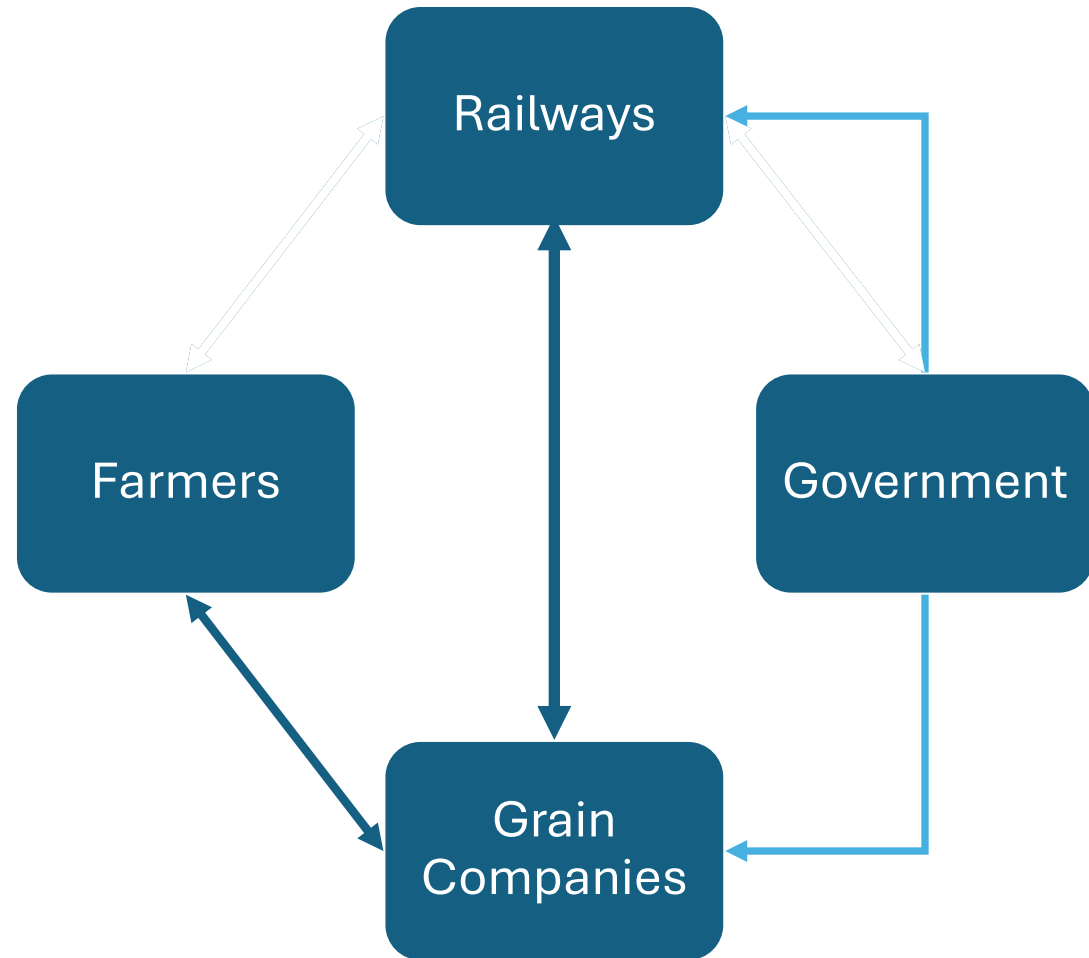
1970-2024



So, Why the History and What has changed ?

(and who benefited?)

- Railways focus largely shifted from that of “Nation Building” to that of the shareholders value
- The relationship between Gov’t and Rail has changed but the regulatory function remains
- The role of the Gov’t sometimes balances between Regulator and Advocate



Where is the Problem?

Duopoly/ Monopoly Power

Focus on Aggressive pursuit of efficiency

- Cost Control
- Asset Utilization

Answers to shareholders though

They should reregulate!

They lack the quantifiable proof though...

