



**Monitoring the Canadian
Grain Handling and
Transportation System**

Getting our Grain to Market

**WCWGA
Convention 2006**

**Saskatoon, SK
March 16, 2006**



Topics

- Numbers
- Dashboard
- The Supply Chain
- Issues
- Summary



The GHTS on an Average Week,

Will see:

12,900 truckloads of grain

Leave over **9,000 different farms**

Going to one of **356 elevators**

Located in one of **282 communities**

Where **4,200 carloads** are loaded

And sent out on over **50 different trains**

Destined to one of **16 port terminal elevators**

In one of the **four Western Canadian Ports**

Where **14 ships** are loaded and sent to world markets ...

Carrying Western Canadian grain



Numbers

- 20.8 million tonnes moved, 18.9 mmt loaded to bulk vessels
- Approx. 672,000 truckloads delivering grain
- 356 elevators at 282 delivery points
- 18,763.7 miles of track
- 218,447 cars unloaded at ports
- 695 vessels loaded with an average of 27,250 tonnes per load
- Value of WC export movement = \$6 B ++
 - Cost of Transportation and Logistics = \$1.35 B ++



Country Elevators - 1999

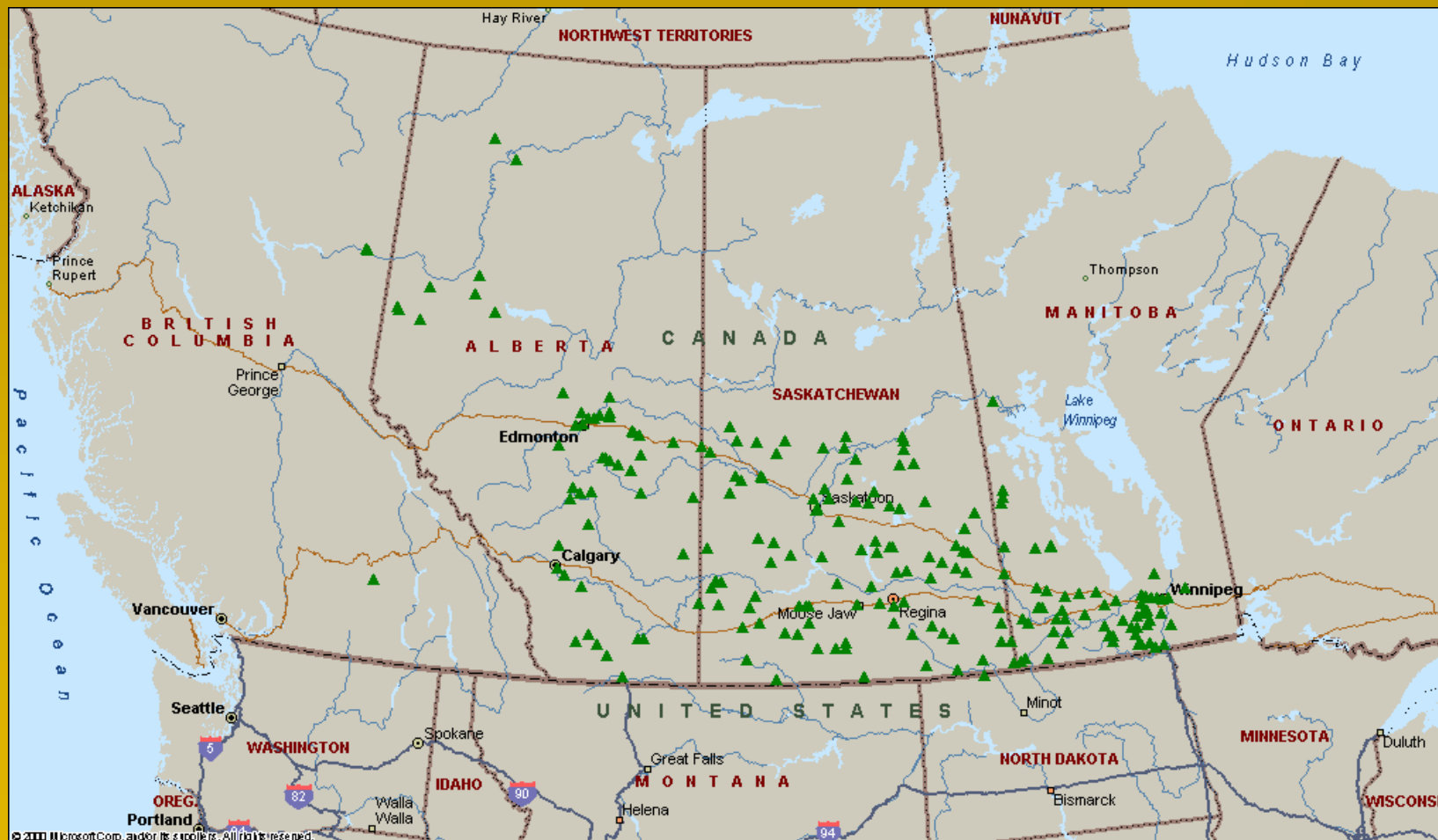


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Country Elevators - 2005

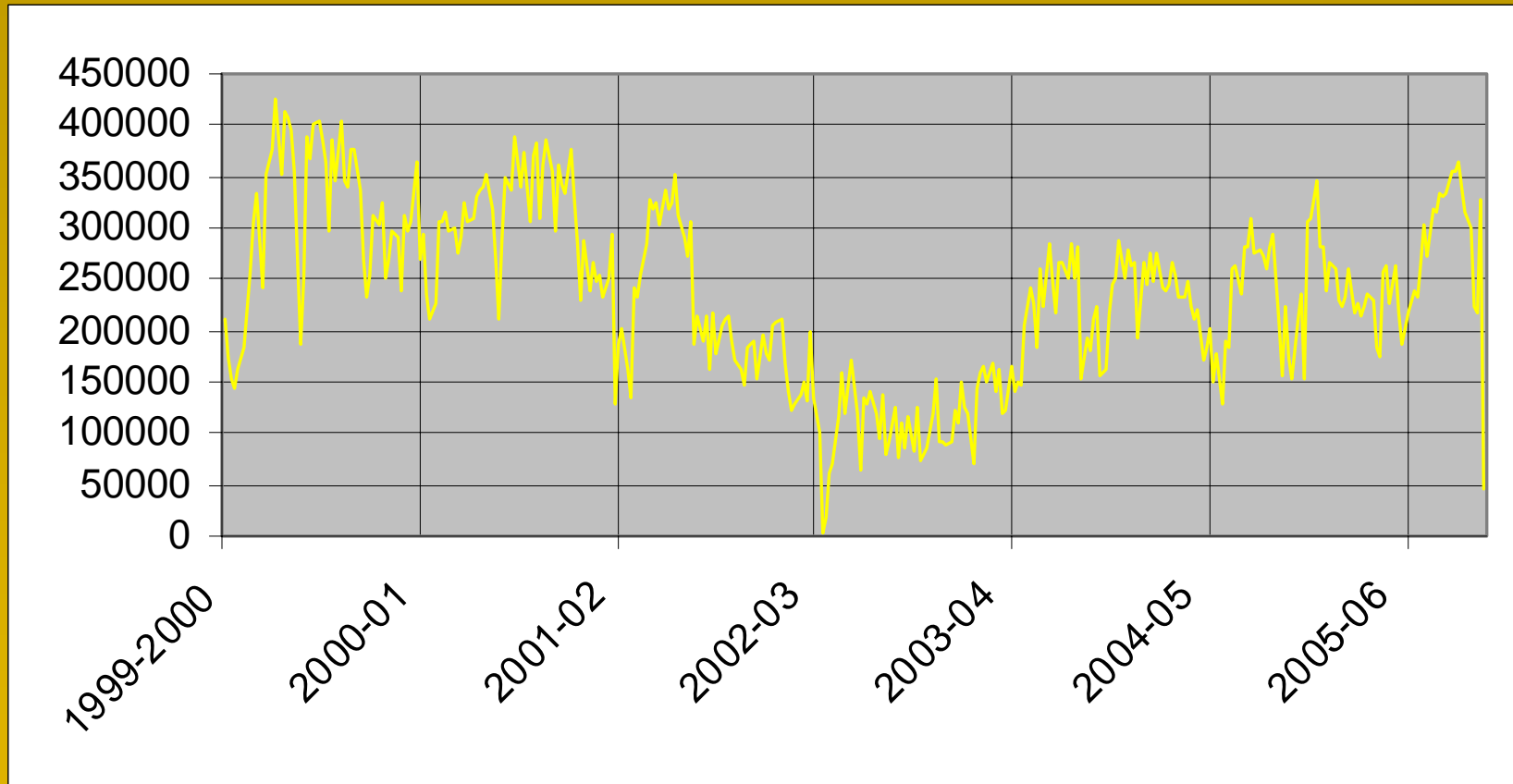


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Actual tonnes unloaded/ week



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The GMP Dashboard

- Time in System: 58.1 Days
 - Loaded Car Cycle : 8.8 Days
 - Time In Store – Country: 29.6 Days
 - Time in Store – Terminal: 19.7 Days
 - Vessel Time in Port: 5.2 Days
-
- Elevator Turnover Ratio
 - Country: 4.3 (YTD)
 - Terminal: 7.0 (03-04)
 - Total Car Cycle: 17.9 Days

