

Agricultural Marketing Guide >>



Using Producer Cars to Ship Prairie Grain

Introduction

Producer cars are railway cars that are loaded and shipped by producers. The Canada Grain Act requires that producer cars are available to farmers. However, the federal government has allowed the railways to remove many rail car sidings, so producer car loading has become much less accessible to producers.

The producer can self-administer the producer car or the administration of a car can be done by the company through which the grain is sold. A producer car offers a delivery alternative for growers to load a rail car and ship their own grain without using inland terminal elevator facilities. The reward for the extra effort of not using an elevator is a saving of the elevation charges. Overall savings vary, depending on primary elevator charges and costs of arranging for and loading the rail car.

Step-by-Step Procedure for Using Producer Cars

Calculating the advantage

It is important to determine the potential savings before ordering a producer car. All aspects should be considered. For example, consider the timing of payment to be received after the producer car is unloaded. Compare this to the alternate delivery to a local market. Consider that it will take time from the date of railcar application until the car is actually spotted for loading. The car administrator or the Canadian Grain Commission (CGC) should be able to estimate the delivery time on producer cars. However, there can be variation from the approved shipping week number to the actual spotting of the producer car by the railway.

Know what the comparative basis (i.e., cash price minus futures price) is, for crops that have a futures market. Be sure of which futures month the buyer is quoting the basis against so that you can make a correct comparison. Producers can estimate the potential savings by comparing the producer car basis against the local delivery basis. (See [Basis – How Cash Grain Prices are Established for more details](#).) Remember to include in comparison calculations any incentives, such as trucking allowances that a grain company may allow for delivery to their elevator. If there is a sufficient premium to justify the extra effort, a producer car is worth considering.

Application for producer railway cars

Producer car allocation is handled by the Canadian Grain Commission. An “Application for Producer to Obtain Railway Cars” form must be completed and sent to the CGC and to the agent (if there is one) handling the sale. There is a non-refundable application fee for each car requested.

Complete the application by identifying the shipper and the grain to be shipped. A preference of the shipping week for the car to arrive is also entered. The grain being shipped must be identified. State the grain type, grade estimate and protein level (if applicable). Note that shipping lower grades than estimated may result in payment problems, and be a costly alternative to conventional delivery. For example, shipping feed grade wheat instead of number 3 CWRS wheat can be a costly error since the discount for feed is often severe. Feed grade wheat is generally better marketed locally. A CGC grading office can provide an unofficial grade of a representative sample of the grain.

Producers will specify the shipping week when they want the car to arrive. Week number 1 is the first week of August. The week number increases with each passing week until the final week of the year, week number 52, which is the last week of July. The CGC allocates cars on a first come, first serve basis. If there are waiting lists for grain shipments by producer car, the CGC may restrict the allocations until the backlog is cleared. Efficiencies of the railway and terminal system are also considered, so a producer car may be allocated at a time when that same grain is being drawn from a particular shipping area. During allocation of the car, the CGC will check with the receiving party to ensure that the specified car contents will be accepted.

On the application form, the producer provides the shipping point, the railway, the precise siding and placement on the siding where the car is to be spotted. If the car is not spotted at the right point on the track, or so far off that the producer cannot move it to a useable location, then the producer can request that the railway spot the car in a better location.

The producer will enter the destination of the grain on the application form. If a producer is administering his own producer car, the producer shows his name as the administrator and enters the delivery location on instruction from the grain buyer. This same destination location would also be entered on the I-90 tag that the producer will staple on the side of the railcar when loading.

When a producer uses a grain company to administer a car on his behalf, the grain company will complete the Application for Producer Railway Cars. The producer just has to sign it. The level of service and fees depend on the company chosen.

Car approval

The CGC acknowledges the receipt of a producer’s application by sending a letter of confirmation to the applicant. This confirmation letter gives the number of cars approved, the car placement and shipping week, type and grade of grain, as well as the destination and an authorization number.

A producer should check this information for accuracy. If the information is correct, the producer is able to load the car once the car arrives. At the time of approval, the CGC notifies the railway to spot the car. It is a good idea for the producer to check with the car control center of the railway company for confirmation of timing and placement. Note that, if a grain company administrates the producer car, all communication with the CGC is included as part of the service package.

Loading the car

Hopper cars are easily loaded through the hatches on the top of the car. Track sidings have a slight slope, so if the auger is set up to load the down slope hopper first, then the car can be slowly moved from hopper to hopper as the car is loaded, saving the trouble of moving the auger.

Moving a car is quite easy if it is empty and spotted correctly. First engage the manual brake. Then, slowly release the airbrake by pulling on the release valve rod. Slowly disengage the manual brake, and if the siding slope is adequate, the car will roll on its own. Otherwise, a crowbar or railcar jack must be used behind a car wheel to start the car rolling. Moving a car with a crowbar or railcar jack is best done with two people for safety reasons and to avoid moving the car too far.

Before loading, check the railcar. Check that the slide gates at the bottom move and seal properly. Check that roof hatches seal properly and have no leaks or cracks. Make sure that the car itself has no cracks and is empty of grain screenings or other grain. If the car is unacceptable, a replacement may be requested from the railway.

It is very important to record the car number before starting loading. It is difficult to find the car without that number if it is accidentally picked up before loading is finished.

The car must be loaded by the time the railway returns to pick it up. Producer cars are allowed a minimum of eight hours for loading after the car is spotted. Cars that are not loaded on time and are pulled away empty by the railway are cancelled, and a penalty may be assessed by the railway.