- Mostly Anecdotal evidence

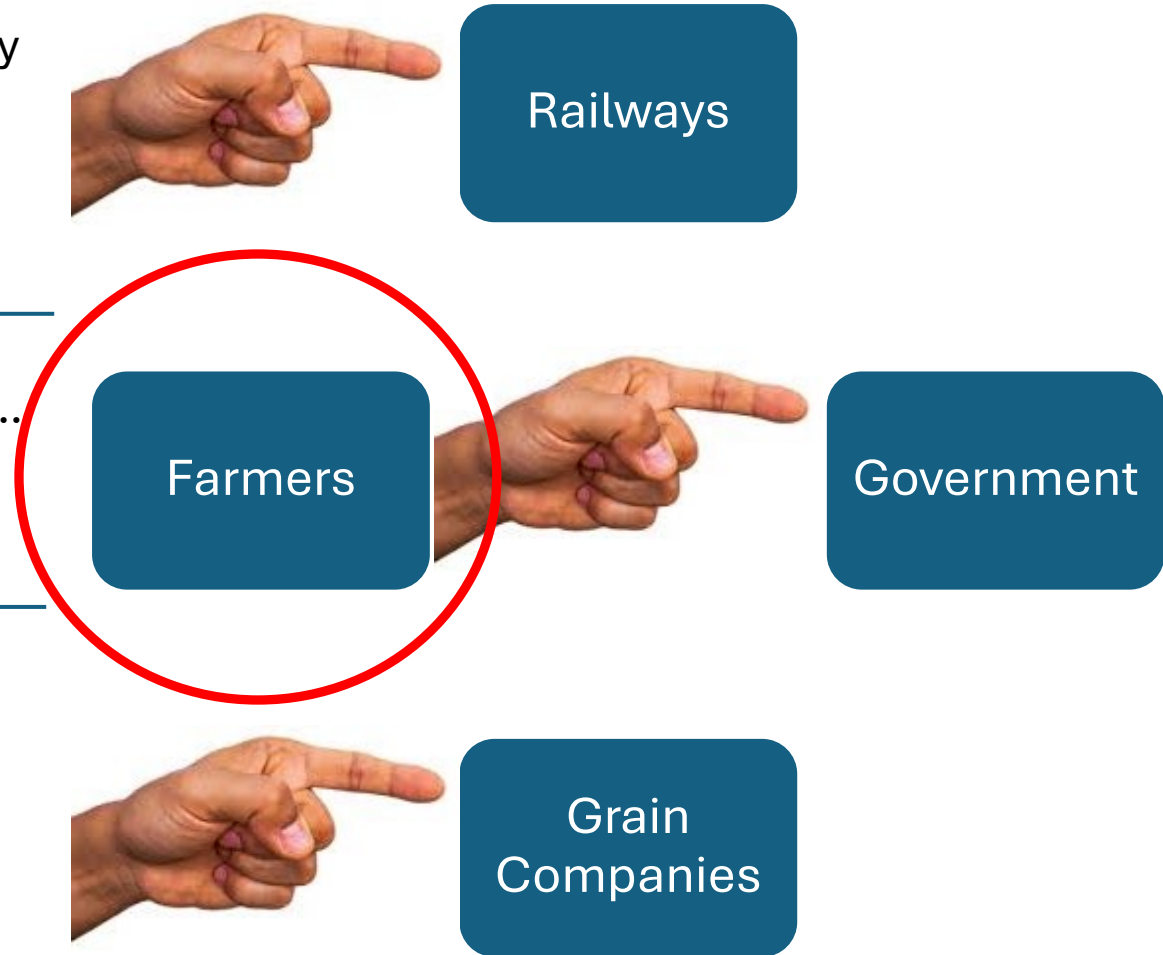
They are charged with balancing the needs of all stakeholders

They should provide better forecasts on production volumes!

(Give me a break)

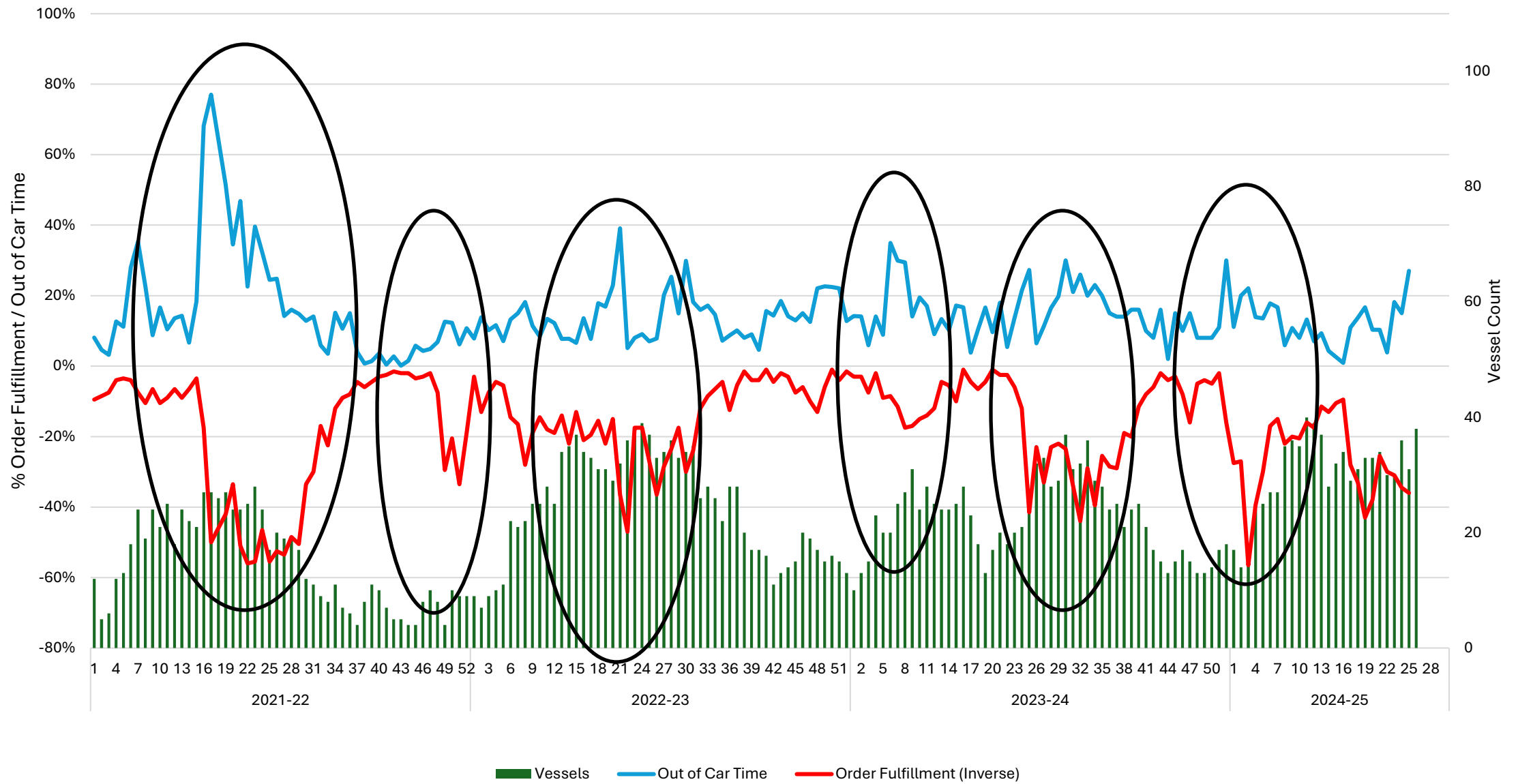
They should flatten the peak volume periods in order to “balance the flow”