↓ 6.7%

↓ 1.1%

↓ 14%

↑ 3.6%

↑ 30%

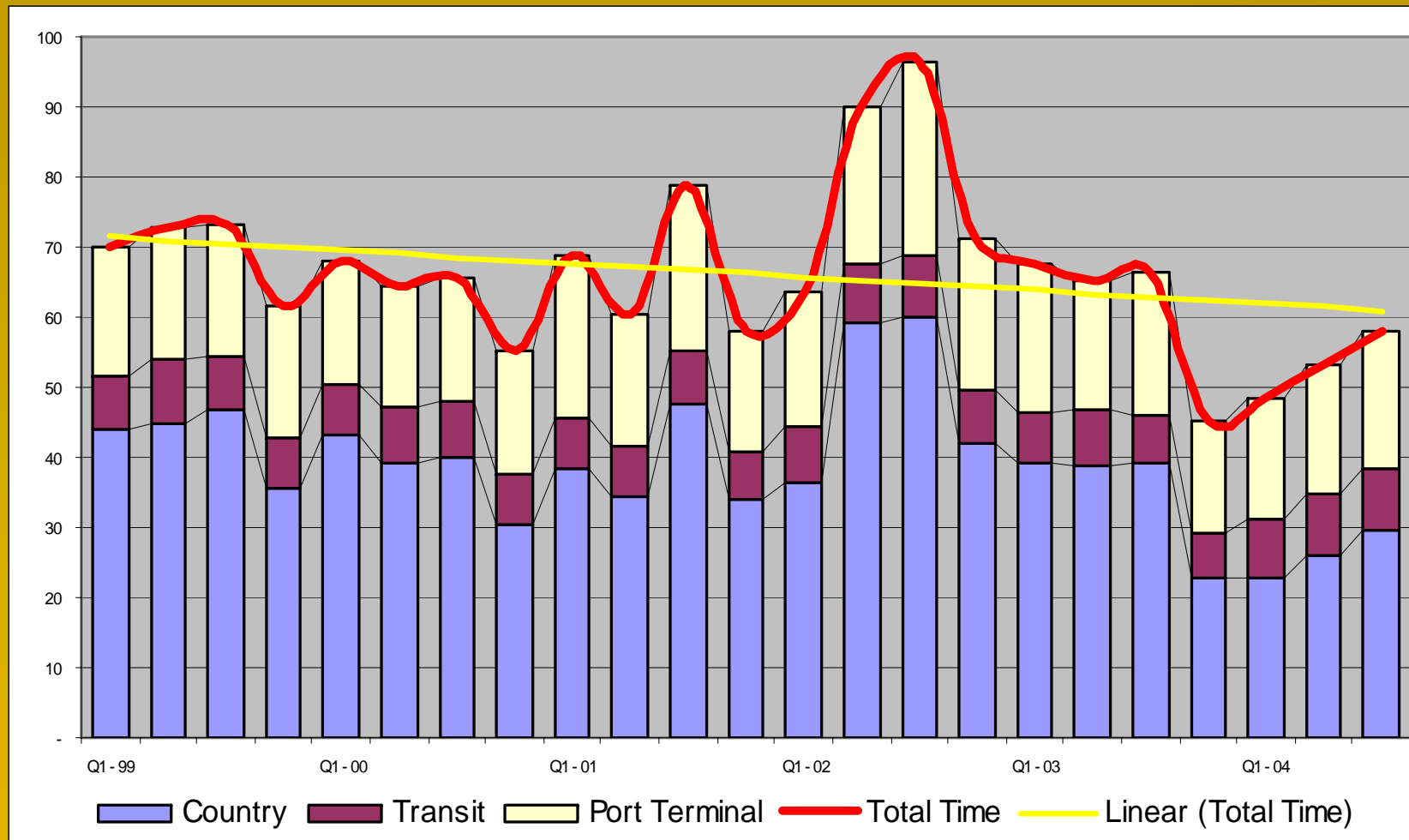
↑ 4.9%

↑ 40%

↑ 7%



The Supply Chain

