

# Rail Transport Sector Profile

## Sector Facts and Figures

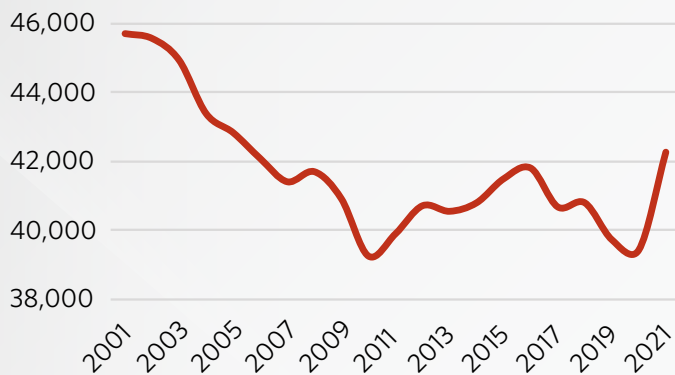
Total GDP <i>Share of Canadian GDP</i>	\$8.2 billion 0.41%
Total Employment (2021) <i>Change since 2011</i>	42,300 +5.9%
Real wage growth (2011-2019)	+8.2%
Labour Productivity (2019)	\$102.6/hr
Average Work Hours/Week (2019)	37.9
Greenhouse Gas Emissions (2019) <i>Change since 2009</i> <i>Share of Canadian industry total</i>	5,917kt +22.8% 0.94%
Union Coverage Rate	40%
Unifor Members in the Industry	9,200
Share of Total Unifor Membership	3%
Number of Unifor Bargaining Units	32
Average Bargaining Unit Size	288

## Current Conditions

With over 43,000 kilometers of tracks spanning the entire country, rail transportation plays an important economic role, shipping over \$300 billion in goods and resources a year and contributing over \$8 billion to Canada's GDP. It also ensures that passengers and communities – both large and small, stay connected, making rail play a key social role as well.

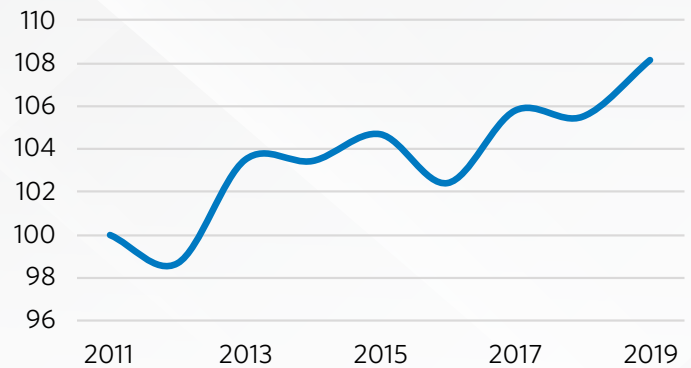
The rail transport sector is dominated by three main national companies: Canadian National Rail (CN) and Canadian Pacific Rail (CP) for freight and VIA Rail for passenger rail.

### Rail transport employment, 2001-2021



VIA Rail, Canada's public national passenger rail service, transports nearly 4-5 million passengers yearly – 90% of which travel between the Windsor-Quebec City Corridor. The COVID-19 pandemic hit passenger rail particularly hard, with passenger volumes declining by almost 77% in 2020. The loss of revenue from suspended routes and service cuts has exacerbated existing problems around frequency and service reliability that have plagued our national system – especially in areas outside of the Corridor. Meanwhile, communities in northeastern Ontario have been eagerly awaiting the restoration of passenger

### Rail transport: Real wages (2011=100)



rail service via the Ontario Northland, since being shut down by the government in 2012. The provincial government in 2022 announced their intention to invest funds in order to resume rail service starting sometime in 2025-2027.