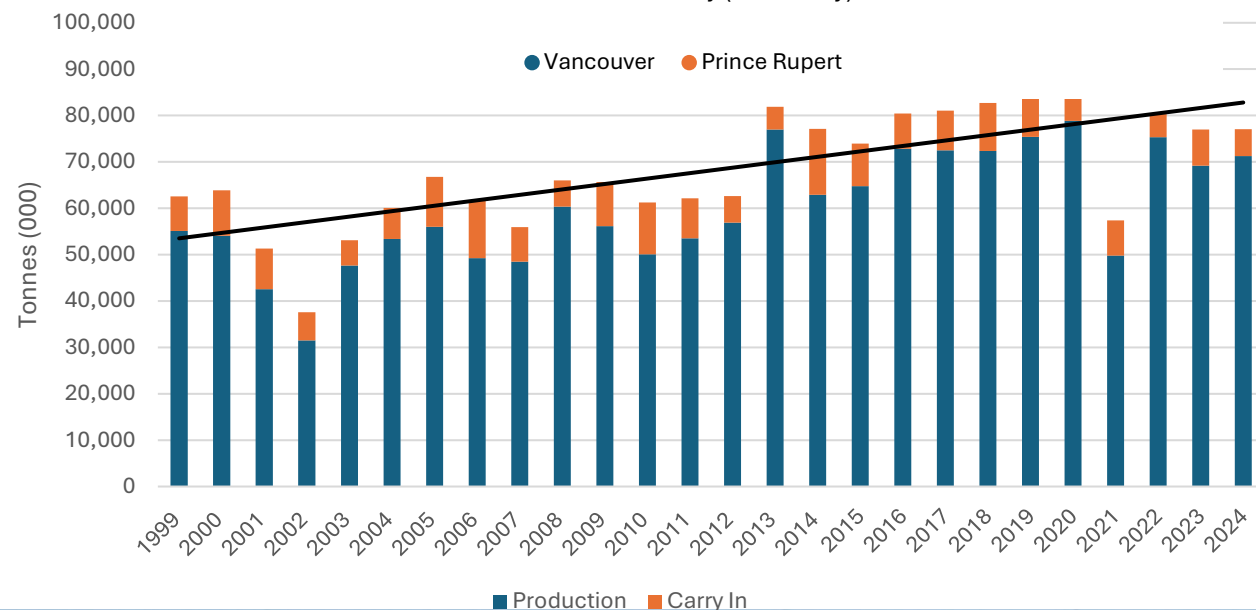
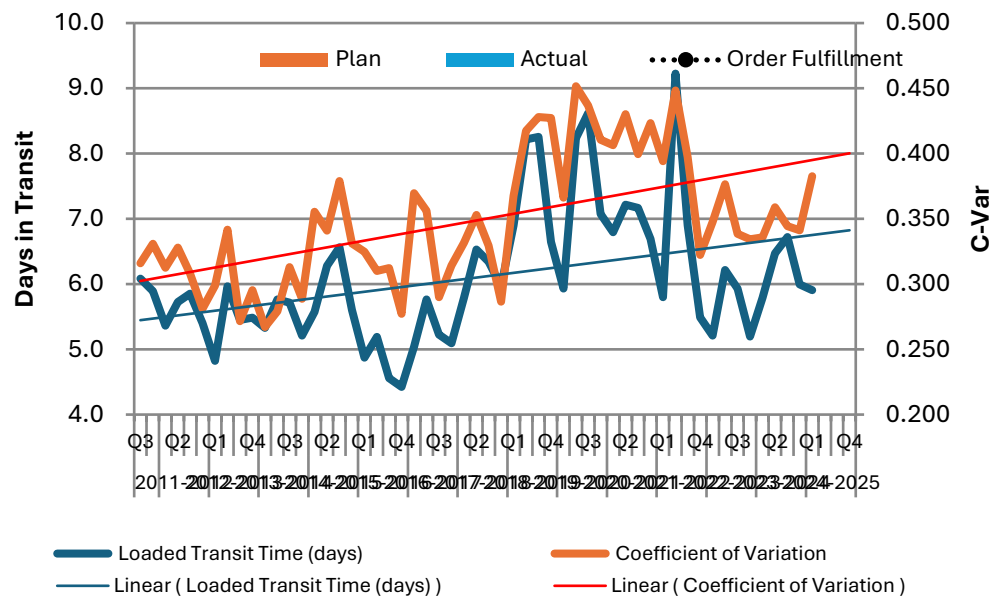
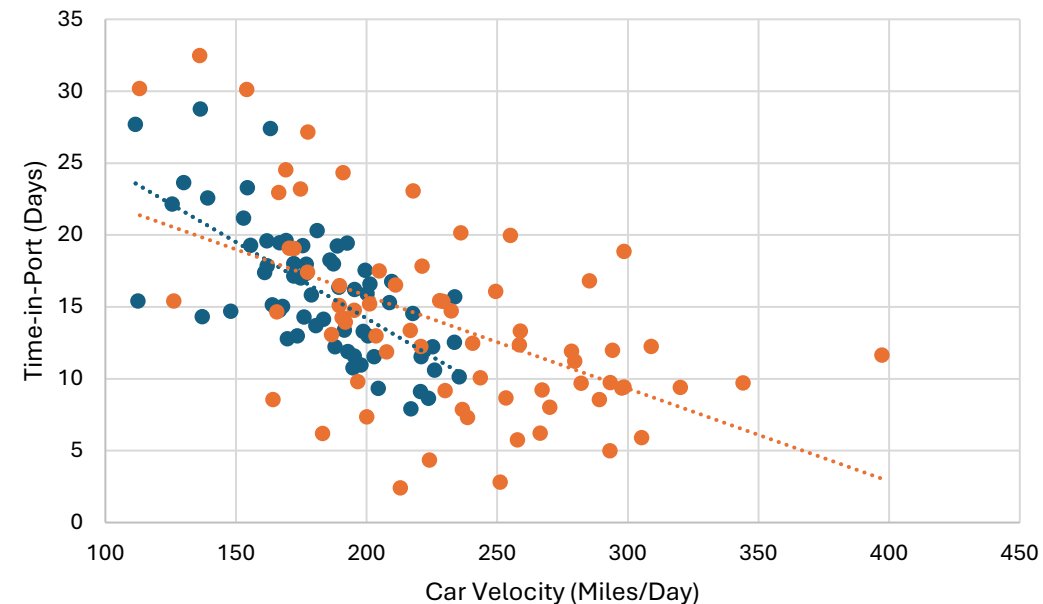
