



TRANSPORT ACTION ONTARIO

Advocating for Integrated Public Transportation across Ontario

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Review of Ontario Ministry of Transportation (MTO) "Connecting the North: A draft transportation plan for Northern Ontario"

1. Introduction

Transport Action Ontario (TAO) welcomes provincial recognition of transportation needs across Ontario. Given that Canada's national transportation infrastructure is between 14th and 17th place in global rankings, this MTO draft plan for Northern Ontario is desperately needed. Focusing on the wellbeing of northern communities through their ability to benefit economically and socially from improved mobility after decades of relative neglect is a major step forward.

The draft plan proposes 5 goals and 67 actions, in the areas of highways, short-haul air services, marine, rail, broadband, electrical grid, trails and aggregate. TAO comments will largely deal with highways and railways since the other modes have less interchangeability.

As will be seen from the comments below, TAO is very disappointed about the low emphasis on rail, bus and intermodal trucking in this draft plan. Other than committing to investments in public transit from the *Investing in Canada Infrastructure Program* and the *Gas Tax*, there are no financial commitments for rail and bus. Residents of Northern Ontario already feel ignored by Queens Park. When they view the massive planned provincial investment in transit in the Greater Toronto and Hamilton Area (GTHA), including some subway projects with very dubious business cases where lower-cost LRT or GO Transit surface alternatives exist, their frustration will grow.

2. More Emphasis on Rail Needed, including “Northlander”, Huron Central and Algoma Central

2.1 Passenger Rail

Passenger rail, together with passenger buses, needs to play a major role in the transportation network of any modern jurisdiction, including northerly lands with low population density and vast distances, like Northern Ontario.

It is instructive to review the networks of other nations including [Scandinavia](#) and the [Russian Federation](#), which have environments very similar to Northern Ontario. They offer many examples of transportation best practice, including

- [High density of well-maintained rail lines with connecting buses](#)
- Combined train/bus/transit ticketing.
- Integration with car rental companies
- [Sleeper services and car carrier services on long-distance routes](#)
- [Extensive use of truck/train intermodal services](#)
- Low carbon propulsion.
- Combined passenger/freight buses for small/medium package deliveries.
- Integration with local hotels and resorts.
- Well-paying jobs for indigenous peoples.
- Digital rolling stock and track condition monitoring.

We are disappointed in the unacceptably slow progress on the return of passenger rail to Northeastern Ontario (Goal 17). The cancellation of the “Northlander” service was counter to a consultant’s report, commissioned by the then Liberal government, that recommended service upgrades, better modal integration and marketing that would contribute to the sustainability of this service.

TAO questions why a rail line that used to host a passenger service cannot be returned to service quickly with the utilization of [modern track surveying and maintenance equipment](#). For example, the one-mile connection that allows trains to proceed from the CN Newmarket Sub straight on to the Temagami Sub and into North Bay station could be surveyed and upgraded within days rather than the extended time shown in the report. Surveying the entire route between North Bay and Cochrane should take less than a week since the line is maintained for freight services. These gaps need revisiting with subject-matter expertise and not employed as obvious delaying tactics for passenger service resumption.

Similarly, cancellation of the Algoma passenger train was counter to the 2014 BDO Canada economic impact assessment that showed that the passenger train, which received

\$2.2 million in annual federal funding, contributed \$38-\$48 million in annual economic benefits and \$5-\$6 million in annual tax generation.

Many of the existing rail beds in Northern Ontario go through the most densely populated communities—basically those on the Highways 17 and 11 routes. The rail beds are already in existence and being used for freight. Some such as the HCR and the ON line from Cochrane to Hearst merely need upgrading for passenger service—a much lower cost than four-laning highways. While highways must be excavated and reconstructed approximately every 10 years because of freezing and thawing, rail beds usually employ condition-based maintenance expedited by the application of modern, for-purpose equipment.

Passenger and freight rail services on the several short lines on which passenger rail needs to be reinstated should be coordinated by a single transportation agency, namely the Ontario Northland. Northern Ontario is fortunate to have a public agency with decades of experience in administering high quality transportation in Northern Ontario.