Cautions

1. Do not overload the car or exceed the track capacity. The weight allowed in the car, as well as the empty weight of the car, is stenciled on the outside of the car. It is possible to overload the car with heavier bushel weight grains, especially wheat, peas or exceptionally heavy barley. If possible, and if there is time to do so, check the weights as grain is loaded. However, if weighing is not available, carefully estimate the amount loaded. If all the railcar compartments will not be filled, load the car as evenly as possible. If the car is located on a "light" rail, it is possible to exceed the weight allowed on the line even though the car capacity has not been exceeded. Check with the railway for maximum weights on the rail line.

The consequences of overloading or uneven loading of a car can be severe. If there is a derailment, whoever loaded the improperly loaded car might be held responsible. All cars are track-scale weighed at some point en route. Cars found to be overloaded or unevenly loaded are side-tracked. The grain owner must remove the excess weight or even up the load. This is inconvenient, and side-tracking the railcar may result in additional fees.

2. Off-grade Grain

Shipments of damp grain, off-grades (including grain with excreta) or grains that are likely to go out of condition will be authorized only if a licensed terminal elevator has agreed to unload those grains. These cars must be shipped to the terminal agreeing to receive shipment. The concern with off-grade grain is the possible contamination of a larger container, and the risk of being assessed the costs related to decontamination.

3. Do no treat a loaded rail car with fumigant. If your loaded car is found to contain a fumigant, the railway could assess you substantial penalties.

After the car is loaded

Once the car is loaded, the I-90 card and shipping report are completed. The I-90 is a tag that comes either from the CGC or the car administrator. The I-90 tag is designed to be folded over and stapled to the notice board on the side of the railcar. On the part that will face out after folding, the producer prints the destination (i.e., siding location or grain terminal), grain type and grade. A producer prints his name, the shipping station, date shipped, destination, grain and grade, estimated dockage, car number, estimated shipping weight, and any other handling instructions on the part of the I-90 tag that will be inside once the I-90 is folded and stapled onto the car. This inside information is used by the CGC or buyer at destination to handle the grain and the settlement.

Bills of Lading/Settlement Forms vary from company to company, but they all have the same basic information. This information includes:

- producer name, address and phone number
- car number and initials
- grain, grade and weight estimate
- car type (CWB, grain company administered, self-administered)
- contract number, if applicable
- shipping week, date spotted, date released
- railway company
- origin and destination
- consigned port and terminal if applicable, and
- any special instructions.

The weight of grain in the car should be estimated in the description of car contents, even though the exact weight may not be known. The weight is used for insurance purposes in the remote

chance of loss en route. Once the car is loaded and ready for pickup, the producer must phone the administrator (for administered cars) or the railway (for self-administered cars) to “release” the car. The Bill of Lading must be sent to the railway immediately after the car has been loaded.

Tracing the car

If an administrator is not used, the producer can trace the car by phoning the railway’s car tracing phone number, and provide the car number. Since payment is based on the unloaded weight of the car, it is useful to know when the car arrives. If an administrator is used, the administrator will contact the producer when the car is unloaded.

Reinspections

If the railcar is graded on unload by the CGC, and you are not satisfied with the grade and/or dockage assigned by the CGC inspector, you can request a reinspection. Shippers of producer cars have 15 days following the inspection date to request a reinspection. Reinspections are made through your administrator or, for self-administered cars, in writing to the Chief Grain Inspector of the CGC.

Advantages and Disadvantages of Producer Cars

Advantages of producer cars

1. Producer cars usually produce higher net returns on grain sales. At the very least, there is a saving of elevation charges.
2. A producer car is only for a producer’s use. A producer may not have to truck the grain as far as for alternate delivery points, and may avoid waiting in delivery lines at an elevator.
3. A producer may receive a higher grade or lower dockage than what is offered or negotiated at a local delivery point.

Disadvantages of producer cars

1. A producers/shipper must wait until the car is unloaded to receive payment.
2. A producer/shipper may receive a lower grade or higher dockage than what may be negotiated locally. The key is to know your grain grade and how it may be graded by your “local” buyers before ordering a producer car.
3. A producer must move an auger to the point where the car is spotted and then move it home again, unless a producer car loading facility is being used.
4. The producer car has to be loaded in a short time, and sometimes in adverse weather conditions.

Producer Car Questions

What about using producer car loading facilities?

Producer car loading facilities are not required to be licensed and bonded by the CGC as long as they meet certain conditions. The conditions, designed to protect producers, are:

1. The facility, on behalf of producers, only handles grain which is intended for loading into producer cars.
2. The facility posts a notice advising producers that it is not licensed under the Act and that the CGC will not be involved in disputes between the loading facility and the producer.
3. The facility does not buy and sell grain.
4. The facility allows the CGC access to its records.

Therefore, grain handled and stored at producer car loading facilities is not protected by security held by the CGC.

How long do I have to load the car?

You have a minimum of eight hours to load a car. The railway is only legally required to spot the car once.

What happens in the case of a derailment, fire or theft of the product en route?

The railway has shippers-insurance. Anything they carry from the time the car is loaded and released to the time the car arrives at its destination is covered.

Can more than one producer apply for and load a producer car?

Yes, most hopper cars are bulkhead cars, meaning that they have two or more separate compartments. Bulkhead cars can be loaded by more than one producer. Usually no more than two producers ship in the same producer car. Contact the CGC for details of how more than one producer can ship in one car.

Additional Information

- Canadian Grain Commission online guide: “[Ship Grain by Producer Railway Cars](#)”.
- CGC Producer Car Officer, Winnipeg, MB. Phone: 204-983-3368
- [CN Rail](#)

- [CP Rail](#)

- Elevator Agents, Grain Brokers, Grain Dealers

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This information published to the web on September 8, 2004.

Last Reviewed/Revised on July 11, 2017.