Government of Canada Hopper Car & Grain Monitoring Overview

Presentation for Fields on Wheels
December 3, 2014
In the early 1970’s, the Federal Government became involved in grain hopper car ownership and over a span of 20 years purchased 13,500 cars.

Transport Canada assumed responsibility for the cars in 1996 from the Grain Transportation Agency.

After considering selling the fleet, the Federal Government made a decision to retain ownership of its grain hopper cars in 2006.

New operating agreements with CN and CP Rail were completed in 2007 in order to outline the manner in which the hopper cars are to be administered.

Government of Canada grain cars are provided to the railways at no cost for grain movements from Western Canada to Western Canadian ports for export.
The operating agreements meet several key commitments made to grain producers and taxpayers.

**Railway Responsibility:**

- Ensure there is sufficient capacity in the hopper car fleet to move grain and replace the capacity lost by retired cars.
- Refurbish the fleet to ensure that the hopper cars remain in good operating condition throughout their service life.
- When the cars are used for purposes other than regulated grain movements, pay an alternate use fee to the federal government (taxpayer benefit of about $15 million per year.)
- Pay the federal government for damaged and destroyed cars.
HOPPER CAR AGREEMENTS: RESPONSIBILITIES CONT’D

Refurbishment of Hopper Cars:

- As part of the Operating Agreements negotiated in 2007, CN and CP agreed to refurbish the Government of Canada Hopper Car Fleet.
- As a result of this refurbishment program the useful life of the Hopper Cars was extended from 40 to 50 years.
- The next group of Hopper Cars to reach the end of their useful service life will be in 2026 and 2027.
- The remaining hopper cars will be retired from 2032-34, with all cars retired by 2036.
Federal Government Responsibility:

- Provide the hopper cars to the railways at no cost for export grain movements to the ports of Thunder Bay, Churchill, Vancouver and Prince Rupert.
- Monitor the Operating Agreements with CN and CP to ensure they are meeting their obligations.
- Monitor the condition of the cars.
- Collect alternate use fees for the use of government hopper cars when not used to move regulated grain.
- Receive payments for damaged and destroyed cars.
As of September 30, 2014 there are 8,428 cars in active grain service.
The increase in retired cars in 2008 is as a result of the retirement of Aluminum Hopper Cars. Aluminum Cars were retired because of safety considerations.
HOPPER CAR AGREEMENTS: REVIEW AND ANALYSIS

Monthly Operating Reports by Railway:

- Report on car use – detailed car movement records, destroyed cars and repairs and on car availability – how long are they out of service?

Transport Canada Review and Analysis:

- Monitor producer car deliveries inside of Canada.
- Monitor grain car unloads, terminal stock levels and vessel movements.
- Monitor information from the Ports of Vancouver, Prince Rupert, Thunder Bay and Churchill.
- Are the cars being stored for long periods of time and why?
- How many are on-line?
- Are we receiving the correct amounts for alternate use?
- Are we being paid for damaged and destroyed?
- Do the cars remain in good condition?
HOPPER CAR AGREEMENTS: PUBLIC ACCOUNTABILITY

Public Annual Report

- Summarizes information based on the calendar year.
- Includes results of refurbishment and maintenance inspections.
- When published, information that the railways provide is aggregated.
- Available through Transport Canada by contacting karmen.klarenbach@tc.gc.ca or robert.sumner@tc.gc.ca