

Brief regarding the Anticipated Labour Shortages in the Canadian Transportation Sector

**Submitted to the House of Commons Standing Committee on
Transport, Infrastructure and Communities**

House of Commons of Canada

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Executive summary

In response to the House of Commons Standing Committee on Transport, Infrastructure and Communities study of anticipated labour shortages in the Canadian transportation sector, the Railway Association of Canada (RAC) believes the Government of Canada can best support Canada's railways through greater openness to new technologies, changes to the Express Entry system and amplification of efforts to promote jobs in rail to new audiences.

Canada's railways directly employ more than 33,000 Canadians and support 182,000 jobs across Canada. They offer a wide range of employment opportunities and well-paying jobs in communities from coast to coast to coast.

Several RAC members routinely rank among Canada's top employers, recognition of the calibre and breadth of opportunity they offer. RAC member railways are actively recruiting candidates to ensure they can keep moving goods and people safely and efficiently. Over the past decade, this has included proactive outreach to new and traditionally under-represented populations.

Efforts to ensure Canada's railways are reflective of the communities and country they serve could benefit from government support, as detailed in this submission. Further, Canada's railways need regulators to support our ongoing modernization and innovation efforts and would welcome faster access to skilled labour through Canada's immigration system.

The RAC recommends that the Government:

- 1. Accelerate approvals and implementation of new technologies to further enhance rail safety and reliability**
- 2. Facilitate the express entry of skilled rail professionals to Canada to encourage supply chain fluidity**
- 3. Amplify ongoing efforts to recruit top talent to rail, including women, visible minorities, veterans, people with disabilities, and members of Indigenous communities**

Introduction

As the House of Commons Standing Committee on Transport, Infrastructure and Communities undertakes a study on anticipated labour shortages in the Canadian transportation sector, the Railway Association of Canada (RAC) is pleased to offer the following submission for consideration.

The purpose of this brief is to showcase how RAC members are currently addressing localized labour market issues from coast to coast to coast and the macro-level efforts (underway and needed) to address and avoid sector-wide labour shortages.

This submission is grounded in the following premises::

1. While many transportation sector employers and supply chain partners are struggling to find and retain employees, railways are taking a proactive approach to recruitment nationally while addressing local / regional recruitment challenges on a case-by-case basis.
2. Rail offers exciting, multi-faceted and well-paying opportunities to people who want to work hard and help move Canada forward.
3. Like many sectors, our workforce is ageing and changing. We do need more workers. But rail is a dynamic industry that is constantly innovating and evolving. Over time, we will augment our skilled human resources with technological and other solutions to further augment safety, reliability, and resiliency.
4. We need to deal with the challenges of today while preparing for the opportunities of tomorrow. As a backbone of Canada's economy, Canada's railways are forward-looking and focused on practical solutions. We need governments to support this approach with a clear, predictable, and stable regulatory environment that enables and encourages private-sector investments in the future of Canadian rail.

The RAC represents close to 60 freight and passenger railway companies—railways that transport tens of millions of passengers and approximately \$320 billion worth of goods across our country each year. We also count a growing number of industrial railways, railway supply companies, and training & educational organizations in our associate membership. As part of the fifth largest rail network in the world, RAC members are the backbone of Canada's transportation system.

Every day, Canada's railways operate 1,100 trains across this country, reliably, cost-effectively, and most importantly, safely. Canada's rail network is the safest in North America and one of the safest in the world. This is thanks to stringent rules and regulations, and significant investments made by the industry.

Canada's rail sector is not just safely transporting goods and people from coast to coast to coast—it is sustainably powering our economy and moving Canada forward. RAC members directly employ more than 33,000 Canadians in railway operations, technology, safety, security, and leadership positions, and Canada's railways indirectly support more than 180,000 jobs across the country. This highly productive workforce moves close to 70 percent of all surface goods and half of the nation's exports every year—delivering Canada's products to the country and the world. All while emitting only 1.1 percent of Canada's GHG emissions or 3.8 percent of Canada's transportation sector GHG emissions.

The impacts of the COVID-19 pandemic to our health, to workers, to businesses, and to all levels of government in Canada and around the world are unprecedented. But one thing did not change: the perseverance of Canadian railways, which continue to move people and goods safely and efficiently, as and when they are needed.

