

# The Impact of Ontario's Short Line Railways

Short line or regional railways play a highly-specialized role in the functioning of the economies of Canada and Ontario, particularly in rural regions. Operating on light-density lines that once belonged to the main line or Class I railways (Canadian Pacific and Canadian National), they provide cost-effective, self-supporting freight service on lines the major railways could no longer serve under their higher cost structure and less flexible labour agreements.

The establishment of these short lines – more than half within the last 25 years – has preserved service

to industries that cannot be served physically or economically by trucks for a variety of reasons. They are also competitive alternatives to high-cost, high-carbon highway transport.

Ontario is home to 12 regional or short line common carrier railways, which are defined as railways with annual operating revenues of less than \$250 million for two consecutive years.

## ONTARIO'S SHORT LINE AND REGIONAL RAILWAYS

RAILWAY	OWNERSHIP
Barrie-Collingwood	Municipal
Essex Terminal	Private
Goderich-Exeter	Private
Guelph Junction	Municipal
Huron Central	Private
Nipissing Central	Provincial
Ontario Northland	Provincial
Ontario Southland	Private
Orangeville-Brampton	Municipal
Ottawa Valley	Private
Southern Ontario	Private
Trillium	Private



**ROAD COST SAVERS:** Without the services provided by the Ontario Southland Railway and other short lines, thousands of carloads of freight would be transferred to local, regional and provincial roads. This would increase public costs as a result of the additional wear and tear resulting from truck haulage of this tonnage. Photo by Walter E. Pfefferle

These railways pay more than \$30 million in wages and more than \$7 million in federal and provincial taxes annually. They handle more than 150,000 carloads each year, serving industries with annual revenues of \$4 billion. Without the cost-effective and customer-driven service provided by short lines, some Ontario industries would not be viable.

It is estimated that Ontario's short lines allow for savings in transportation costs of as much as \$616 million annually and additional socio-economic benefits of up to \$559 million annually.

Short lines are also climate change fighters. If all short line freight traffic was shifted to trucks, an additional 73,114 tonnes of greenhouse gases would be emitted. Truck haulage would also lead to additional municipal and regional funding to compensate for the additional road wear.

These environmental benefits have been recognized in the Ontario Climate Change Action Plan, which recommends a study to determine the actions required to improve short line competitiveness and thereby assist in reducing Ontario's high-carbon fuel consumption and greenhouse gas emissions.

BENEFITS	SHORT LINE VS. INTER-MODAL SHIPPING (\$ MILLIONS)	SHORT LINE VS. ALL-TRUCK SHIPPING (\$ MILLIONS)
Transportation cost savings	\$265	\$ 616
Socio-economic benefits	\$126	\$ 559
Total benefits	\$391	\$1,175

Source: *Economic Benefits of Ontario Shortlines*, Canarail for the Railway Association of Canada, 2007