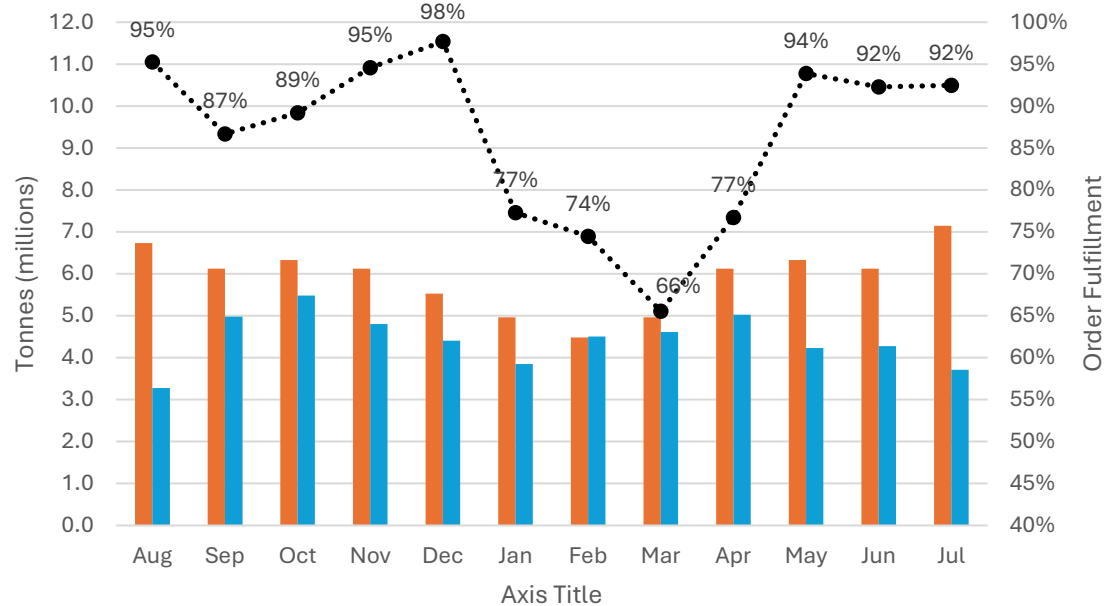
(That’s not how the global marketplace works)