As a trading nation exporting our goods to the world, a strong, safe, and efficient rail system is essential for Canada to remain globally competitive. Our freight rail system is a critical link in Canadian supply chains. Our recommendations are grounded in our shared responsibility to do whatever it takes to deliver reliably for Canada and Canadians.

Situation overview

1. Alarming indicators for job vacancies in the transportation sector

Businesses large and small, from every sector of the economy and in every region of the country, are facing unprecedented challenges accessing the skills and talent they need. According to Statistics Canada, the unemployment-to-job vacancy ratio has reached historically low levels, due to the current tensions in the job market. More than one-third of Canadian businesses surveyed report struggling to recruit skilled workers to fill a vacant job posting¹.

This situation has a major impact on the Canadian economy particularly in a global context where supply chains have experienced serious turmoil and global inflation shows no signs of declining despite the efforts of several industrialized countries.

While our railways have not experienced the same degree of difficulty staffing up as other supply chain partners, the rail industry is not immune to the macro-trends of an ageing and changing workforce. Although vital to the dynamism of the Canadian economy, railways are facing certain serious challenges that threaten their essential mission of moving people and goods, including:

- Higher-than-historical-average job vacancy rates,
- Post-training retention challenges, and
- Difficulties recruiting to remote and rural communities, especially for certain skilled professions.

RAC members are responding to this challenge as they do all others: with practical, effective, and creative solutions. As but one example, when RAC member CP was looking to expand its operational workforce in Revelstoke, B.C. earlier this year, it learned that housing was a barrier to employing the people it needed. Its response: [build more housing](#). Two brand new buildings of 48 units total will be complete in early 2023, and CP's local workforce will grow from 300 to 400 strong.

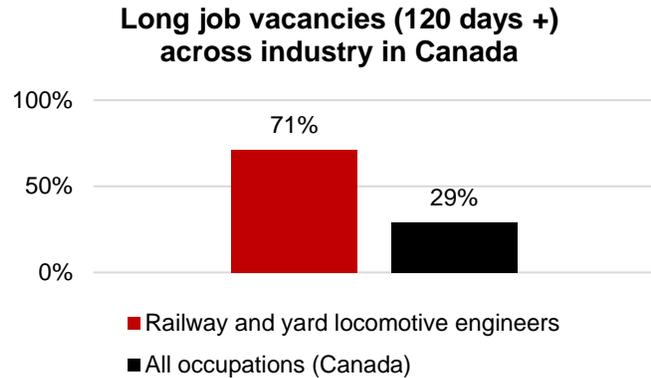
Despite the foregoing, job vacancy data suggests that there are labour shortages throughout the Canadian transportation sector, and that these shortages are becoming more acute. Year-to-date (Jan-August) 2022 data indicates a job vacancy rate² of 5.8% (49,000 vacancies per 844,000 jobs) in the Transportation & Warehousing sector (an increase from 4.2% in the same period in 2021), which is slightly higher than the 2022 year-to-date economy-wide average of 5.5%³.

¹ Statistics Canada. Labour Force Survey and Job Vacancy and Wage Survey. 2022.

² The job vacancy rate is the number of job vacancies expressed as a percentage of all occupied and vacant jobs.

³ Source: Statistics Canada

The average duration of vacancies for railway and motor transport labourers is similar to the economy-wide average; however, the duration of vacancies for railway and yard locomotive engineers, is much longer. Q2-2022 data shows that 71% of railway and yard locomotive engineer vacancies have a duration of over 120 days, compared to just 29% for all occupations economy-wide.



Railways are constantly recruiting⁴ for 81.4% of railway and yard locomotive engineer vacancies, whereas all businesses are constantly recruiting for just 29.1% of occupations economy-wide.⁵

It is anticipated that the Canadian rail industry will, like so many sectors of the economy, be impacted by an ageing workforce. Compared to the average, the rail industry has a high share of workers that are 45-64 (47% of industry employment), but very few workers that stay on after 65 years of age (2% of industry employment)⁶. Over the next several years, the ageing of the current 45–64-year-old workforce combined with a small 65+ workforce, suggests that retirements in rail will have a relatively strong effect on increasing vacancies, compared to other industries that have less workers approaching retirement age, and that have a higher share of workers that continue to work past 65.

