

Provincial Short Line Support

To their credit, the governments of Saskatchewan and Quebec have since adopted policies and funding programs that have been beneficial to the short lines within their boundaries.

Launched in 2008, the Saskatchewan Railway Sustainability Program (SRSP) has provided \$5.6 million in grants to provincially-regulated short lines, which operate about 2,000 km of former Class I branch lines. Several of these are locally owned by grain growers' cooperative committees. Based on a 50-50 funding match with the railway companies, this has resulted in more than \$11 million of repairs and capital improvements.

The SRSP is funded by the Saskatchewan Grain Car Corp., a Crown corporation that manages the Government of Saskatchewan's fleet of railway hopper cars, which are leased to producers and other shippers for the movement of western grain to domestic and export market positions.

As well, the Government of Saskatchewan provided interest-free loans to assist in the launch of some of these short lines to preserve a rail option for many farm communities. This has also benefitted provincial taxpayers, saving the cost of the road damage that would result from the abandonment of these lines and a diversion of the traffic to truck haulage.

As much as this public investment has been welcomed by the Saskatchewan short lines and their 74 online customers, it is still inadequate. The grants under the SRSP typically averaged only \$60,000 each, which is a minor amount in light of the infrastructure improvements required to get short lines up to a sustainable state of good repair and allow them to handle 139,000-kg rolling stock.

It is estimated that Saskatchewan's 14 provincially-regulated short lines now have in excess of \$30 million of shovel-ready capital projects that would remove 104,000 truckloads from provincial highways and local roads annually. This would save 51 million litres of fuel and create approximately 500 direct and indirect jobs over a three-year period. The short lines do not have the revenue and capital investment capacity to fund these projects on their own.

Even larger than the Saskatchewan program was a funding plan undertaken by Quebec between 2007 and 2014, which totalled \$100 million and included \$30 million from the federal Canada Strategic Infrastructure Fund. These grants went to projects that upgraded track and bridges, improved safety and efficiency, reduced greenhouse gas emissions and built new trans-loading facilities to transfer commodities from rail to truck and vice versa. The Quebec grants were substantial, ranging from \$850,000 to as much as \$30 million.

Although this program has ended, Quebec is assisting in the restoration of the deteriorated Gaspé Railway, a former CN line stretching 325 km from Matapédia to Gaspé. It has gone through a series of embargoes since 2011, eventually halting all freight service on the line's eastern end and suspending VIA Rail Canada passenger service over the entire route in 2013. Quebec has assumed ownership of the railway from the four regional county municipalities that previously owned it and is working to bring the western end up to a state of good repair. The future of the eastern half of the line remains uncertain.

A similar situation has occurred on Vancouver Island and others are beginning to arise.