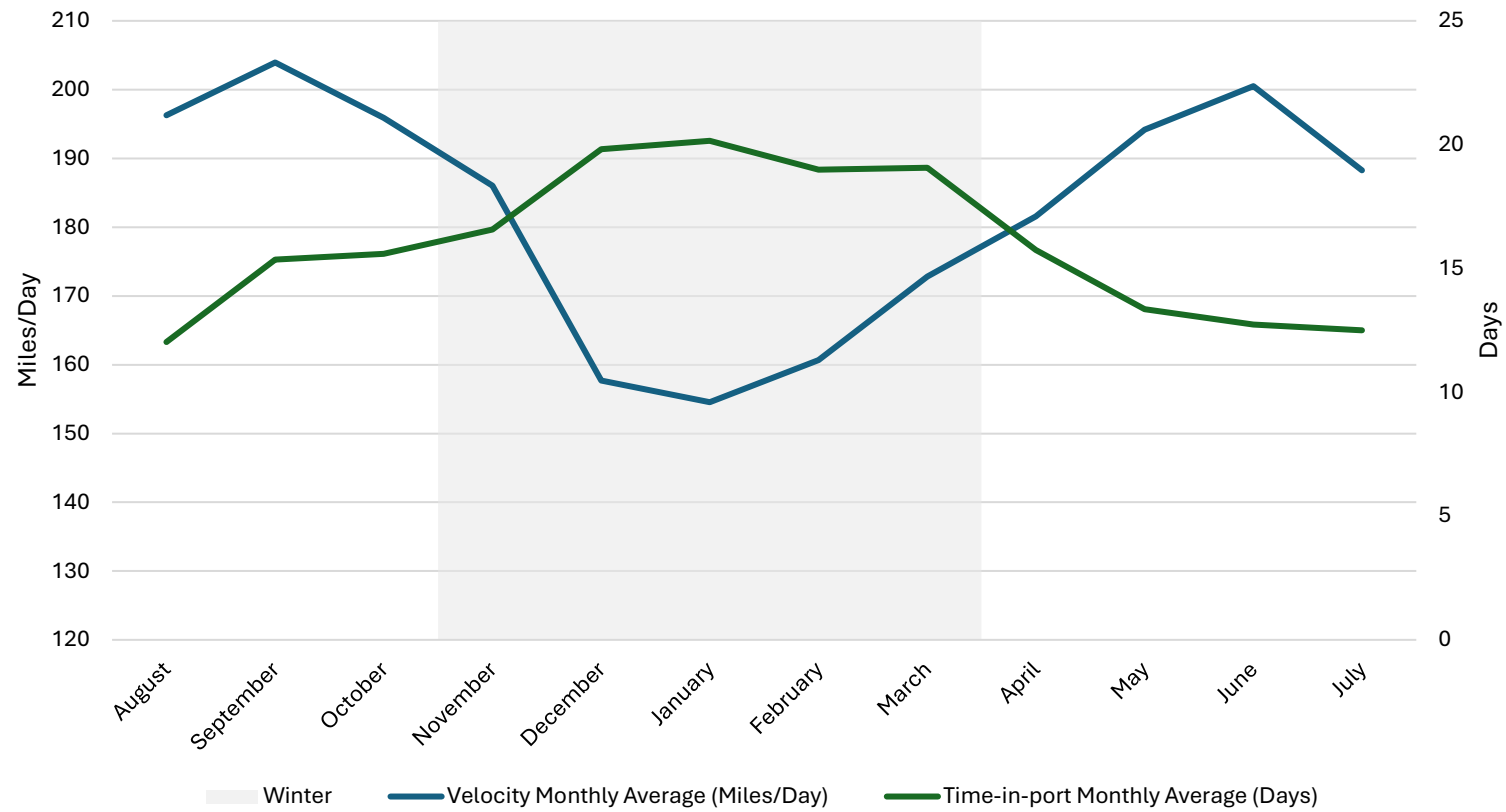


“The first step in solving a problem is recognizing there is one.”