2.2 Freight

Using rail for freight movement, both bulk movements of raw and finished materials, and intermodal shipment of goods, needs more emphasis in the draft plan.

We are surprised that there is no mention of the importance of the Huron Central Railway, given ongoing provincial ministerial concerns about its future. This short line runs between Sault Ste. Marie and Sudbury and is a vital link to several large industries. It is awaiting new funding that will likely have to come from government. Although this funding is a “subsidy”, it is no different than subsidies received by highways, as described below.

The Algoma Central Railway is also not discussed in the plan. CN has just confirmed that it intends to sell this asset. Apart from its continued appeal to tourists, it provides a direct link from Hearst to Dubreuilville, Wawa and Sault Ste. Marie that will be vital to further resource development in Northern Ontario. It would offer the option of shipping minerals by lake freighter or along the HCR route while avoiding the increasingly busy CN transcontinental line. The loss of the Algoma Central Railway would permanently damage tourism and other local industries including aggregate and forest products. There is no parallel highway as an alternative and none should be considered.

We also believe there is merit in studying an idea that first surfaced at a Rail Summit several years ago, namely combining all 4 short freight railways – HCR, ACR, ON, Ottawa Valley - under the operation of Ontario Northland. This single line operation should be able to compete much more effectively with trucking and also reduce interswitching costs, especially in Sault Ste. Marie and Hearst.

2.3 Role of Highways

Highways are featured in the draft plan as a default option for personal and freight movements throughout the north. While a highway network is an essential part of an optimized transportation system, its cost effectiveness, in absolute terms, will diminish as fossil fuel energy costs rise and environmental concerns go beyond superficial wildlife protection and airborne emissions reduction.

TAO supports investments in highways, primarily expansion of existing road infrastructure (widening and improved alignment) and maintaining secondary roads in a state of good repair. However, we do not support the new construction and use of highways for long-distance, heavy-haul to and from new or expanded extractive projects, the carriage of non-time sensitive goods or as a sole option for interregional personal travel. We believe that, in most instances, rail and passenger bus or intermodal truck/rail offer a more cost-effective, forward-thinking solution by reducing externalized costs to the taxpayer and the environment while boosting the competitiveness of the northern economy.

3. Cost of Highways (Public Subsidy Growth) not accounted for in the Report

[A 2016 report](#) by Benjamin Dachas of the C.D. Howe Institute argues that, after all revenues through fees and fuel taxes are accounted for, Canada's highways require a direct public subsidy averaging 30% for construction and maintenance. Per kilometer subsidies will be much higher for lightly trafficked, all-weather roads in areas of sparse population, common in the north. 70%-80% public subsidy levels are not unrealistic especially when factoring in the cost of law enforcement, emergency services and winter snow removal in remote regions.

As electric cars proliferate across Canada and provincial and federal revenues from fuel taxes decline in absolute terms, highway subsidy cost burdens will rise putting a further strain on the public purse. Transit funding from gas tax revenues will also be compromised. [Purchase price subsidies](#) for electric vehicles and [heavily subsidized](#) electricity prices will exacerbate this.

Cold climates substantially reduce the range of electric vehicles. Given the vast distances in the north, a major breakthrough in battery technology will be required to make them practical for year-round, long-distance use. The cost of providing charging points will likely be an additional public subsidy. Compensating for highway, vehicle purchase and electricity subsidies will involve aggressive [road pricing](#) if the burden on the public purse is to remain tolerable and the economy competitive, but this would be politically unpopular. Indeed, public controversy over subsidy costs will likely challenge the positive political optics of highway projects, as it has done with transit projects in the GTHA.

Hydrogen as a transportation fuel was also mentioned in the draft plan and it is assumed the reference is to green (derived from electrolysis) rather than blue (from fossil fuels)

hydrogen. Generating green hydrogen will require a hydro cost well below the current, subsidized approx. 15c/kw hr. for it to be competitive. Blue hydrogen can add to CO₂ emissions unless carbon capture and storage is completely effective, adding to costs. Hydrogen delivery by road vehicle further erodes its competitiveness. Europe is planning a hydrogen pipeline network to improve its economics for all uses.

