



Canadian  
Transportation  
Agency

Office  
des transports  
du Canada

# Routing of Grain and the Revenue Cap Program

## *Interpretation Note*



Making Transportation Efficient and Accessible for All

The Canadian Transportation Agency publishes Interpretation Notes to provide information and guidance on provisions of the *Canada Transportation Act* (Act) administered by the Agency. Should there be any discrepancy between the content of an Interpretation Note and the Act, the Act will prevail.

## Revenue Cap Program

Effective August 1, 2000, the Agency no longer established maximum rates for the movement of western grain by rail. Prescribed railway companies now price their western grain movements in response to market conditions. However, their revenues in a given crop year (calculated according to [section 150 of the Act](#)) must not exceed their revenue entitlements (known as their revenue cap) determined in accordance with [section 151 of the Act](#).

During the first decade of the revenue cap program, many issues have been addressed by the Agency which have clarified the interpretation of the legislative framework. One such issue was what qualifies as a “movement” under the program. This Interpretation Note presents different typical situations, along with maps, to facilitate the identification of which routings qualify or do not qualify as movements of grain under the revenue cap program.

## Movement of Grain under the Revenue Cap Program

[Section 147 of the Act](#) defines the following terms, for the purposes of the revenue cap program:

### **Movement**

The carriage of grain by a prescribed railway company over a railway line from a point on any line west of Thunder Bay or Armstrong, Ontario, to

- (a) Thunder Bay or Armstrong, Ontario, or
- (b) Churchill, Manitoba, or a port in British Columbia for export,

but does not include the carriage of grain to a port in British Columbia for export to the United States for consumption in that country.

### **Grain**

- (a) any grain or crop included in [Schedule II](#) that is grown in the Western Division, or any product of it included in Schedule II that is processed in the Western Division, or
- (b) any grain or crop included in Schedule II that is grown outside Canada and imported into Canada, or any product of any grain or crop included in

Schedule II that is itself included in Schedule II and is processed outside Canada and imported into Canada.

Definitions of other relevant key terms under the Act used in this Interpretation Note are provided in [section C](#).

## **A. Routings which Qualify as Revenue Cap Program Movements**

Applying [section 147 of the Act](#), the solid lines on the accompanying maps qualify as “movements” and are numbered to correspond to the following situations:

### **Situation 1: Grain routed for export through Canadian West Coast Ports**

The carriage of grain by a prescribed railway company over a railway line originating from within Canada’s Western Division to Canadian west coast ports for export to any country (other than to the United States for domestic consumption). The entire route in western Canada is a movement and is qualified and included under the revenue cap program.

### **Situation 2: Grain routed to/through Armstrong or Thunder Bay, Ontario**

The carriage of grain by a prescribed railway company over a railway line originating from within Canada’s Western Division to/through Armstrong or Thunder Bay, Ontario is a movement qualified and included under the program. These routings constitute a “movement” regardless of their ultimate destination – they may either terminate in eastern Canada, be exported through a Canadian eastern port, be routed to the United States to be routed elsewhere or terminate in the United States for consumption in the United States. Only the portion of the route from within Canada’s Western Division to Armstrong /Thunder Bay, Ontario qualifies as a movement.

### **Situation 3: Grain routes originating in another country including the United States**

A grain route originating in another country, including the United States, qualifies and is included as a movement under the program if it is carried by a prescribed railway company through Canada’s Western Division to either a Canadian west coast port for export to any country (other than the United States for domestic consumption), or to/through Armstrong or Thunder Bay, Ontario. Only the portion of the route within Canada’s Western Division qualifies as a movement.

## **B. Routings Not Qualified as Movements and Not Covered under the Revenue Cap Program**

Applying [section 147 of the Act](#), the dashed lines on the accompanying maps indicate those portions of routes which do not constitute “movements” and are numbered to correspond to the following situations:

### **Situation 4: Grain routes for export through Churchill, Manitoba**

The revenue cap program applies to routings of grain originating from within Canada’s Western Division or from another country (including the United States) to Churchill, Manitoba, for export to any country (including the United States) if the grain is carried up to Churchill by a prescribed railway company. However, as the rail carrier currently serving Churchill, the Hudson Bay Railway Company, is not a prescribed railway company, the routing through Churchill, shown as a dashed green line on Figure 1, does not currently qualify as a movement under the program.

### **Situation 5: Short line railway companies**

The program does not apply to any portion of a route (e.g. from the origin to a Canadian National Railway Company (CN) or Canadian Pacific Railway Company (CP) interchange point) that is served by a short line railway company, as such companies are not prescribed railway companies.

### **Situation 6: Grain routings for western domestic use**

The program does not apply to routings of grain to any port in British Columbia, or Intra-Prairie routings of grain, where the grain is for western domestic use.

### **Situation 7: Grain routes originating in another country, including the United States**

Any portion of a route outside of Canada, including the United States, is not covered under the program.

### **Situation 8: Grain routed east of Armstrong / Thunder Bay, Ontario**

The program does not apply to any portion of a route that is east of Armstrong or Thunder Bay, Ontario.