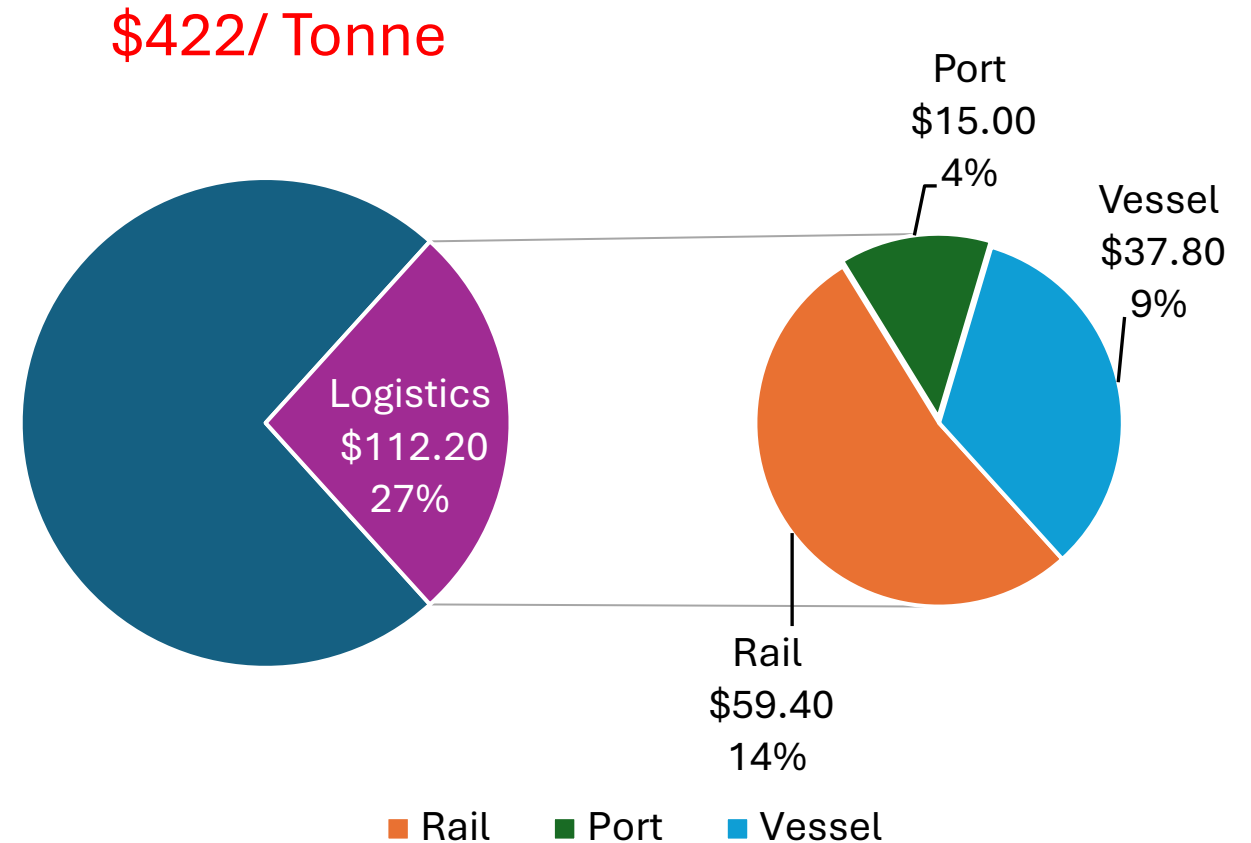






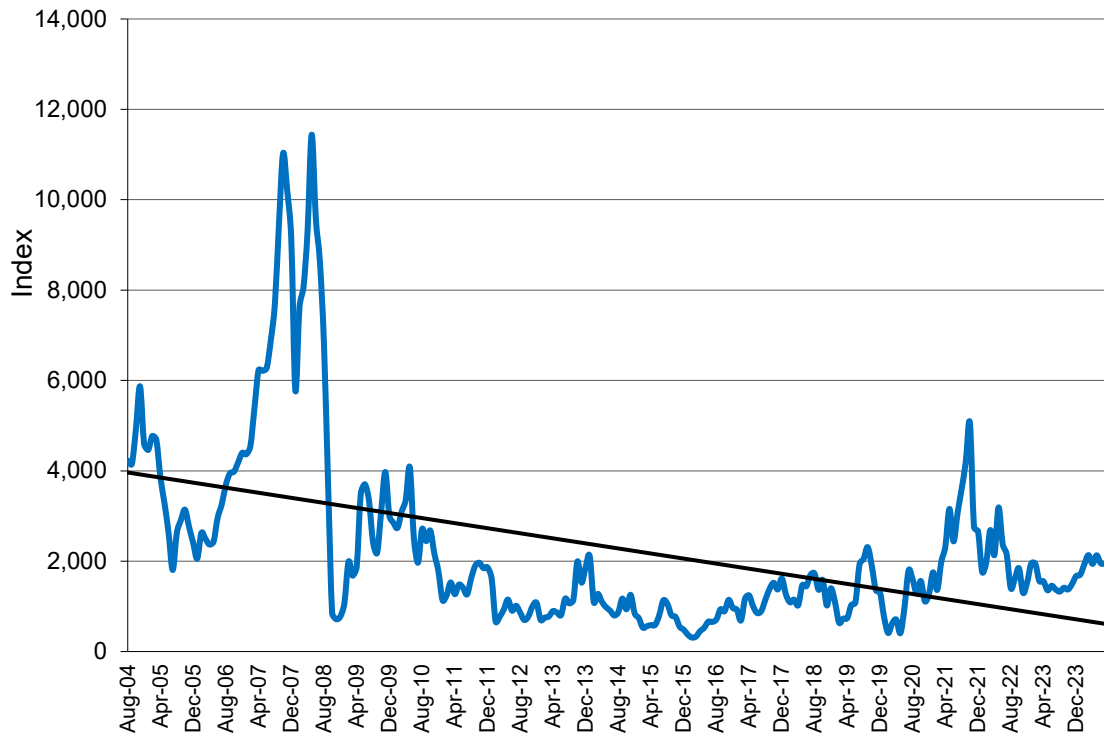
Logistics Proportion of Final Price

- Example of grain destined Japan (via Vancouver) from Saskatoon
- Distance from Prairie origin to destination most often determines the routing, as the rail cost is the factor.

