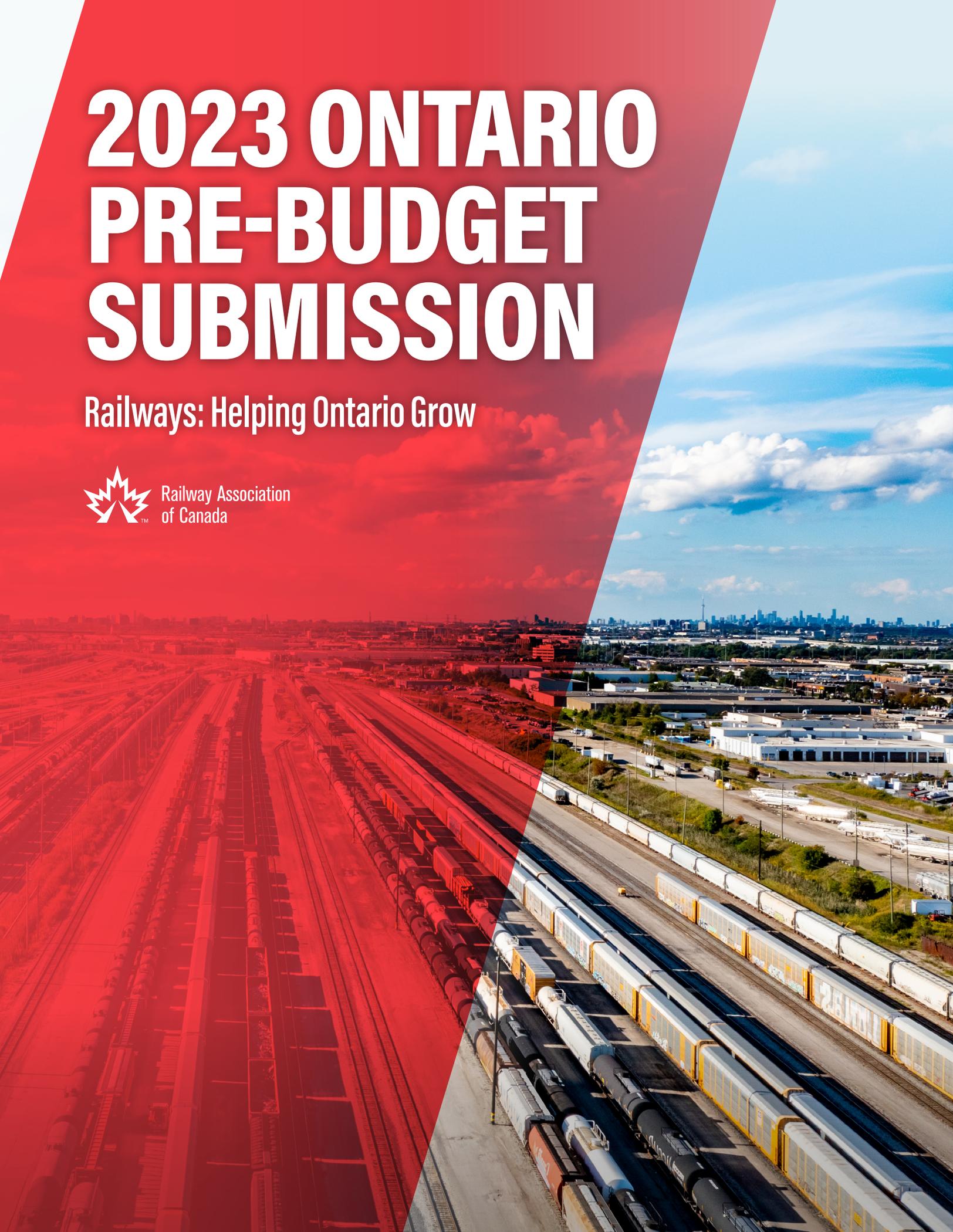


2023 ONTARIO PRE-BUDGET SUBMISSION

Railways: Helping Ontario Grow



Railway Association
of Canada



RECOMMENDATIONS

RECOMMENDATION 1: ENHANCING RAIL SAFETY ACROSS THE PROVINCE.