Railways recognize the need to recruit new talent, train people for available jobs, and ensure opportunities are promoted to potential candidates, including those from traditionally under-represented populations. (More in this in the section below.) Railways are also acutely aware of the need to introduce more technological solutions to augment and complement work done by people.

2. Concerns and opportunities regarding recruitment and retention of employees

In addition to the current tight job market in Canada, railways experience several challenges for recruiting and retaining employees across the country. Several RAC members have expressed serious concerns including:

- Difficulty recruiting skilled workers, particularly in rural or remote areas.
- Increased demand for telework and evolving work-life balance considerations.

⁴ Constantly recruiting means that recruitment will continue after the current vacancies are filled.

⁵ Source: Statistics Canada

⁶ Statistics Canada, 2016 Census. 2021 Census data on labour is scheduled to be released on November 30, 2022.

- Overcoming misperceptions about employment ‘barriers’ and ensuring traditionally under-represented populations are aware of the breadth and range of opportunities available to them.

Access to human capital is essential for railways to adapt to growing service demands and increased capacity. Railway traffic was up 25% over the last decade, a rate of increase double that of Canada’s economic growth over the same period. Given the nature of railway operations, many positions involve physically demanding work in a 24/7/365 industrial environment, occasionally in remote geographic locations. This constitutes a challenge, especially considering that workers now demand more flexibility for work-life balance and telework, although many jobs involve being in the field. Moreover, recruiting and retaining talent, particularly women and younger generations, can prove challenging.

Yet, RAC members are committed to promoting Canada’s railways as exciting, rewarding employers of choice that offer opportunities in a growing, highly innovative, and impressively sustainable industry with self-directed career options from coast to coast to coast.

Canada’s railways attract workers primarily through competitive total compensation and exciting career development options. In Q1-2022, the average offered hourly wage in the rail sector was \$30.95, which was \$5.15 or 20% higher than the air transportation sector (which ranked second among transportation & warehousing industries), and \$6.70 or 28% higher than the transportation & warehousing average⁷. In 2021, the average weekly wage in the rail industry was 50% higher than the economy average.⁸ From 2001 to 2021, wages in rail increased at 3.3% per year compared to 2.7% for the economy average⁹. In 2020, railroaders enjoyed an average wage of over \$100,000¹⁰. Total compensation, including generous pension and benefits packages, is a definite point of strength for Canadian railways, compared to others in the sector and the broader economy.

Canadian railways also offer extensive training to their employees and new recruits. Statistics Canada’s Survey of Innovation and Business Strategy found that, in 2019, out of 95 industries surveyed, rail and water transportation (rail-specific data is not available) ranked 8th highest for the share of businesses that arrange job-specific training. Pipeline transportation was the only transportation industry that ranked higher. Canada’s railways employ several wise practices to retain, train, and upskill existing employees. They also invite older workers to stay on longer, offering contract and part-time work, and increased flexibility where possible.

Canada’s railways must develop and maintain a strong pool of talent (with full and unfettered access to the skills and competencies they need) to preserve operational and logistical continuity, supply chain fluidity, and economic mobility. The RAC hosts

⁷ Source: Statistics Canada

⁸ Ibid.

⁹ Ibid.

¹⁰ Source: Railway Association of Canada, *Rail Trends 2021*

conferences like [Women in Rail](#), partners with colleges to train new conductors and other recruits, and actively promotes the dynamic and rewarding careers of all kinds that rail offers.

At a time of generationally high inflationary pressures – and given the spectre of a looming economic downturn – ensuring Canadian rail has the talented people it needs to keep delivering reliably and effectively is critical to Canada’s economy and limiting cost-of-living pressures on Canadian households.

3. Guarding against stasis, constantly moving Canada forward

Having enough people, and the right skills mix, is critical to success in every sector of the economy. Longer-term, however, it is important that businesses across sectors embrace the power and potential of new technologies and new ways of doing. It is not only possible for Canadian railways to harness technology to build safer networks, they’re doing it. And they’re ready to do more.