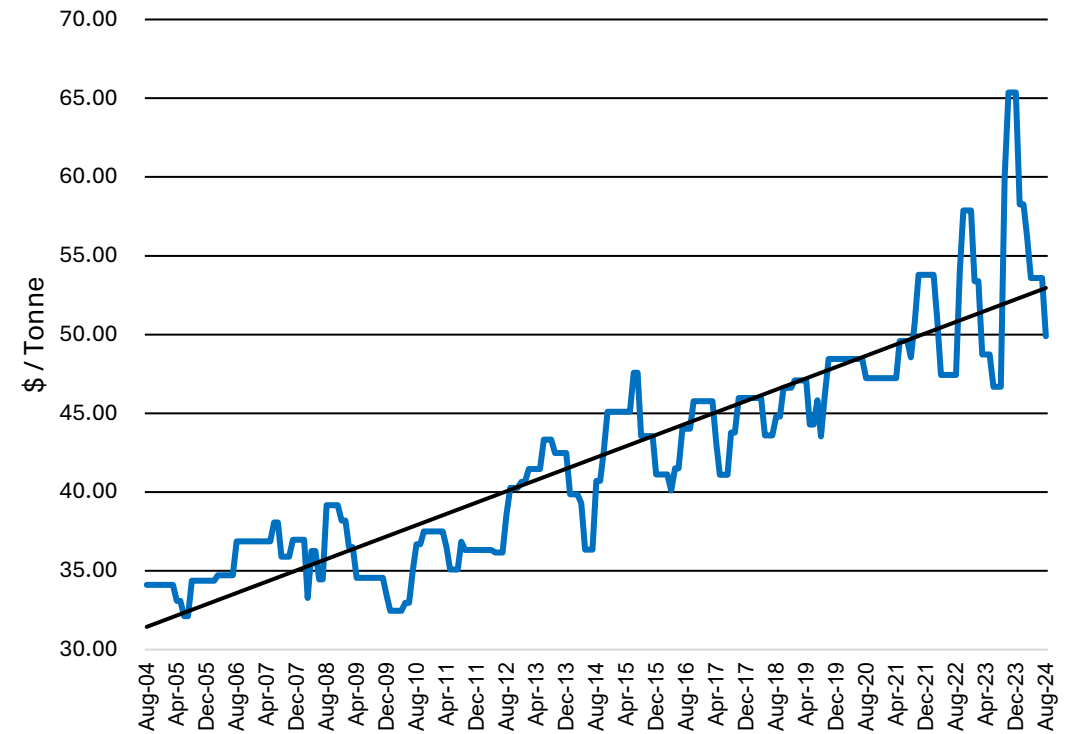


20 Years of Maritime and Rail Rates

Baltic Dry Index



Average Rail Rate (per Tonne)



- The problem, it would appear, is the inconsistency of railway service
- That's simple.... Right?
- Politics, Policy and Leverage
- Is “Gridlock” a physical infrastructure issue or, is it operational ?

Operating Ratios

UP	60.7
CSX	63.2
CN	63.6
CPKC	64.0
BNSF	69.5
FXE	69.9
NS	71.4



“Insanity is doing the same thing over and over again and expecting different results.”

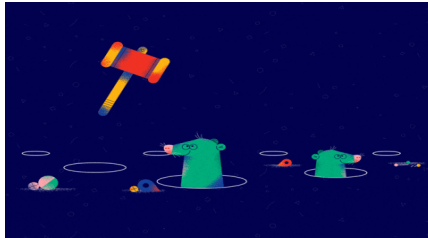
Attributed to Albert Einstein





Two Choices

More Whack a Mole



Correct the “Systemic” Issues:

- Detailed Data
- Measures
- FACTS!



“You cannot manage what you do not measure.”

