

2021 Ontario Pre-Budget Submission

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

The Railway Association of Canada (RAC) represents 21 railway operators in Ontario, accounting for more than 9,000 direct railroad jobs, and approximately \$2.5 billion in direct GDP.

1 - Supporting Shortline Railways

More than a dozen shortline railways in Ontario provide a low-cost, safe and emission-friendly service. Shortlines perform a vital role in our rail-based supply chain by providing crucial first-mile and last-mile service, connecting rural economies to the world.

Currently, shortline revenues narrowly outpace expenses, which are growing on account of regulatory requirements related to grade crossings, environmental considerations and insurance.

RAC believes that Ontario can do more to support shortline railways through grants, tax credits and low-interest loans.

Recommendation: Create a dedicated capital funding program to support shortline infrastructure investment.

2 – Endorsing High Frequency Rail

VIA Rail's proposed High Frequency Rail (HFR) project represents a key infrastructure initiative that will contribute to Ontario post-pandemic economic recovery.

HFR is a shovel-worthy project that will create jobs, while reducing GHG emissions.

Recommendation: Collaborate with the federal government in launching VIA Rail's HFR project to create employment, stimulate sustainable growth and leverage the environmental benefits of moving more passengers by rail.

3 – Enhancing Canadian Freight Railway Competitiveness

Ontario needs a competitive tax framework to further incent railway infrastructure investment and ensure that the sector can maintain a robust supply chain and facilitate future volume growth.

Enhancing tax policy and freight railway competitiveness not only helps support the needs of Ontario's economy and create jobs, but also ensures that an appropriate fiscal framework is in place to move more goods and people by rail in an environmentally friendly way.

Recommendation: Implement accelerated depreciation measures to enable freight railways to continue supporting the needs of the Ontario economy.

4 - Sustaining Ontario's Passenger & Tourism Railways

Passenger railways, including tourism railways, help drive economic activity by creating demand for local service providers such as hotels, restaurants, retail and excursion companies.

At a time when passenger rail operators such as ONR are grappling with the impacts of the COVID-19 pandemic, the RAC is encouraging the Ontario government to fulfil their 2018 election pledge to restore the Northlander as part of a broader economic development plan.

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

5 – Fund Public Transit / Commuter Rail

Commuter railways and municipalities continue to face huge financial challenges and require additional government support to fund the operating and capital costs necessary to increase efficiency and maintain service.

Recommendation: Provide additional capital funding to ensure transit is part of Ontario's economic recovery. This financial support will help restore jobs, connect people, and keep transit central to a lower-carbon economy and more sustainable urban life.

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