

2024 B.C. PRE-BUDGET SUBMISSION (VIA ONLINE PORTAL)

Recommendation #1: Advance Supply Chain Collaboration and Investments, Resist Harmful Federal Regulations

Collaboration and investment move supply chains – not more economic regulation.

Workers are prevented from loading grain onto vessels in the rain at the Port of Vancouver. While railways set records for grain movement, trains get stuck at port because their grain cannot be loaded onto vessels in the rain – creating backlogs. Each year, crucial shipping capacity is lost at the worst possible time because unionized workforces will not load grain in the rain despite the availability of safe solutions. Similar ports like Seattle and Portland are moving grain in the rain. **The B.C. government should work with the federal government and other partners on an urgent solution to the “grain in the rain” and other labour issues at the Port of Vancouver.**

The federal government’s extended interswitching policy will add 1-2 days to transit times by introducing inefficiencies in supply chains. Federal Transport Minister Omar Alghabra’s own office admits this policy risks congestion. That is why, his office explained, the government is not doing it in B.C., Ontario, or Quebec. Extended interswitching will drive away Canadian jobs and investment. The policy forces Canadian railways to move Canadian freight to U.S. railways at a below market rate. This means less carloads available for unionized Canadian railroaders and less traffic at Canadian ports like Vancouver and Prince Rupert. Provincial fuel revenues would decline given the reduction in Canadian movements.

Federal anti-replacement worker legislation is another example of harmful regulation.

Railways urge the B.C. government to advocate federally for tangible supply chain investments and solutions rather than more regulation.

Canada’s supply chains need investment. **As B.C. develops its own transportation-focused capital spending plan, it should communicate to the federal government that federal actions, like accelerated capital cost allowance for example, can complement the provincial government’s efforts to increase supply chain capacity and fluidity.**

Policy Recommendation #2: Eliminate the Carbon Tax on Low Carbon Fuels Utilized in British Columbia

Rail is the greenest mode of ground transportation, but Canada's railways want to go further. Through a Memorandum of Understanding between the Railway Association of Canada and Transport Canada, research ([the Rail Pathways Initiative](#)) has identified that low carbon fuels present a significant opportunity for Canada's rail industry to meaningfully lower emissions and further improve fuel efficiency. RAC members are actively conducting tests to address the technical barriers of using higher blend rates of low carbon fuels on locomotive engines and operations. There are other barriers, though, beyond the control of the railway industry such as the economics and availability of these fuels.

B.C.'s carbon tax on low carbon fuels directly affects its economics and availability (and therefore viability). The carbon tax increases the cost of biodiesel and hydrogenation-derived renewable diesel by \$0.1685/litre. By increasing the price of low carbon fuels, government policy is punishing the use of these fuel types rather than incentivizing a switch. This hinders rail industry efforts to increase the use of low carbon fuels.

For the rail industry to better support the government's emission reduction objectives within the transportation sector through low carbon fuels, policy frameworks must ensure that these fuels do not cost more than conventional petroleum diesel.

The RAC, in alignment with the recommendation proposed by Advanced Biofuels Canada, fully endorses the elimination of the carbon tax on low carbon fuels.

Recommendation #3: Support British Columbia’s Shortline and Passenger Railways

Almost 20% of rail carloads originate on a shortline. B.C.’s shortline railways provide critical first-mile, last-mile services that connect customers to global markets. Shortlines have a different scale of resources but face many of the same challenges as larger railways. They compete directly with trucks on publicly funded highways for traffic and operate lower density lines. Shortlines need support. Greater shortline infrastructure would contribute to regional economic development, improve supply chain fluidity, lower costs for businesses, and enhance safety while lowering emissions and reducing the strain on public infrastructure. The Quebec government’s [“Support Program for Rail Transport Infrastructure and Modal Integration”](#) may be a model for B.C. to consider. As another example, Saskatchewan recently announced funding support for its shortlines through its Short Line Railway Improvement Program. **British Columbia should create a dedicated, multi-year predictable fund to support shortline infrastructure investments.**

British Columbia is home to vital passenger railways from intercity to commuter to tourism. These railways bring people where they need to go. COVID-19 drastically suppressed ridership across all categories of passenger rail and ridership recovery is uneven. Many operators were forced to reduce service, postpone infrastructure upgrades, and initiate layoffs. Passenger railways and municipalities continue to face huge financial challenges and require further support to increase efficiency and maintain service for returning demand. Encouraging the shift of passengers from personal vehicles to rail reduces the strain on publicly funded infrastructure, such as roads and bridges, and eases congestion in British Columbia’s busiest cities and corridors while reducing emissions. It should be noted that passenger rail service must not compromise the current and future freight rail capacity that is required to support British Columbia’s economy. **The Railway Association recommends, in line with the government’s election platform, to allocate additional capital and operational funding for passenger rail across the province.**