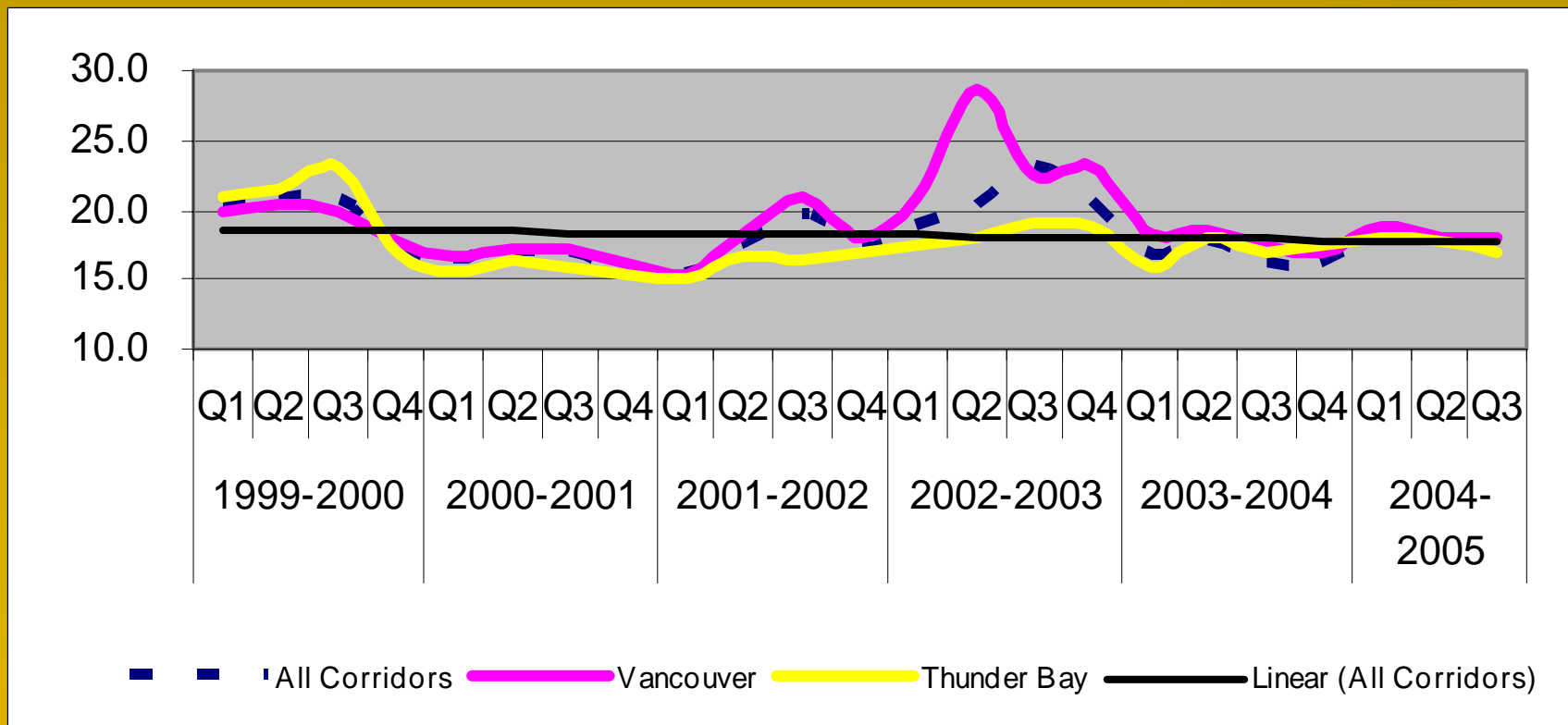


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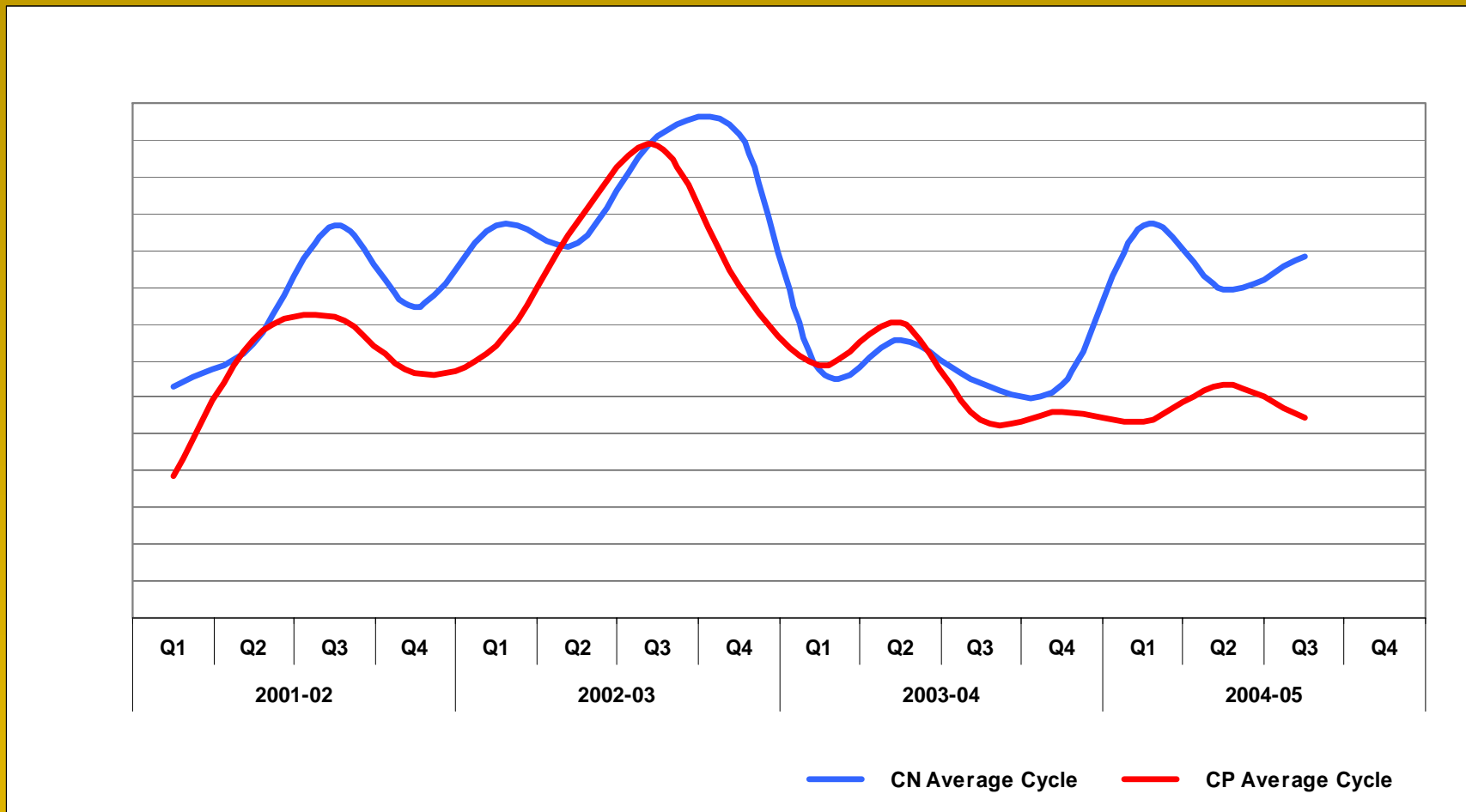