While freight rail's major corporate players, CP and CN, face limited competition in Canada, they are nonetheless in constant competition with other modes of transport, including road, air and marine. However, rail remains a vital mode of transport for both domestic trade, and in particular, Canada-U.S. trade, moving over \$127.5 billion (2019) worth of goods, coming only second behind road transport. In light of this, both companies continue to make significant capital investments into infrastructure to enhance performance and efficiencies.

Employment in the sector has seen slight increases, reaching just over 42,200 in 2021. This is after years of overall decline as rail companies looked to rein in costs and increase profit levels. High union density in the sector has ensured that wage growth has remained above the national average, yet there exists a considerable gap compared to worker wages and productivity levels. The nature of the work also means that job quality and safe working conditions remain key concern for workers.

## Unifor in the Rail Transport Industry

Select Unifor Employers	Approx. # Members
Canadian National Rail	4,400
VIA Rail	2,000
Canadian Pacific Rail	1,400
Ontario Northland	315

Unifor represents just over 9,000 workers in rail transportation, spread across 32 bargaining units, representing 3% of all Unifor membership. Nearly 75% of members work in freight transport, such as CP and CN Rail,

while the remaining are found in passenger rail, including VIA Rail and Ontario Northland. Membership is spread throughout the country and Unifor members can be found working in a range of on-board and off-board positions, from skilled trades – mechanics, locomotive engineers, conductors, electricians, to owner operators and clerical, customer service and food services. The sector is characterized by a high union density rate at 40%, and nearly 21% of all rail workers in Canada are Unifor members.

## Moving Forward: Developing the Rail Transport Industry

Canada's national public passenger rail system, VIA Rail, continues to face significant challenges. A lack of any legislative mandate, coupled by years of government cuts and no long-term, stable investments dedicated towards infrastructure and service, has resulted in route closures, infrequent service and reliance on outdated equipment. Service delays have become normalized due to sharing tracks with freight (CN and CP own nearly 80% of all rail tracks in the country), which gets priority right-of-way access on routes. The government and VIA Rail have now embarked on the development of a High-Frequency Rail (HFR) line project, estimated to cost as high as \$12 billion, which aims at improving service frequency and speed between Quebec City and Toronto. This is in addition to VIA's purchase of 32 new trainsets to be used solely

in the corridor, to the tune of \$989 million. The federal government announced in 2022 that it is seeking to make the project into a public-private partnership (P3) – contracting out design, construction and operations to the private sector. This move is essentially a first step towards full privatization of VIA Rail.

It is anticipated that freight rail transport will continue to see stable growth over the coming years. The recent bid by CP Rail to acquire U.S.-based rail company, Kansas City Southern, could provide significant opportunities for increased freight expansion into the States, as well as all the way to Mexico.

Rail is often considered a 'greener' mode of transportation in terms of greenhouse gas emissions, in comparison to road and air. A 100-car freight train transporting 10,000 tonnes of goods, for instance, could replace 300 trucks. Nevertheless, greenhouse gas emission from rail have risen by nearly 23% since 2009. As a result, government and industry continue to work to both track

emission levels as well as develop strategies towards reducing emissions (currently on a voluntary basis), both through identifying alternative power sources and other rail equipment modifications and upgrades.

Finally, rail safety, particularly in regards to freight, continues to be a critical issue as we continue to see a high number of accidents and derailments. In 2019, there were 458 freight-related accidents, including 78 main-track derailments. Moves towards company self-regulation as well as the introduction of technology to replace human inspections have been identified as some of the main contributors to risks to worker and public health and safety.

## Major Sector Development Issues

- Unions must continue resisting efforts to privatize and further de-regulate rail transportation services. This only serves to erode working conditions and increase risks to worker and public safety.
- Significant investment is needed to revitalize Canada's national passenger rail service for the 21st century. This includes expanding service across the country, enhancing service frequency, modernizing equipment and facilitating priority right-of-way passage over freight.
- Investments are urgently needed to transition freight locomotives to electric, hydrogen or other environmentally friendly power sources to reduce greenhouse gas emissions.