

2022 PRE-BUDGET SUBMISSION TO THE GOVERNMENT OF ONTARIO



Railway Association
of Canada



BY: RAILWAY ASSOCIATION OF CANADA

The Railway Association of Canada (RAC) recommends that the Government:

#1. Enhance rail safety

#2. Enhance intercommunity passenger rail service

#3. Fund public transit and commuter rail

#4. Increase support for shortline railways

#5. Reinvigorate Canada's tourism railways

INTRODUCTION

Rail is the backbone of Canada's economy and, even in challenging times, we continue to benefit from safe, resilient, efficient, and environmentally sustainable freight and passenger railway services.

The Railway Association of Canada (RAC) and its rail member companies, including twenty-one that operate in Ontario, remain committed to innovating and maintaining best practices in safety, innovation, environmental stewardship, and economic growth.

As evidenced throughout the global pandemic, railways are integral to Ontario's economy and interact with all facets of society: consumers, suppliers, shipping groups and communities throughout the province.

Freight railways, including Class-1s and shortlines, support economic prosperity by connecting local businesses to domestic and international markets and provide Ontarians with the goods required to stay healthy and safe.

Passenger railways ensure that Ontarians can safely and reliably travel to remain connected with their family, friends, and communities.

And tourism railways support Ontario's tourism industry. Moving Canadian and international tourists by rail drives regional economic activity by creating demand for local service providers such as hotels, restaurants, retail, and excursion companies.

RAILWAYS ARE CRITICAL TO HOW WE LIVE, WORK, PLAY, AND RAISE OUR FAMILIES

Canada's railways transport approximately \$320 billion of originating goods annually – with much of this traffic moving through Ontario. In fact, railways move over 70% of all intercity traffic and over 50% of Canada's total exports.

Each year, approximately 3,800 locomotives and 33,300 dedicated railroaders transport goods and people across 43,000 kilometers of rail track across Canada (including over 9,700 kilometers in Ontario) and several points in the United States (see figures below for maps of Ontario rail network). These tracks require maintenance and upkeep to ensure efficient deliveries, as well as the safety of rail employees and the communities in which they operate.

Rail is also a job creator – every 1 job in the rail industry supports nearly 5 additional jobs. Railways provide 8,600 Ontarians with good-paying jobs¹, supporting a total of 47,100 jobs across the province.

¹ Average railway employee salary of \$98,000 in Ontario in 2020 (Source: Railway Association of Canada, member data).



RAILWAYS ARE LEADERS IN INNOVATION AND ENVIRONMENTAL STEWARDSHIP

Railways are one of the most environmentally friendly forms of ground transportation available. Trains are on average three to four times more fuel efficient than trucks. In fact, one freight train can remove upwards of 300 trucks from congested roadways. This immediately reduces greenhouse gas emissions, improves highway safety, and preserves taxpayer funded infrastructure such as roads and bridges.

The environmentally friendly profile of railways has largely been achieved by improving operational efficiencies and implementing innovative technologies. As the transportation sector considers decarbonization options, with an eye towards net-zero by 2050, the rail sector will continue to lead the way through research and development initiatives.

GOVERNMENT INVESTMENTS IN RAILWAY INFRASTRUCTURE PROJECTS ARE ESSENTIAL

Rail is one of Canada's most capital-intensive industries. Canadian railways are vertically integrated, including ownership of the track, real estate, as well as locomotives and rolling stock, which illustrates the need for significant investments.

On average, Canadian railways invest between 20 and 25 per cent of their own revenues back into their networks each year — more than \$20 billion over the past decade. These significant annual investments into rail infrastructure support the strong and growing demand for Canadian products, and the fluidity of getting Canadian products to global markets.

The RAC and its members assert that federal and provincial government investments into the rail-based supply chain will generate long-term value and ensure that Ontarians continue to benefit from resilient freight and passenger railway services.

As the Government of Ontario considers investments for Budget 2022, the RAC is seeking support for the recommendations outlined in this submission.



#1 - ENHANCE RAIL SAFETY

Over the past decade, Canadian railways have invested more than \$20 billion to ensure the safety and efficiency of their networks.

Railways bear the continual costs of implementing and maintaining all safety infrastructure projects. However, because rail safety is a shared responsibility, the RAC and its members believe the Government of Ontario must continue to invest in projects that keep Ontarians safe.

Recommendation: Commit to boosting provincial rail safety infrastructure spending to drive innovation and ensure that rail services continue to be safe, sustainable, and responsive to customer needs.