Car Cycles





Comparative Car Cycles



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Issues and Challenges

- Producers
- Grain Companies
- Railways
- Port Terminals
- General



Producers

- Optimizing margins through managing costs
- Avg. increase over GMP has been 1.2%/ year
- Export Basis has held, but up this year
- Longer truck hauls
- Delivery options and alternatives

* *estimated*

** *elevation, cleaning & CGC fees*

	03-04	04-05*	Var.
Freight	33.32	33.70	+1.1%
Truck	5.94	6.55	+10.3%
Elev.**	15.92	16.20	+1.8%
CWB	7.79	6.75	-13.4%
Prem.	(7.39)	(5.17)	-30%
Total	\$55.51	\$58.03	+4.5%



Grain Companies

- Resurgence to the black
- Continued rationalization
- Challenges in the logistics of movement continue
 - Different approaches for different sized companies



Railways

- Both Class 1's had exceptional financial performance
- Capacity issues continued to challenge
- CN/CP Co Production

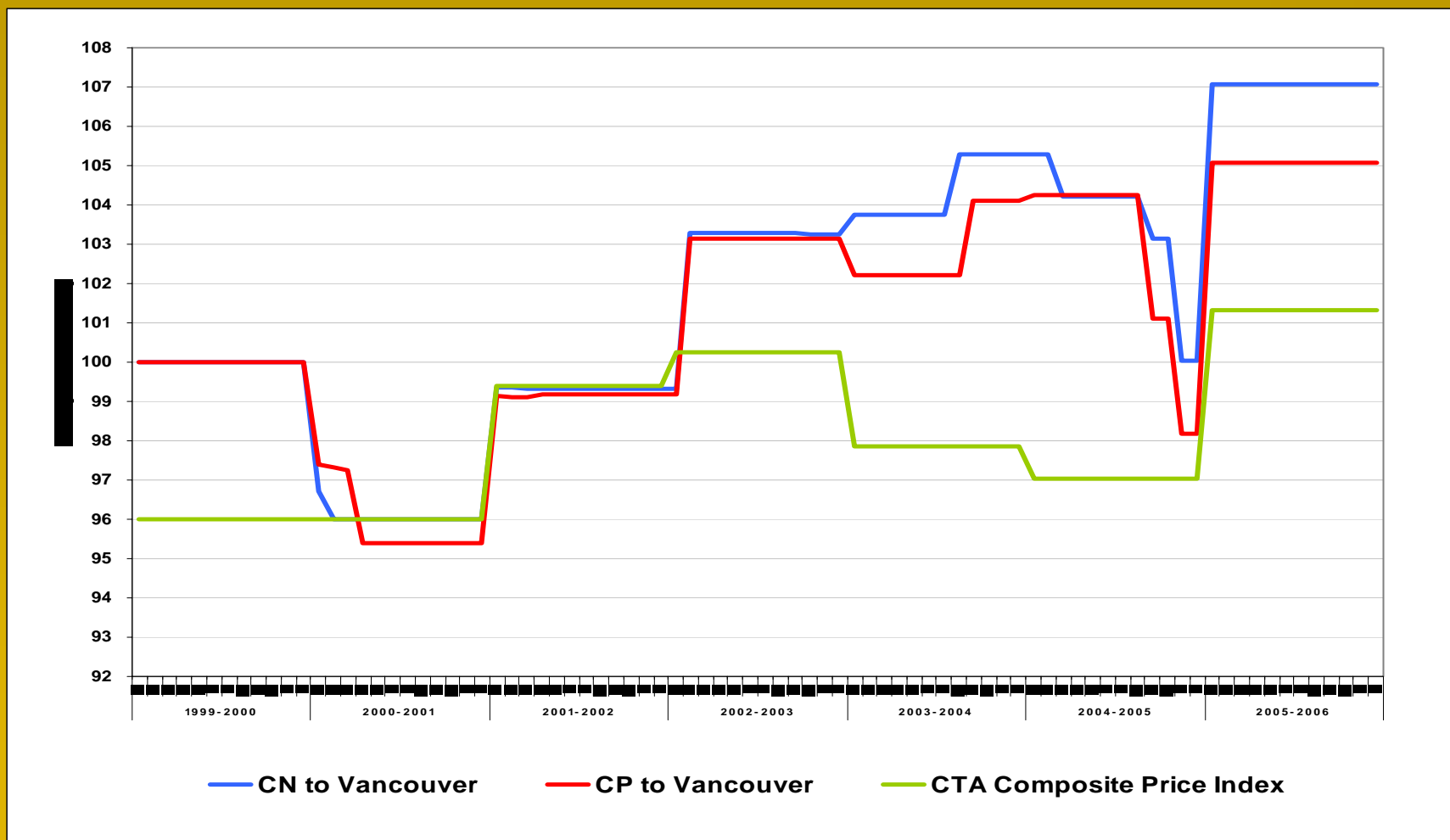


Revenue Cap Definitions

- Does provide a statutory limit on amount of revenue railway can earn
- A dynamic revenue regulating mechanism
- Defined by formula
- Allows for adjustments of add. operating costs and inflation
- Does not incorporate static revenue limits
- Does not penalize railways for:
 - handling more volume
 - additional costs arising from inflation
- Does not include movements to Eastern or US destinations



Single Car Rate Adjustments



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Revenue Cap Performance

	BASE	2000-01	2001-02	2002-03	2003-04	2004-05	Var.
Total Tonnes Moved	26,331	29,235	22,077	16,380	24,526	24,312	- 77%
Average Length of Haul (miles)	967	926	896	869	890	904	- 65%
Volume related Composite Price Index		1.0000	1.0352	1.0442	1.0195	1.0108	
REVENUE CAP							
Allowable Revenue (\$000)	710,900	760,785	580,262	425,542	631,571	629,252	
Allowable Revenue per tonne (dollars)	27.00	26.02	26.28	25.98	25.75	25.88	- 41%
Allowable Revenue per tonne (cents)	2.79	2.81	2.93	2.99	2.89	2.86	2.6%
REVENUE CAP COMPLIANCE							
Reported Revenue (\$000)		755,027	558,031	401,682	630,703	628,858	- 11.5%
Reported Revenue Cap Differential (\$000)		5,758	22,231	23,860	868	394	
Actual Revenue per tonne (dollars)		25.83	25.28	24.52	25.72	25.87	- 42%
Actual Revenue per tonne (cents)		2.79	2.82	2.82	2.89	2.86	2.5%

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Revenue Cap Performance

Crop Year 2004-05 Results

	CN	CP
Allowable Revenue (\$000)	305,670	323,582
Reported Revenue (\$000)	305,789	323,069
Reported Rev. Cap Diff. (\$000)	(119)	513
% Variance	-0.04%	0.16%

- Exceptional management of rates and costs to be within 2/10^{ths} of a percent
- What do the past two years results really indicate?



Ports and Terminals

- Vancouver Labour Issues
- AU UGG Terminal
- SWP/ JRI Joint Venture
- VPA Capacity Challenges
 - Dwell , loading and multiple berthings
 - General Port Capacity
 - Pacific Gateway Initiative
- Prince Rupert
 - Container Terminal
 - PRG increased volumes

