Transport and Communications Committee
Senate of Canada
140 Wellington St
Ottawa, ON K1A 0A4

December 8, 2017

Subject: Bill C-49

The Canadian Association of Railway Suppliers (CARS) is a member-driven association that represents over 140 companies that supply goods and services to freight and passenger railways, transit authorities and railcar and locomotive owners. Largest markets are new freight and tank cars, locomotive components, freight car components and track equipment. Our members are located across Canada with significant clusters in Ontario, Quebec and Alberta. CARS members serve customers across North America and around the world. CARS helps its members maximize their business opportunities by opening doors in the industry and at the government level by helping influence decisions in Ottawa and in the provinces on issues that impact the rail industry.

Our association emphasizes the importance of keeping the dialogue going between industry and government bodies in order to strengthen future relationships and provide strategic outlook, direction and goals that would be used to set priorities for existing and new railway transportation regulations and projects.

CARS would like to emphasize that Bill C-49 not only has an impact on the railways and the shippers they serve but it can also have a positive impact on the railway supply industry. Should the changes to the maximum revenue entitlement come into effect in their current form, major investments in new covered hopper cars are highly likely. Once passed, Bill-49 could encourage investment in the Canadian transportation system in support of the grain shippers. This investment could see new highly efficient railcars built in Canada to the benefit of our supply industry and some of our members.

Canadian grain cars are some of the oldest hopper cars in use. Canadian Transportation Agency sources that total Canadian grain car fleet is approximately 23,000 cars. Three-quarters of these cars were built in the 1970's and 1980's. Most cars must be retired in 2025-30 time period. Industry’s experience is cars do not last for full maximum statutory 50-year life. The increased maintenance costs as cars age make it uneconomical to keep cars in service up to the 50 year age limit. New hopper cars will have a significant change in design and optimization of volume per car. Less cars will be
required to move the same volumes. Replacing older fleet with newer, more efficient equipment will significantly increase the capacity of the supply chain for Canadian grain and improve reliability. Current stakeholders include producers, shippers and railways.

As an example, a railway investment of $500 million on rail cars to move western grain will directly impact the railway and the shippers they serve by improving reliability of rail transport with fewer winter disruptions, increase capacity to move wheat, barley, oat, canola meal and legumes, improve productivity of rail operations as well as reduce costs of rail transport.

There are several indirect benefits on renewing the current grain car fleet:

- Increased capacity will boost export trade and higher GDP. With increased trade comes a higher employment rate which also means increases in taxes for municipalities, provinces and the federal government.
- Farmers will be able to increase production with improved market access as elevator companies and port terminals will be able to increase their efficiency of operations due to the new efficient rail cars
- For all the above benefits, there will be an opportunity for increased investment in the grain producing and handling supply chains, and their factor inputs to the benefit of all stakeholders

According to Transport Canada’s website environmental benefits include:

- A significant reduction in grain spillage during rail transport and the loss of wildlife along the routes.
- The use of more modern rail cars will enhance safety and reduce noise in urban areas
- The use of more modern rail cars will also increase fuel efficiency and reduce emissions
- Reduced road congestion
- Increase support for the Canadian industries such as; mining, forestry and agriculture
- Reduced noise at road/rail crossings
- Expansion of terminal facilities for commercial traffic
- Efficient rail operations and capacity to accommodate trade growth
- Enhanced access for emergency providers
- Increased capacity for public projects
In conclusion CARS supports Bill C-49 and believes it will allow for significant investment and replacing the aging government of Canada grain car fleet with modern grain railcars. This would result in an immediate improvement in the productivity of the Canadian export grain handling system and deliver innovative improvements yielding enhanced competitiveness for all stakeholders and elevate supply chain performance to compete in the global marketplace.

Regards,

Sylvia Newell
President
Canadian Association of Railway Suppliers