

Inland Terminal Association of Canada (ITAC)

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Submission to: Canada Transportation Act Review Panel

ITAC

The Inland Terminal Association of Canada (ITAC), founded in 1995, was organized to promote the common interests and goals of modern, efficient high-throughput inland terminals. ITAC grain handling facilities are the realization of dreams for farmers, who through their own initiative, innovation and capital, sought to make grain handling on the prairies more competitive, reliable and cost effective.

ITAC includes five grain handling operations that are at least 50 per cent farmer owned.

- South West Terminal near Gull Lake, SK
- Gardiner Dam Terminal near Strongfield, SK
- North West Terminal at Unity, SK
- CMI Terminal near Spalding, SK
- Providence Grain Solutions with head office in Fort Saskatchewan, AB

The total storage capacity of the five companies is 249,000 tonnes. Shipments in the past crop year were approximately 2.2 million tonnes. The companies have more than 4,200 shareholders and employ roughly 330 people.

Four of the ITAC members are single-point shippers. Providence Grain Solutions has three shipping points in Alberta and one in Saskatchewan. ITAC members have some of the most modern and high capacity facilities in Western Canada.

CTA Review Coalition

ITAC is an active participant in the CTA Review Coalition that includes the Canadian Oilseed Processors Association, Manitoba Pulse Growers Association, Western Grain Elevator Association, Canadian Special Crops Association, Keystone Agricultural Producers, Animal Nutrition Association of Canada, Pulse Canada, Agricultural Producers Association of Saskatchewan, Canadian Federation of Agriculture, British Columbia Agriculture Council and Alberta Federation of Agriculture.

The CTA Review Coalition has developed a detailed submission to the panel and ITAC is pleased to have been a part of that collaborative effort. Rather than repeating the discussion

points and recommendations of the coalition, this submission will concentrate on a few issues that have particular relevance to ITAC members.

Ability to grow market share

In a properly functioning marketplace, grain buyers compete for the business of farmers based on grain prices and service offered. Unfortunately, access to railcars is a major limiting factor in how much grain a company can buy.

Rail transportation is often rationed with the two major railways reverting to a formula based on a percentage of historical movement to allocate the railcar supply. In this environment, it becomes virtually impossible for an independent company to increase market share, even if it can provide superior prices and service to farmer customers.

Furthermore, due to a lack of transparency in the system, it is difficult for an individual company to know whether it is receiving a fair allocation of the rationed capacity.

It is vital for the grain industry of Western Canada and the entire economy of the country that railway capacity ceases to be a limiting factor in exports. Rationing the railcar allocation has become an accepted norm, whereas it should be a clear sign of system failure.

Dealing with the railways

Being a single-point shipper or a shipper with just a few delivery points creates special challenges in dealing with the major railways. The cost of reaching a service level agreement or of launching a service level complaint is proportionately far more onerous than for the larger grain companies that operate a network of terminals. The threat of railway retaliation must also be taken more seriously.

ITAC fully endorses the CTA Review Coalition's recommendation for a stronger and more empowered Canadian Transportation Agency. The CTA should be able to monitor and respond to system-wide problems, reducing the need for individual shippers to confront the railways in expensive and adversarial processes.

Historic opportunity

Farmers of Western Canada are well-served when there's a diversity of buyers and marketing options. While the lack of railway performance and accountability affects all market participants, smaller independent players have the greatest risks.

The CTA Review provides a precious opportunity to improve rail service by rebalancing the relationship between shippers and the two major railways. This is vital for the grain sector as well as the entire economy of Canada.

ITAC encourages the panel to consider the recommendations being forwarded by the CTA Review Coalition.