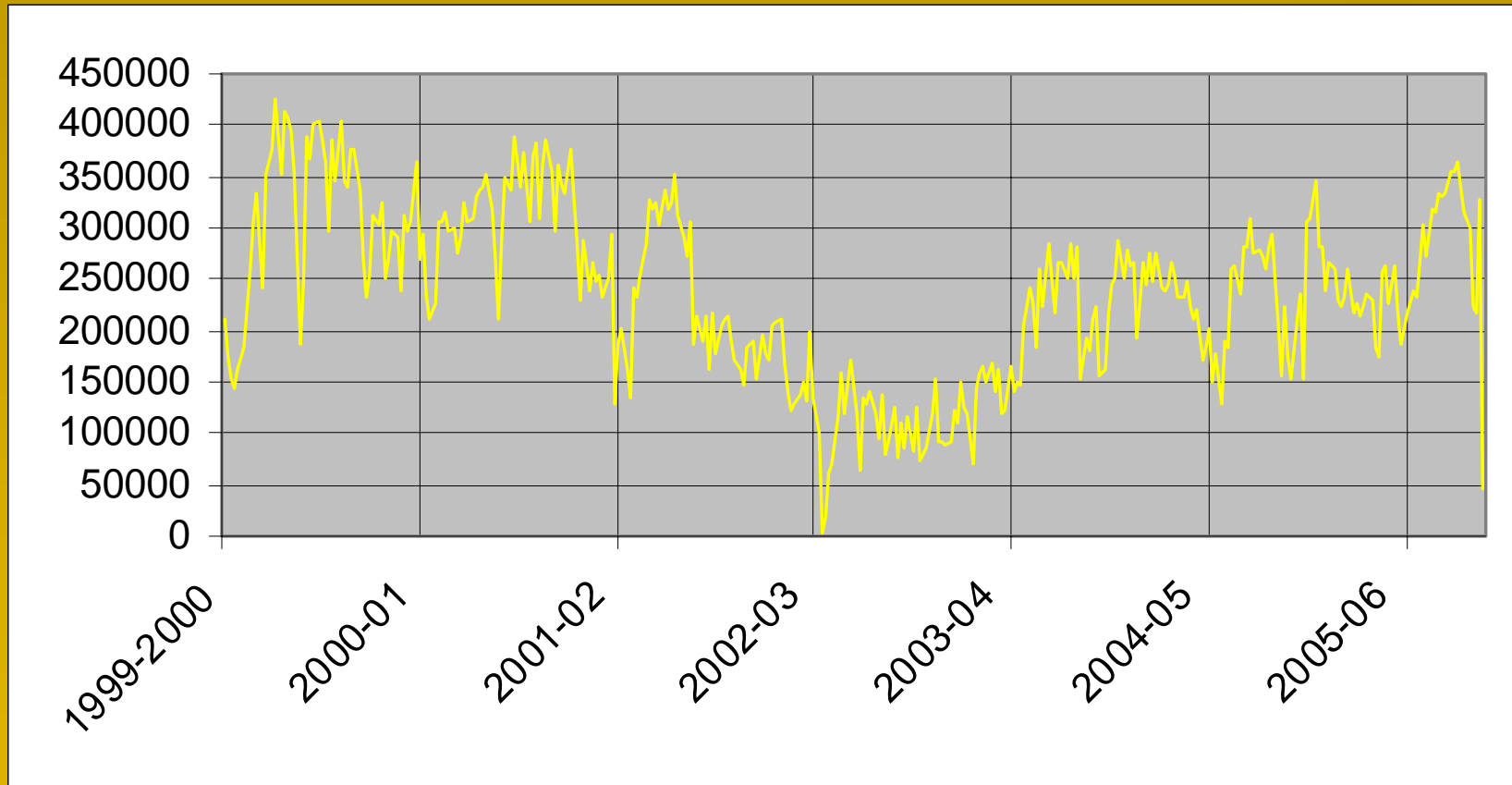


Challenges going forward

- Access to transportation capacity
 - Rail
 - Bulk Vessel
 - Container
- Inevitable changes that will come from evolving energy markets
 - Wheat for fuel, ethanol
 - Canola for biodiesel
 - DDGS – local feed demand
- Necessity for Supply Chain process improvements and coordination



