

Contributions earned by railways in transportation of statutory grains 2013-2014

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Agricultural Producers Association of Saskatchewan
Saskatchewan Wheat Development Commission
Saskatchewan Barley Development Commission
Saskatchewan Pulse Growers

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Railway Costs

- ✓ **Expenses plus cost of capital**
 - ✓ Volume-related variable (about 80 %)
 - ✓ Line-related
 - ✓ Constant

- ✓ **Cost of capital**
 - ✓ Corporate income taxes
 - ✓ Debt interest
 - ✓ Return on equity

Contribution

Revenue less variable cost less line-related cost

Coverage of constant cost

System average 20.3 % of variable cost

WGTA average 27 % of variable cost

Range

- Some negative
- Largest 200 % of variable cost
- Less than 20 % of variable cost in effective competition

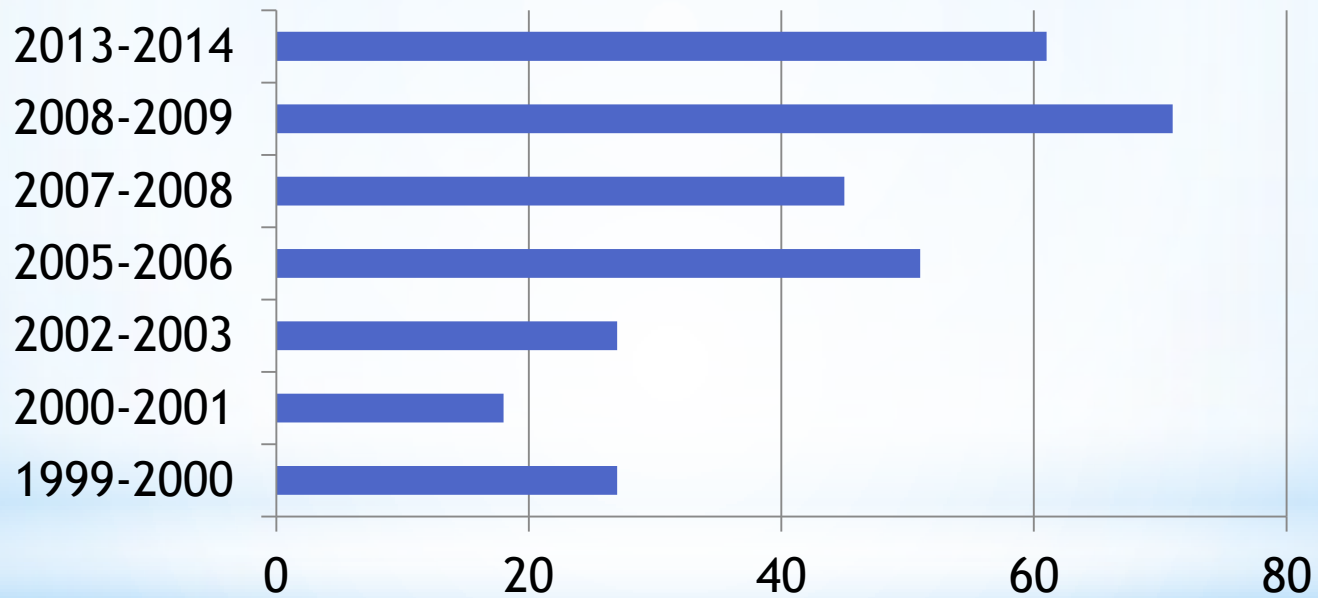
Grain Contribution 2013-2014

38.5 million tonnes

	\$ millions	\$/tonne
Revenues	1,291	33.55
Variable costs		
Volume-related	784	20.39
Line-related	30	.78
Total	814	21.17
Contribution to constant costs	477	12.39
Percent contribution	61	
Excess contribution	322	8.36

Contribution History

Per cent contribution



Per Cent Changes

2013-2014 over 2000-2001

Revenues per tonne	29.8
Volume-related variable cost per tonne	-3.3
Line-related cost per tonne	-23.6
Total variable cost per tonne	-4.3

Productivity Changes

- ✓ Grain-specific
 - ✓ Line abandonments/short lines
 - ✓ Reduction in delivery points
 - ✓ Multi-car blocks and trainloads
- ✓ General
 - ✓ Locomotives
 - ✓ Longer trains
 - ✓ CN-CP co-production
 - ✓ Staff reductions