Take for example, CN’s [Autonomous Track Inspection Program](#) (ATIP). ATIP is a fully automated rail car that employs wireless communications to test and monitor real-time geometric track parameters without interrupting normal railroad operations. Powered by solar panels and a generator and travelling at revenue-service track speed, ATIP uses the latest sensor technology and artificial intelligence to deploy fully automated track inspections 24/7/365.

ATIP allows for earlier detection of track defects and better predictive analysis to guide the work of maintenance employees. It optimizes how CN deploys its human resources and makes entire networks safer. Canada’s railways need greater openness on the part of regulators to develop and deploy such innovations at scale, getting such technology from lab to field applications much faster.

Canada’s future economic growth depends on innovation. It also depends on smart immigration policies. The RAC supports recent federal government announcements to increase planned migration to Canada and would recommend that annual levels planning focus on getting immigrants with skills needed in the Canadian economy here more quickly. To that end, see recommendation #2 below.

While immigration cannot solve all labour market issues, labour shortages are a serious threat to Canada’s economic vitality. Canada’s railways are a backbone of our economy and any challenge they face to their operations risks having collateral damage on Canada’s economy.

All industry stakeholders have a role to play to ensure that potential employees and the skilled workforce of tomorrow have railways in mind when looking for work. Rail careers are meaningful, rewarding, and well-compensated. The RAC and its members are looking to spread that message far and wide, and to reach audiences that may not immediately think of jobs in rail as a career possibility.

Recommendations for government support to the transportation sector

The RAC recommends the federal government:

1. Accelerate approvals and implementation of new technologies to further enhance rail safety and reliability

Canada's railways are the safest in North America and among the safest in the world. Always innovating, railways respectfully request that federal regulators be even more open to the role of automation and new technologies in further enhancing safety and reliability. This could include faster consideration and more streamlined approvals of technologies that enhance safety while augmenting human resources, and those that free-up people to fill other, in-demand roles.

2. Facilitate the express entry of skilled rail professionals to Canada to encourage supply chain fluidity

Canada's supply chains require our rail system to remain healthy and strong. To encourage supply chain fluidity, Canada's railways need more assured access to human capital and in-demand skills. To that end, Canada's railways would propose adding the following National Occupation Classification (NOC) codes for Express Entry eligibility:

- 7361 – Railway and yard locomotive engineers (now 73310)*
- 7362 – Railway conductors and brakemen/women (now 73311)
- 7312 – Heavy-duty equipment mechanics (now 72401)
- 7314 – Railway carmen/women (now 72403)
- 2147 – Computer engineers (except software engineers and designers) (now 21311)
- 2173 – Software engineers and designers (now 21231)
- 2174 – Computer programmers and interactive media developers (now 21230)

**Note: First number in each line above represents NOC 2016 version 1.3 while number following “now” in each line represents NOC 2021 version 1.0, which came into effect November 16, 2022.*

3. Amplify ongoing efforts to recruit top talent to rail, including women, visible minorities, veterans, people with disabilities, and members of Indigenous communities

Government can help promote Canada's railways as employers of choice by offering financial support for students who pursue and complete rail

apprenticeships and training opportunities, and/or incentives to potential employers that offer apprenticeship programs. (Currently, railways offer apprenticeships for three skilled trades — Heavy Duty Equipment Technicians, Industrial Electricians, and Welders.) Government support could also include funding programs and tax incentives geared toward the recruitment of women, visible minorities, veterans, people with disabilities, and members of Indigenous communities to Canada’s railways.

Conclusion

The transportation sector faces unprecedented challenges with high job vacancy rates and difficulties to recruit and retain employees. Access to the full available talent pool is needed today to allow the industry to meet growing service demand in the future.

While other industries face similar challenges, the RAC believes Canada’s railways are pivotal to preserving Canada’s economic prosperity over the short-, medium- and long-terms. Ensuring Canada’s railways remain strong and vibrant will help stimulate economic dynamism across Canada. By supporting the three recommendations in this submission, the Government of Canada will open the doors of opportunity to possibly thousands of Canadians and help ensure that we respond in a timely and effective manner to the labour force issues facing Canada’s rail sector at this critical juncture.