All this is to say that the public costs of construction, operation and maintenance of highways and related infrastructure is currently high and will grow dramatically. TAO believes that the total public cost (i.e. direct and hidden subsidies) for rail infrastructure is significantly lower than for highways when modern technologies are applied to planning, construction and maintenance.

4. Environmental issues – GHG and Other Pollutants

Canada has embarked on a rigorous climate change strategy. Given that transportation emissions currently represent approximately 30%-35% of our national GHG inventory, it is clear that transportation modes with high carbon intensity per tonne-km or passenger-km are at competitive and/or legislative risk. Although many highway vehicles have become increasingly fuel efficient, their quantity continues to increase and a growing preference for large personal vehicles (pickup trucks and SUVs) exacerbates the carbon emissions problem. This can only be addressed with a shift to a much lower emission transportation mode for non-time sensitive freight and long-distance personal travel.

Global studies on transportation emissions are unanimous that rail transportation (diesel hauled) has between 70% and 75% lower CO₂ [emissions per tonne-km](#) than long-haul highway trucking. Electric rail propulsion using hydro produced from renewables can reduce CO₂ to near zero. With calls for a global declaration of a climate emergency, any transportation plan ignoring or discounting this proposition cannot be effective. The MTO report covers this in discussions on winter roads affected by higher average temperatures – a clear manifestation of the adverse effects and real economic and social costs of climate change.

In addition to CO₂ exhaust emissions from vehicles, scientists and health care professionals have become increasingly concerned over the less obvious impacts of highways on the environment. The MTO report made no mention of the following:

- [Salt loading into watercourses](#) adjacent to major highways due to winter de-icing.
- [Tire dust](#) entering the same watercourses. Some rubber compounds contain chemicals that are highly toxic to some fish species. A combination of the two pollutants can cause loss of fish populations, stunted fish growth and increased incidence of algae.
- [PM2.5 particulate emissions](#) that health scientists believe contribute to human respiratory and mental problems including non-genetic dementia.

These pollutants, unidentified in the MTO report, can have a seriously negative effect on sport fishing, tourism in general and further cost-burden the health and long-term care systems.

The draft plan does mention physical wildlife barriers that have been effective in reducing species mortality. We support these but they address a symptom rather than the root cause.

5. Ring of Fire

It was particularly discouraging that the MTO draft plan identified a new highway servicing the Ring of Fire mineral deposit instead of an [all-weather rail line](#) linking to the CN line near Nakina. As stated previously, this rail solution would add viability to the ACR line to the Sault Ste. Marie port. The ore could either be shipped by ships (seasonal) or rail. It could also use the HCR route.

As construction and operating costs of a new freight rail corridor are less than a new highway of equal capacity, this thinking will detract from the profitability and sustainability of this project and potentially make it non-viable. Many other northern extractive industries without a reliable rail service will also find their global competitive position eroded by sole reliance on highways. Large investments in northern Ontario resource extraction require [extremely robust, low carbon transport connections](#) to attract and retain private investment.

Attracting “clean” capital for new or expanded resource projects in northern Ontario will be challenging under a high-carbon transportation scenario proposed in the MTO draft plan. Reputable sources of investment capital and operational funding are increasingly taking a [holistic view of carbon emissions](#) and persistent pollutants when assessing project financing. The movement of project inputs and outputs are commonly included in corporate sustainability and risk evaluation (ESG).

6. Tourism in the North.

The MTO draft plan for transportation in Ontario’s north fails to adequately consider the contribution of tourism to the overall economy, with only a brief mention in Goal 23. This implies the plan is based on a very narrow initial set of consultations and/or assumptions and not a broad spectrum of those involved in driving economic, social and environmental progress in the north.