- As rail safety is a shared responsibility, Ontario should 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.
- Ontario should require ***municipalities to zone and plan with revised RAC-FCM Proximity Initiative guidelines as mandatory requirements*** for any new development.

RECOMMENDATION 2: ENHANCING SUPPLY CHAIN FLUIDITY.

- Ontario should encourage the federal government to ***continue to develop and implement practical and workable solutions to enhance supply chain fluidity and capacity*** that involve all players. Elaborate and implement measures under provincial jurisdiction to ensure all supply chain players are contributing to strengthening supply chains, addressing capacity issues and improving fluidity.

RECOMMENDATION 3: INCREASING SUPPORT FOR SHORTLINE RAILWAYS.

- As approximately 20% of carloads in Canada originate on a shortline railway and because shortline infrastructure is essential to freight and passenger service (especially in Northern Ontario), Ontario should create a ***dedicated multi-year, predictable fund to support shortline infrastructure investments*** that maintain vital supply chains and passenger access for remote communities, improve safety, and limit transportation-related GHG emissions.

RECOMMENDATION 4: SUPPORTING INTERCITY PASSENGER RAIL SERVICE.

- Passenger rail service enhances accessibility and mobility, and boosts tourism.
- More intercity passenger rail service is required to connect communities and ***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.***

RECOMMENDATION 5: FUNDING PUBLIC TRANSIT THROUGH COMMUTER RAIL.

- Public transit plays a key role in helping Canadians go back to work with a safe and affordable means of transportation. As people return to offices at uneven rates, commuter railways and municipalities require additional support to increase efficiencies and maintain service.
- In addition, to the Governments commitment to extend commuter rail service and support commuter rail, Ontario should ***allocate additional capital and operational funding to ensure commuter rail is funded***. This includes the necessary investments in dedicated commuter rail lines to ensure efficient movement of goods and people – now and for generations to come.
- New commuter rail service cannot compromise the current and future freight capacity that is required to support Ontario’s economy. Dedicated rail lines are required to support both commuter modal shift and the efficient movement of goods.

BACKGROUND

Canada's railways are a backbone of our economy and play a vital role in getting goods and people where they need to be – safely, efficiently, and in the lowest cost manner.

RAC member companies, including 21 operating in Ontario, move hundreds of thousands of people around and between Ontario cities each day while helping businesses across the province get their products to world markets. Railways are integral to Ontario's economy and interact with all facets of society: consumers, suppliers, shipping groups and communities. Railways' critical role will continue to be fundamental to Ontario' and Canada's prosperity through the challenging year ahead.

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 employers, family, friends, and communities, they ease congestion in Ontario's largest cities and support the province's vibrant 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: A PRIORITY EXPRESSED BY THE GOVERNMENT DURING THE 2022 PROVINCIAL CAMPAIGN

The rail transportation sector 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. Over the past decade, railways have invested nearly \$5 billion in Ontario, the most of any Canadian province. These significant annual investments into rail infrastructure support the strong and growing demand for Canadian products and provide a vital connection for Ontario to global supply chains.

We were pleased to see this Government make commitment to enhance the rail sector including:

- Expanded service GO Transit service to Niagara Falls, London and Bowmanville and weekday service between London and Toronto
- Construction of subway projects in the Greater Toronto Area, including the Ontario Line, the Sheppard subway extension, the Eglinton Crosstown West extension to Pearson International Airport
- Restoration of Northlander passenger rail service between Toronto and Timmins, Ont.
- An unprecedented \$158.8 billion investment over 10 years for highways, transit, and hospitals, with \$20 billion promised in 2022 alone.

These commitments are a most welcome recognition of rail's importance to Ontario's future and RAC is pleased to submit various recommendations to derive maximum value from the above-listed projects and others. More can be done to harness the potential for rail to further connect Ontario to the global economy.