William Demmings





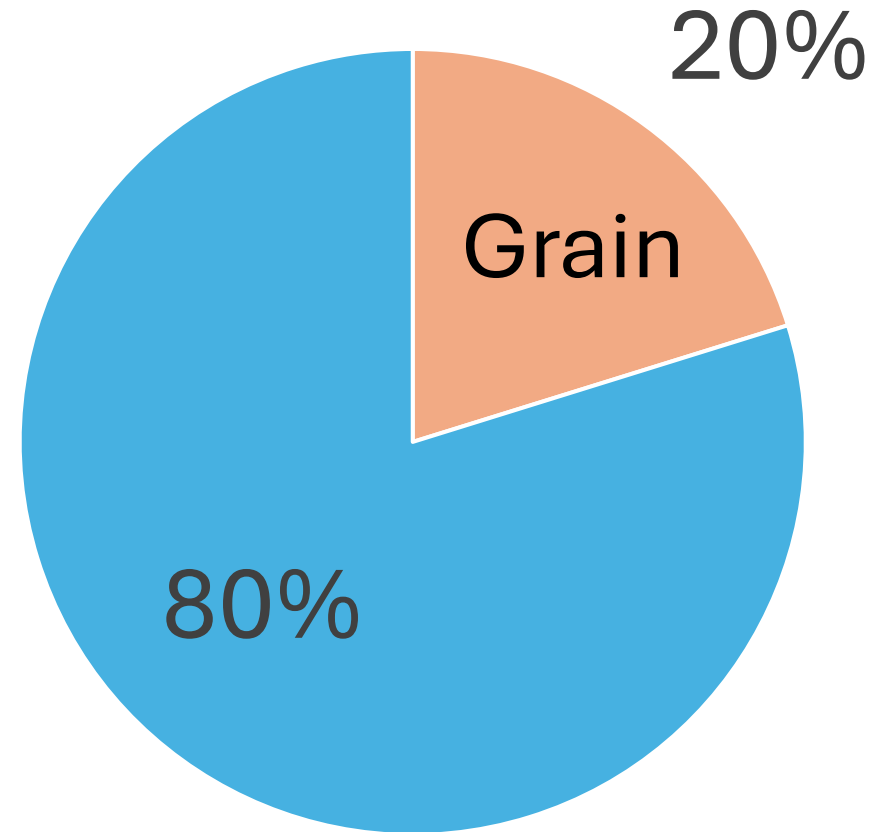
- Detailed Data
- Performance Measures
- Research
- **FACTS!**



Yes, the Grain Sector has
the Grain Monitor (GMP) and
Ag Transport Coalition (ATC)
Programs ...

But, ...

Canadian Railway Revenues (2023)



So

- Convince other Market Sectors to **GET ON BOARD!**
- **STOP** using **anecdotal** evidence to explain and describe systemic problems
 - Focused **RESEARCH**
- Use **FACTS** supported with data to convince Government AND Railways of the systemic problems to achieve greater **redundancy and resiliency**

The goals are:

An **increased NET GDP** of Canada and **OVERALL PRODUCTIVITY**

AND

Make the Canadian grain supply the most reliable in the world!



Agricultural Producers Association of Saskatchewan

Agriculture and Agri-Food Canada

AGT Food and Ingredients

Alberta Agriculture and Irrigation

Alberta Federation of Agriculture

Alberta Grains

Alberta Transportation and Economic Corridors

Alliance Grain Terminal Ltd.

Archer Daniels Midland Co.

Battle River Railway

BC Chamber of Shipping

BC Maritime Employers Association

Boundary Trail Railway Company Inc.

Bunge Canada

Canada Grains Council

Canadian Canola Growers Association

Canadian Federation of Agriculture

Canadian Grain Commission

Canadian Maritime Chamber of Commerce

Canadian National Railway

Canadian Pacific Kansas City Limited

Canadian Ship Owners Association

Canadian Special Crops Association

Canadian Transportation Agency

Canadian Transportation Research Forum

Cando Contracting Ltd.

Canola Council of Canada

Cargill Limited

Cereals Canada

Ceres Global Ag Corp.

Chamber of Shipping of British Columbia

CMI Terminal Ltd.

Fibreco Export Inc.

Fraser Grain Terminal

G3 Canada Limited

Government of British Columbia

Grain Growers of Canada

GrainsConnect Canada

Great Western Railway Ltd.

Inland Terminal Association of Canada

Intercontinental Exchange / ICE

Keystone Agricultural Producers

Lake Line Railroad Inc.

Long Creek Railroad

Louis Dreyfus Canada Ltd.

Manitoba Agriculture

Manitoba Crop Alliance

Manitoba Transportation and Infrastructure

National Farmers Union

North West Terminal Ltd.

Northern Lights Rail

OmniTRAX Canada, Inc.

Parrish & Heimbecker Ltd.

Pacific Pilotage Authority

Paterson Grain

PKM Canada Marine Terminal Limited Partnership

Port of Churchill

Port of Hamilton

Port of Montreal

Port of Thunder Bay

Prairie Oat Growers Association

Prince Rupert Grain Ltd.

Prince Rupert Port Authority

Pulse Canada

Railway Association of Canada

Red Coat Road and Rail Ltd.

Richardson Pioneer Ltd.

St. Lawrence Seaway Management Corporation

Saskatchewan Agriculture

Saskatchewan Highways

Saskatchewan Association of Rural Municipalities

Saskatchewan Barley Development Commission

Saskatchewan Wheat Development Commission

South West Terminal

Statistics Canada

Stewart Southern Railway

The Scouler Company

Transport Canada

Vancouver Fraser Port Corporation

Viterra Inc.

Western Barley Growers Association

Western Canadian Short Line Railway Association

Western Canadian Wheat Growers Association

Western Grain Elevator Association

-



“Without data to back you up, you’re just another asshole with an opinion.”

Name withheld



Thank You

***Reports Available
Website: www.grainmonitor.ca***



Quorum
Corporation