### **Situation 9: Southbound routes**

The program does not include grain originating from within Canada’s Western Division that is routed southward and terminates in another country (e.g. the United States or Mexico).

**Situation 10: Routes south of the Great Lakes**

As a “movement” requires routing to/through Armstrong or Thunder Bay, Ontario, the program does not apply to grain originating from within Canada’s Western Division or from another country including the United States that is routed to eastern Canada or the eastern United States where the routing is south of the Great Lakes (or through Windsor or Sarnia, Ontario).

**Situation 11: Grain routings originating and terminating in the United States**

The program does not include westbound grain from the United States, where part of the routing is through Canada, after which it returns to and terminates in the United States.

**Situation 12: Grain hauled by truck**

The program does not apply to any portion of a route (e.g. from the origin to a CN or CP rail line point) where the grain is hauled by a truck, as that activity does not occur “over a railway line.”

**Figure 1: Routings Originating from Canada's Western Division**

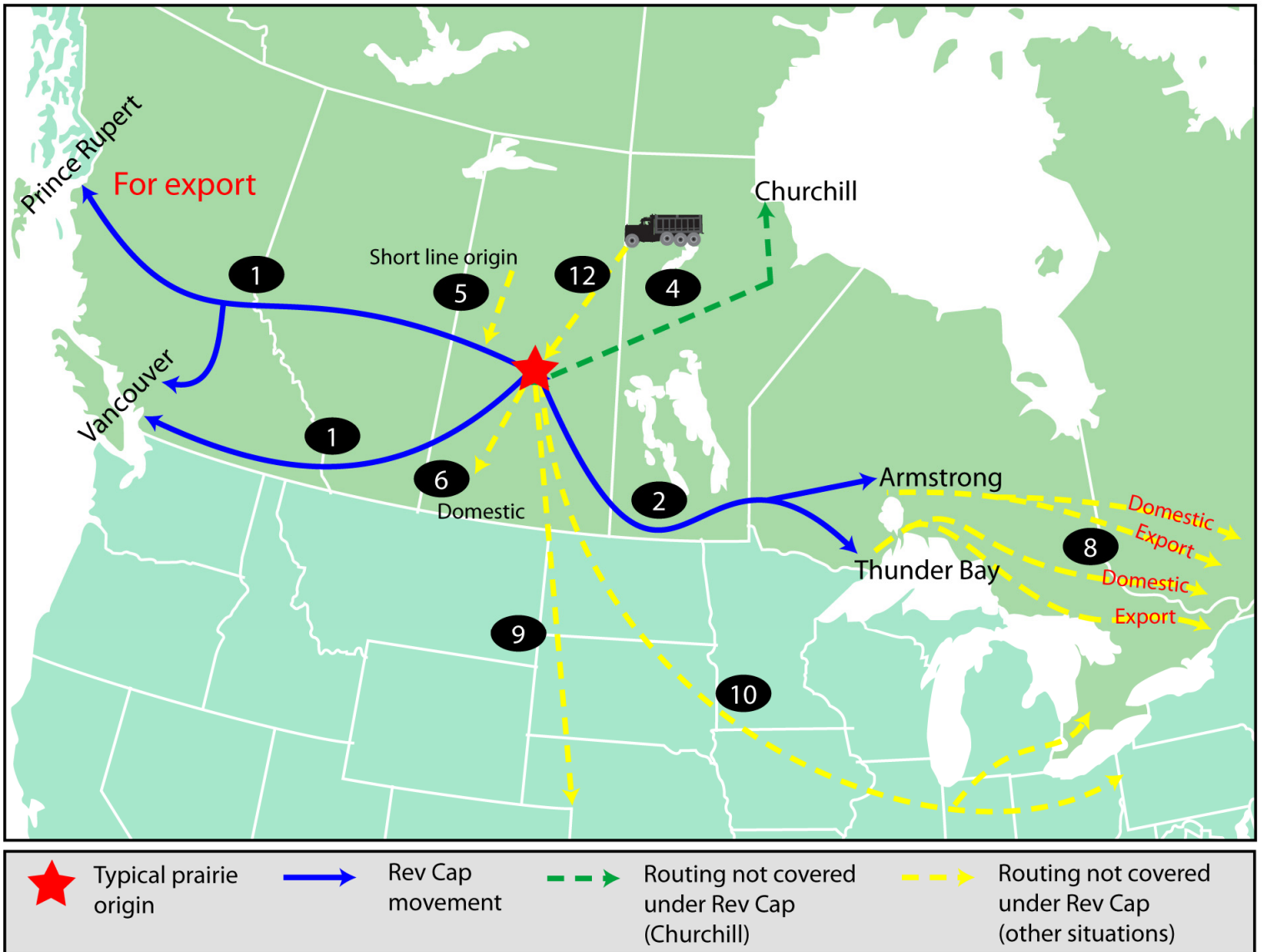
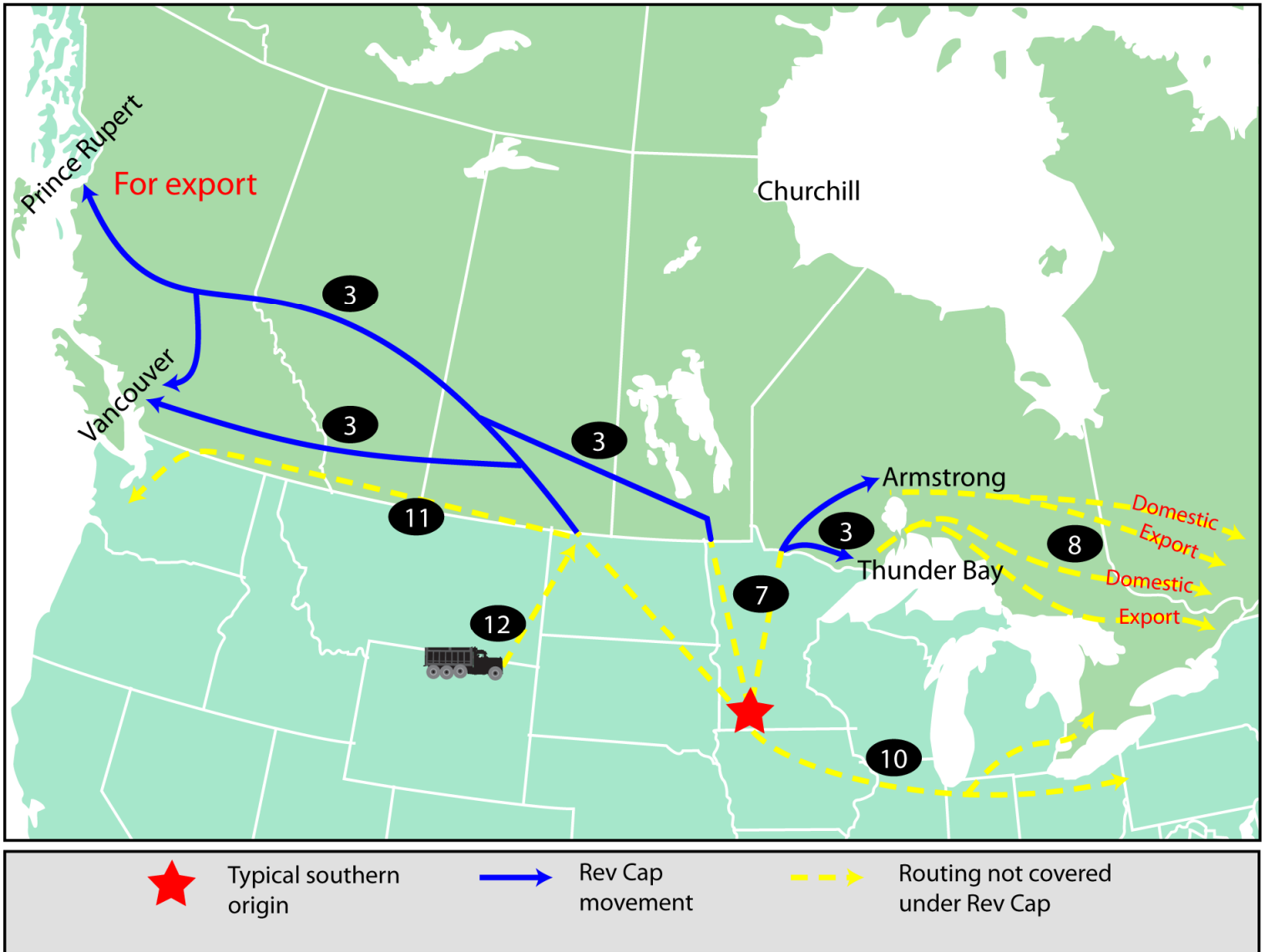


Figure 2: Routings Originating South of Canada



## C. Other Key Definitions

[Section 147 of the Act](#) defines the following terms:

### **Western Division**

The part of Canada lying west of the meridian passing through the eastern boundary of the City of Thunder Bay, including the whole of the Province of Manitoba.

### **Prescribed Railway Company**

The Canadian National Railway Company, the Canadian Pacific Railway Company and any railway company that may be specified in the regulations.

### **Port in British Columbia**

Vancouver, North Vancouver, New Westminster, Roberts Bank, Prince Rupert, Ridley Island, Burnaby, Fraser Mills, Fraser Surrey, Fraser Wharves, Lake City, Lulu Island Junction, Port Coquitlam, Port Moody, Steveston, Tilbury and Woodward's Landing.

### **Export**

In respect of grain, means shipment by a vessel, as defined in section 2 of the *Canada Shipping Act (2001)*, to any destination outside Canada and shipment by any other mode of transport to the United States for use of the grain in that country and not for shipment out of that country.

### **Crop Year**

The period beginning on August 1 in any year and ending on July 31 in the next year.

### **For further information:**

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