According to [Destination Northern Ontario](#) the combined figures for annual visitation and spend are: *13 million visitors spending \$2.3billion and contributing \$775 million in tax revenues to all levels of government.*

Tourism relies on accessibility, safety, value for money and an environment as close to pristine as possible. TAO is of the opinion that significant tourism growth potential exists in Ontario’s north. It has many of these attributes in addition to being multi-lingual (primarily

English and French) and having an interesting historical, cultural and ecosystem mix. Societal issues in the USA are likely to drive more non-North American visitors to Canada but the MTO plan for the north offers little or no facilitation. This could be one of many reasons why Canada does not appear in the top ten most visited destinations by international tourist arrivals.

[International rail tourism](#) has rapidly growing appeal as evidenced by the success of rail tours through the Rocky Mountains. Apart from VIA's "Canadian", that currently has a questionable future without needed federal support, there are no high-end tourist train operations in central Canada. The "Polar Bear Express" operated by ONTC is perhaps one exception, although the unconscionable and unjustifiable cessation of the "Northlander" service under a previous provincial government limits its appeal. Rail cruises attract tourists willing to pay up to \$1,500 per person per day for experiential travel. The spin-offs are increased accommodation bookings, land excursions and the sale of locally produced tourist merchandise including the highly valued craft products by First Nations.

Preservation of the HCR and ACR (Bear Train) could allow a multi-day "P" shaped route throughout Ontario's north for rail tourism originating in Toronto or Sault Ste Marie (for the U.S. market). It could be supplemented with an Arctic tidewater experience on the "Polar Bear Express". In addition to increased economic opportunity, it would further ensure that critical investments in northern rail infrastructure are supported by tourist revenues.

7. Summary and Next Steps.

The MTO draft plan is too highway-centric and reflective of 1980s thinking. Ignoring critical rail infrastructure at-risk including the Huron Central (HCR) and Central (ACR) routes is alarming. Expanding heavily subsidized highways to compensate for the loss of rail service represents a larger and more entrenched taxpayer liability than public investment in HCR and ACR, and an unjustifiable burden on the environment. There is a serious flaw in the assumption that an all-weather highway is the best solution for capitalizing on the Ring of Fire and other new or expanded resource opportunities. Dragging out the timeline of the passenger rail initiative for Northeastern Ontario also shows a lack of commitment to this vital project.

TAO therefore recommends that MTO commissions unbiased and independent studies to quantify and qualify the role of modernized and new railways in the northern transportation plan. The results of these studies must be free of politically prescribed conclusions that add to costs and extend project completion dates. The operating experience of Nordic countries should be fully leveraged and considered.

We recognize that rail cannot economically or physically fulfill all the north's mobility needs, but would represent a spine or multiple spines supplemented by buses, other road vehicles, intermodal trucking, air and marine. The important issues are balance, resilience, redundancy, flexibility and scalability.

This TAO report discusses root deficiencies in the draft transportation plan for Northern Ontario while offering alternative solutions reflective of hard facts, missed opportunities and rapidly evolving climate realities. We ask for the following:

- A broadened, transparent and forward-thinking stakeholder consultation process.
- The inclusion of carbon levies and climate-change implications on policy direction.
- A fully costed analysis of highway and rail options for existing and new routes including capital and maintenance costs, CO₂ and other pollutant loading on the environment.
- Discussion on municipal, provincial and federal taxation strategies and private/public cooperation to encourage a shift to low carbon transportation.
- Research into truck/train intermodal services in consultation with industry.
- Independent studies on potential rail passenger demand from selected northern towns and cities.
- Detailed analysis of potential taxpayer subsidies for increased use of electric and hydrogen vehicular propulsion in northern Ontario and the necessary, compensatory level of road pricing to mitigate a burgeoning taxpayer subsidy.
- Assurance that investments in northern infrastructure will be sourced, where practical, from the Canadian industrial base and will utilize Canadian innovation.
- An evaluation of reliable access to Arctic tidewater for sustainable development and sovereignty reasons. This requires close cooperation with the federal government.
- Greater autonomy for the Ontario Northland Transportation Commission in modal selection, integration, product marketing and coordinating Northern Ontario's transportation.

Author disclosure: A major contributor to this report owns shares in CN, Brookfield (G&W), Caterpillar (Progress Rail), Siemens and may own others in mutual funds.

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