



# TEAMSTERS CANADA RAIL CONFERENCE DIVISION 320



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**Subject: CN over, CPR under grain revenue caps: CTA**

Dear Brothers and Sisters,

Please find appended a bulletin as posted on the TCRC National website regarding the status of the Canadian Transportation Agency (CTA) and the handling of Prairie grain by CP and CN.

In Solidarity,

Murray Douglas  
TCRC Div 320  
S&C Officer

## **CN over, CPR under grain revenue caps: CTA**

**Source:** Farm Business Communications

Canadian National Railway will be asked to hand over more than \$680,000 in excess revenue it made handling Prairie grain during the 2008-09 crop year.

The Canadian Transportation Agency on Thursday announced CN's grain revenue of \$479.79 million for the crop year was \$683,269 over its federally-mandated revenue cap.

CN now has 30 days to forfeit that overage, plus a five per cent penalty of \$34,163, to the Western Grains Research Foundation (WGRF), which directs that money and its own separate checkoff fund toward research that's meant to benefit Prairie grain growers.

Canadian Pacific Railway, meanwhile, came in \$1,149,665 below its own revenue cap, posting 2008-09 Prairie grain handling revenue of \$484,81 million.

For 2008-09, the total combined revenue cap entitlement for CN and CPR rose by \$208 million over the previous crop year, the CTA said in a release

Thursday.

Over two-thirds of the increase in combined allowable grain handling revenue for CN and CPR can be chalked up to "significant increases" in the amount of grain moved by the railways, the CTA said.

The remainder of the increase stemmed from an eight per cent increase in the volume-related composite price index (VRCPI), an inflation factor that the CTA has to determine in each crop year.

The 2008-09 VRCPI increase, announced in April 2008, was due mostly to higher fuel prices and rising labour costs, the agency said.

The Canada Transportation Act requires the CTA to determine each railway company's revenue cap annually and whether each cap has been exceeded by the railway companies. The caps apply to revenue the railways derive from the movement of grain from Prairie origins to terminals at Vancouver, Prince Rupert, B.C., Thunder Bay, Ont. and Churchill, Man.

### **"Frustration"**

The Saskatoon-based WGRF, which directs the railways' overages into an endowment fund for grains research, didn't yet have any official comment Thursday on its website. Nor did CN, which is able to file appeals of the CTA's rulings.

The two railways' combined overages at the end of the 2007-08 crop year were calculated at \$68.7 million, plus penalties of 15 per cent each. The overages were made massive for 2007-08 due to the CTA's recalculation of what railways could claim for grain hopper car maintenance expenses.

The rulings that year drew the ire of various farm groups, which urged Ottawa to figure out a formula instead that would see Prairie farmers repaid directly for what they overpaid the railways, and leave the 15 per cent penalties to the WGRF endowment fund.

"We urge everyone to remember that WGRF did not lobby for this money," the foundation has since said in a statement on its website. "WGRF is farmer-funded and farmer-directed; the last thing we want to do is alienate producers who we have been working with and for since 1981."

Prairie farmers, the foundation said, "have every right to be upset about being overcharged but taking your frustration out on public wheat and barley breeding programs by opting out of the (WGRF's research checkoff on Prairie grain marketings) is not the correct way to voice your displeasure."

***[www.teamstersrail.ca](http://www.teamstersrail.ca)***