Actual tonnes unloaded/ week

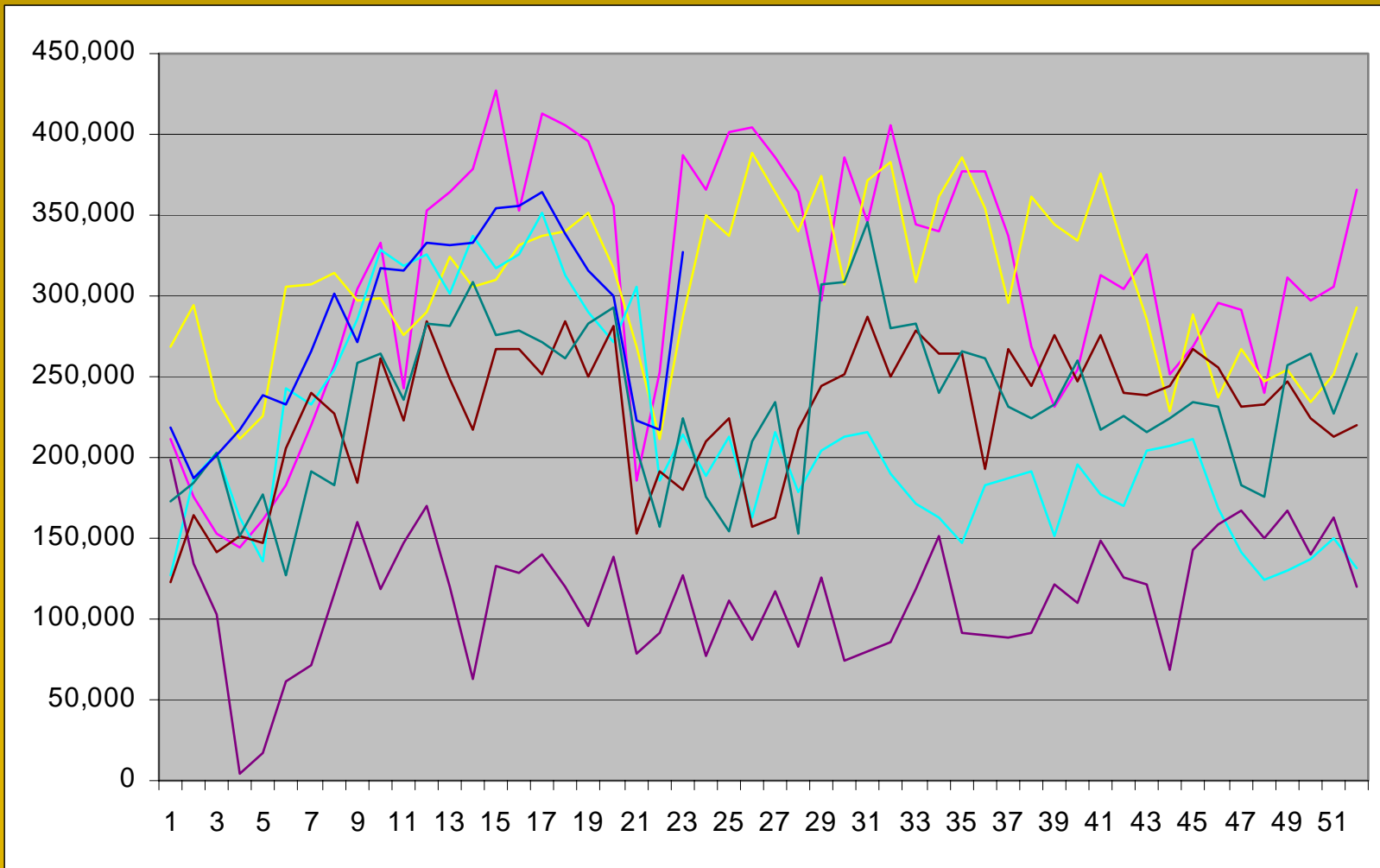


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Actual Weekly Unloads

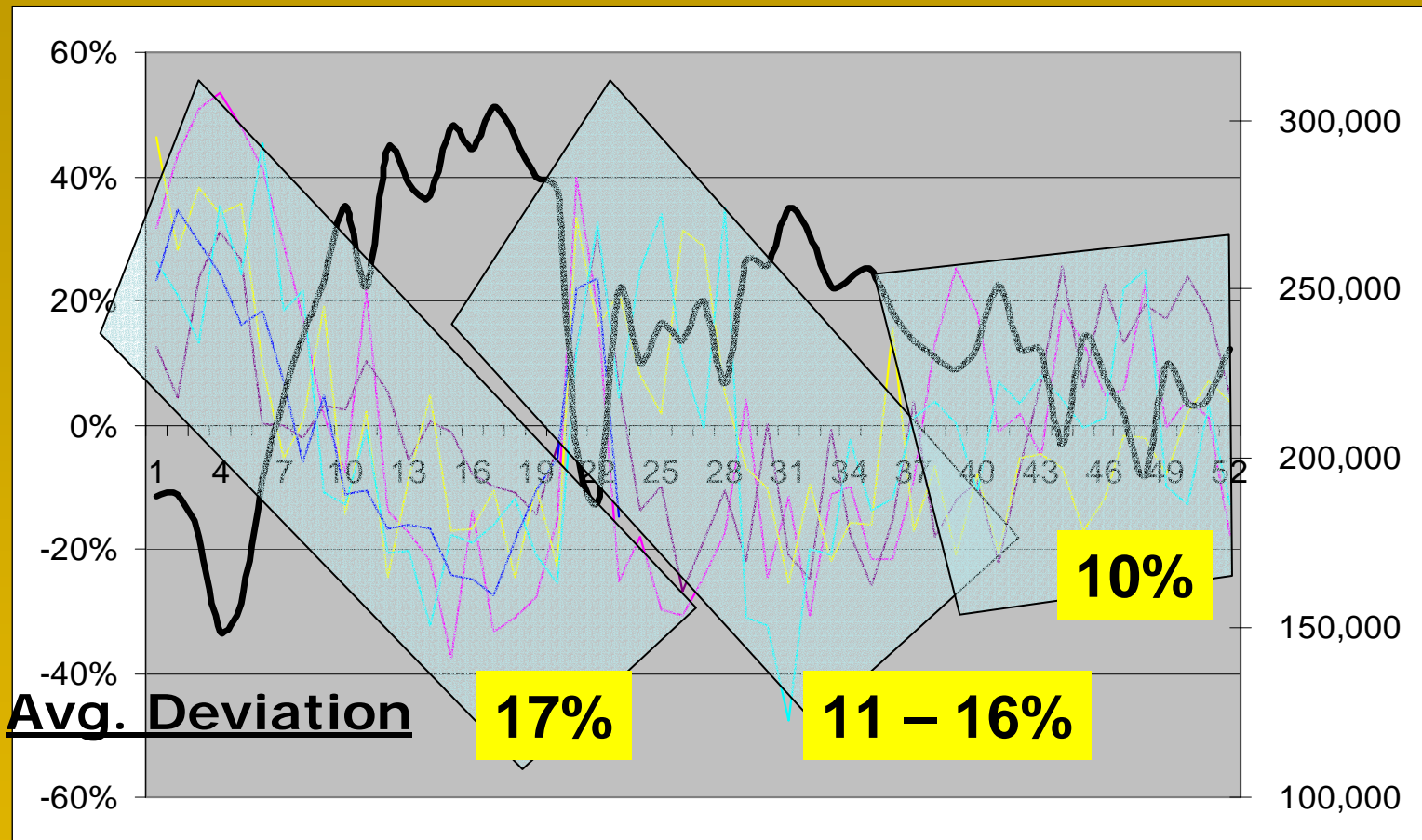


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Trends in the Noise



Differential from 10 week mean rolling average for GMP period
(less 2001-02 & 2002-03 account drought)

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Summary

- Performance and trends starting to reveal modest improvement
- Looking for the next series of changes
 - Crop mix, modal shifts, market demand changes
 - Container Study ongoing
- Annual Report likely to be delivered in April



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Thank You