#2 - ENHANCE INTERCOMMUNITY PASSENGER RAIL SERVICE

Passenger railways enable Ontarians to remain connected with one another. Investing in passenger rail services will help spur economic growth, enhance accessibility, and boost tourism. Furthermore, by reducing the reliance on automobiles, road safety will improve, and greenhouse gas emissions will decrease.

Enhancing connectivity between communities unlocks business opportunities and provide a gateway to local economies for prospective residents, students, and businesses.

Recommendation: Provide additional capital funding to enhance intercommunity passenger rail to support Ontario's economic recovery, help restore jobs, and connect communities.

#3 - FUND PUBLIC TRANSIT AND COMMUTER RAIL

Throughout the global pandemic, Canadian ridership on commuter railways was down by as much as 85 per cent, and operators were forced to reduce service and initiate layoffs. Commuter railways and municipalities continue to face huge financial challenges and require additional support to increase efficiency and maintain service.

Recommendation: Provide additional capital funding to ensure public transit, including commuter rail, is part of Ontario's economic recovery.



#4 - INCREASE SUPPORT FOR SHORTLINE RAILWAYS

Shortline railways provide vital first-mile/last-mile rail services that connect customers and rural economies to global markets.

Enhanced shortline infrastructure would enhance the fluidity of the supply-chain, drive more traffic to the rail network, and improve safety while lowering emissions and reducing the strain on public infrastructure.

Recommendation: Create a dedicated capital funding program (similar to "[*Programme de soutien aux infrastructures de transport ferroviaire et à l'intégration modale*](#)" in the Province of Quebec) to support strategic infrastructure investments.

#5 - REINVIGORATE CANADA'S TOURISM RAILWAYS

Tourism railways support local and regional economies by creating demand for local businesses such as hotels, restaurants, retail, and excursion companies.

COVID-19 has had devastating impacts on tourism railways. Seasonal tourism operators have been forced to drastically reduce their services, suspend capital expenditures, lay off employees and in some cases cancel their operations entirely.

Government support is needed to help tourism railways resume full operations, restore ridership, and serve customers now and into the future.

Recommendation: Ensure that tourism rail operators have access to capital and develop a long-term plan to rebuild confidence and re-establish Ontario as a prime tourist destination.



CONCLUSION

As the Government of Ontario explores ways of rebuilding the economy in the wake of the COVID-19 pandemic, investments into the rail-based supply chain can generate long-term value and ensure that Ontarians continue to benefit from resilient freight and passenger railway services.

Rail companies are committed to developing and maintaining industry best practices in safety, innovation, environmental sustainability, and economic growth.

Railroaders' resiliency in these deeply uncertain times will help us recover from the pandemic's impacts more quickly, and increased capacity will help get more businesses reopened and more people back to work.

RAC members already have the people power to deliver as we always do — safely and reliably. We view this as a shared approach, which also involves coordination with all levels of government, as well as alignment between private and public partners.

With the right supports, including the implementation of the recommendations included in this RAC 2022 Ontario Pre-Budget Submission, railways will be well equipped to carry an even greater load in our post-pandemic economic recovery and support a prosperous future for Ontarians.

Thank you for your time and consideration.

CONTACT

Comments and questions can be directed to **Gregory Kolz**, Director, Government Relations at 613-564-8105 / gkolz@railcan.ca.

MORE ON THE RAILWAY ASSOCIATION OF CANADA

The Railway Association of Canada (RAC) was established in 1917 and represents close to 60 freight and passenger railway companies. The RAC also counts a growing number of industrial railways and railway supply companies in its associate membership. As part of the fifth largest rail network in the world, RAC members are the backbone of Canada's transportation system.

We encourage you to visit: <https://www.railcan.ca>



APPENDIX- MAP OF ONTARIO RAIL NETWORK

FIGURE 1. ONTARIO RAIL NETWORK



Code	Railway	Code	Railway
AMTK	Amtrak	NCR	Nipissing Central Railway
BCRY	Barrie-Collingwood Railway	ONR	Ontario Northland Transportation Commission
CN	Canadian National Railway	OSR	Ontario Southland Railway
CP	Canadian Pacific Railway	OVR	Ottawa Valley Railway
CR	Capital Railway	PCHR	GIO Rail Holdings
CSX	CSX Transportation	SOR	Southern Ontario Railway
ETR	Essex Terminal Railway	SSR	South Simcoe Railway
GEXR	Goderich-Exeter Railway	TTR	Toronto Terminals Railway
GO	Metrolinx	VIA	VIA Rail
HCRY	Huron Central Railway		

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FIGURE 2. SOUTHERN ONTARIO RAIL NETWORK



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