

# Boundary Trail Railway Company illustrates the importance of shortlines



*Boundary Trails Railway Company is a farmer-owned railway; its train is pictured at the Manitou loading facility.*

BY ANGELA LOVELL

**T**here are 53 shortline railways in Canada, making up 20 per cent of Canada's rail network. Some are privately owned and serve a specific company — for example a mining operation. Some are public carriers that can carry passengers and freight.

There are five shortlines in Manitoba, and two are farmer-owned — Boundary Trail Railway Company (BTRC) based in Manitou and Lake Line Railroad which serves the Interlake.

BTRC is a common carrier, which means it's obligated to provide haulage to any customers that request rail service, regardless of what the commodity is. Shareholders in a shortline have no

preference over non-shareholders, and anyone can order a producer car and have it delivered to one of the shortline's stations.

In reality though, as a producer-owned railway, it's generally local-area farmers that ship grain in producer cars through BTRC, which moves an average of 400 cars a year for around 50 different farmers.

A core group of area farmers formed BTRC in 2008 and purchased 23 miles of abandoned CP track in south-central Manitoba that runs from Morden to Binney Corner, serving stations at Thornhill, Darlingford and Manitou.>

The railway also has an agreement with CP to provide haulage to CP customers from Morden to Rosenfeld.

BTRC raised most of the seven-figure purchase price from local investors, mainly farmers, and also received \$615,000 in provincial support, and \$1 million from the federal government to help establish the railway.

Farmers ship wheat and oats in producer cars on the line, although oats have become the main commodity thanks to a partnership with Quaker Oats and The Andersons Grain Group that offers advance contracts to oat growers in the area at competitive prices. A number of local producers have also invested in four private loading facilities on the line.

Although BTRC is grateful for the support it received from both levels of government in the early days, it does feel that provincial and federal governments could do more to assist shortline railways.

“Each province has jurisdiction over the shortlines in their province and each province approaches that responsibility differently,” says Travis Long, general manager of BTRC. “Saskatchewan wrote its own railway legislation and out of that they created a funding model and a support structure, and that’s the reason why there are so many more shortlines in Saskatchewan.

“Manitoba and Alberta lack provincial legislation and they play just a regulatory role, not an industry support role. There is no concerted effort to take charge of what’s going on in the railways in those provinces and consequently there are only a handful of shortlines in each province.”

The 2015 *Review of Canadian Shortline Funding Needs and Opportunities* report

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for the Railway Association of Canada made a number of recommendations around increased federal support for shortlines. They include adding a dedicated shortline rail grant component into Transport Canada’s existing capital funding program to assist shortlines to meet new federal regulations, improving existing infrastructure and supporting network expansions.

The report also urged Canada to establish a tax credit program for pri-

vate capital investment in shortlines. Unfortunately, to date, there has been little progress on any of the recommendations.

Harmonizing provincial and federal standards and requirements would be an immediate help for shortlines.

“As an example, because we’re a provincially regulated railway, when we do our annual inspections we have to do one for the province and another for the federal government, which means we are hiring an engineering firm and duplicating the effort and expense,” says Kevin Friesen, BTRC shareholder and vice-president of finance.

It also frustrates shortlines that they receive no recognition for the benefits they bring in terms of reducing the costs associated with maintaining roads and the environmental impact of reducing greenhouse gas emissions.

“While millions of dollars continue to be spent on road maintenance, there doesn’t seem to be any acknowledgment that what we are doing at BTRC is helping to preserve that infrastructure, and we feel there should be some recognition of that at the provincial level,” says Friesen.

According to the Railway Association report, the annual social benefits of shortlines relative to truck transport is estimated at close to \$680 million, broken down as \$95 million in savings from

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air pollution, \$110 in greenhouse gas emissions, \$135 in road accidents and \$340 million in road maintenance.

There are also enormous benefits to farmers who ship their grain through shortlines. Manitou area grain farmer Geoffrey Young is both a BTRC shareholder and customer who ships wheat and oats on the line.

“It’s a huge time saving to be able to haul our grain four miles instead of 40,” he says. “That means more time we can spend on other aspects of the business like planning or marketing.

“The other thing that is beneficial is creating relationships outside of our local area. It gives us a lot more options and has made us more astute marketers because we understand the grain business from grower to end user much better.”

Manitou area grain farmer and KAP member Don McLean ships oats and wheat with BTRC, and is also part owner with eight other local farmers, of a loading facility on the line at Darlingford, about eight miles east of Manitou.

While the biggest benefit of BTRC is time and freight savings, he says without the railway and its relationship with Quaker and Andersons, he’d have to ship his oats a lot further to even come close to the price he is getting from them.

“There is definitely a competitive advantage to BTRC,” says McLean. “Instead of going six miles to ship our oats, we would have to do a 200 mile round trip to Emerson to get the same price we are getting here. As well, dockage is quite a bit less when you use pro-



BTRC’s general manager Travis Long (left), Kevin Friesen, VP of finance and shareholder, and Geoffrey Young, director and shareholder: grateful for initial government support but more is needed to assist shortlines.

ducer cars than it would be through a line company, so there are savings there too.”

In addition to farmer benefits, there are also perks for the local economy. Farmers who have more money in their bank accounts spend more, which benefits local businesses, community organizations and events.

During the rail crisis of 2013-14, the BTRC was able to prove it’s mettle. A bumper harvest, full elevators and grain terminals, and slower rail service by the two national railways meant grain movement all but ceased.

BTRC had more farmers phoning than they ever had.

“Farmers who hadn’t shipped with us before were suddenly looking for a way to get their grain moving,” says Long. “We actually shipped grain from Red-

vers, Saskatchewan through here that year. In the end, our car volume wasn’t much higher than any other year, but we were exposed to a much wider audience.”

During the crisis, Andersons was getting virtually no oat supplies from its shortline supplier in Saskatchewan. BTRC, by virtue of the fact that it’s located closer to Winnipeg, was still receiving a few cars, and was able to move some oats to the company. That helped cement the relationship with Andersons, who realized they needed to diversify their supply locations.

In 2017, with another good crop, BTRC had already shipped two-thirds of its usual 400 cars in the fall. As the 2017 crop continues to ship, the company is optimistic that grain volumes will be up this winter. **FV**

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