RAILWAYS: CRITICAL TO HOW WE LIVE, WORK AND TRAVEL

Canada's railways transport approximately \$350 billion of originating goods annually. \$70B of these goods originate on railways in Ontario and much of the other \$280B of traffic moves through Ontario. In fact, railways move approximately 70% of all intercity traffic and 50% of Canada's total exports. Each year, 3,600 locomotives and more than 34,000 dedicated railroaders transport goods and people across nearly 43,000 kilometers of rail track across Canada (including over 9,700 kilometers in Ontario) and several points in the United States. These tracks require continual maintenance and upkeep to ensure efficient deliveries, as well as the safety of rail employees and the communities in which they operate.

Railways are the most fuel-efficient modes of moving people and goods over land. 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.

Canada's freight railways also provide world-leading value for customers and consumers alike. An independent international study¹ comparing rail freight rates found that Canadian rates were the lowest of all the market-based economies surveyed, and – notably – 11% lower than in the U.S. Canadians should be proud of their railways, as Canadian prices in other federally regulated industries tend to be higher than prices in the U.S. The study² also found that Canadian rail freight rates have grown more slowly than U.S. rates – 43% vs. 72% – over the last 33 years and at less than half the rate of commodity and general prices over that same period. Ensuring that Canada's railways remain healthy and strong links in Canada's supply chains without barriers to growth and investment is critical to Canada's and Ontario's growth and prosperity.

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 2023, the RAC is seeking support for the recommendations outlined in this submission.

¹ CPCS, International Comparison of Railway Freight Rates, January 2023

² Ibid.

CONCLUSION

We are confident that the recommendations submitted through this brief can generate long-term value and ensure that Ontarians continue to benefit from resilient freight and passenger railway services for generations to come.

Rail companies are committed to developing, and investing in, industry-leading best practices in safety, innovation, environmental sustainability, and economic growth. Railroaders' resiliency will continue to be foundational for Ontario's prosperity as we navigate through continued economic uncertainty. In these deeply uncertain times will help us recover from the looming recession more quickly, and get more businesses reopened and more people back to work.

RAC members are committed to transporting people and goods — 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 submission, railways will be well equipped to help facilitate economic resiliency for all Ontarians.

Thank you for your time and consideration.

CONTACT

Comments and questions can be directed to **Caroline Healey**, Executive Vice-President & General Counsel at (613) 564-8103 / CHealey@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.



ANNEX: ONTARIO'S RAIL NETWORK



RAC Ontario Member Railways	
ACR	Agawa Canyon Railroad
AMTK	Amtrak
BCRY	Barrie-Collingwood Railway
CP	CP
O-Train	Capital Railway
CN	CN
CSX	CSX Transportation Inc.
ETR	Essex Terminal Railway Company
PCHR	GIO Rail Holdings Corporation
GEXR	Goderich-Exeter Railway Company Ltd.
HCRY	Huron Central Railway Inc.
GO	Metrolinx
NCR	Nipissing Central Railway Company
NS	Norfolk Southern Railway
ONR	Ontario Northland Transportation Commission
OSR	Ontario Southland Railway Inc.
OVR	Ottawa Valley Railway
SSHR	South Simcoe Railway
SOR	Southern Ontario Railway
TTR	Toronto Terminals Railway Company Ltd.
VIA	VIA Rail Canada Inc.

RAC Ontario Associate Members	
Abspouse Electronics Ltd	NARSTCO
Canadian Urban Transit Association	Ontario Steel Haulers Inc.
Colliers Project Leaders	Sandy Cooke Consulting Inc.
Confederation College of Applied Arts and Technology	Siemens Mobility Limited
CPCS Transcom Limited	Standard Rail Corporation
Dillon Consulting Limited	Toromont Cat
Drain-All Ltd.	TYBO Contracting Inc.
J. Lanfranco	Universal Rail Systems
Jade Acoustics Inc.	VIP Rail
Jones Rail Industries	Whiting Equipment Canada
Messer Canada Inc.	