

# **The VIA 1-4-10 Plan**

## **A Recovery Strategy for Canada's Rail Passenger Service**



**For**

**Transport Action Canada**

**By**

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# Table of Contents

Acknowledgements.....	iv
Executive Summary.....	v
1.0 Setting a New Course for VIA.....	1
2.0 The Foundation of VIA's Recovery.....	3
2.1 A New Rail Passenger Action Force.....	4
2.2 A Reformed and Informed Board of Directors.....	6
2.3 Managerial Redirection.....	7
2.4 A Clear Legislative Mandate.....	10
3.0 Overhauling the Freight Railway Relationship.....	15
4.0 Modernizing VIA's Fleet.....	23
4.1 Rolling Stock.....	26
4.2 Motive Power.....	30
4.3 Fleet Procurement.....	33
4.4 Short-Term Fleet Maximization.....	34
5.0 A High-Performance Quebec-Windsor Corridor.....	37
5.1 VIA's High-Frequency Rail Proposal.....	38
5.2 The High-Performance Rail Alternative.....	41
5.2.1 Montreal-Ottawa Upgrading Project.....	43
5.2.2 Coteau Capacity Expansion Project.....	44
5.2.3 Gananoque Cutoff.....	44
5.2.4 Shannonville-Newcastle Line Consolidation.....	45
5.2.5 Brantford Bypass.....	46
5.2.6 Windsor-Detroit Connection.....	46
5.2.7 Incremental Corridor-Wide Projects.....	47
5.2.8 VIA/Government of Ontario Coordination.....	50
5.2.9 Improved Intermodal Links.....	52
5.3 The Missing Corridor: Calgary-Edmonton.....	53

6.0	An Equitable Off-Corridor Vision.....	57
6.1	Revitalizing the Long-Haul Network.....	57
6.2	The Remote Service Reality.....	61
7.0	VIA's Need for Growth.....	65
7.1	Ridership Growth Initiatives.....	66
7.2	Longer-Term Network Expansion.....	67
7.3	International Service Expansion.....	69
7.4	Tourism-Related Service Expansion.....	69
7.5	Feeder Bus Services.....	71
8.0	Initiating VIA's Recovery: 2016.....	75
8.1	Improved Fleet Utilization.....	76
8.2	Service-Driven Pricing and Product Redesign.....	78
8.3	Rebuilding the VIA Brand.....	81
8.4	Service Restoration and Stabilization.....	82
8.4.1	Gaspé Service Restoration.....	82
8.4.2	Vancouver Island Service Restoration.....	84
8.4.3	Securing Northern Manitoba's Services.....	85
8.4.4	Algoma Central Service Restoration.....	85
8.4.5	Stabilizing the <i>Ocean</i> .....	86
8.4.6	Stabilizing the <i>Canadian</i> .....	87
9.0	Advancing VIA's Recovery: 2017-2019.....	91
9.1	Enhanced Fleet.....	91
9.2	The HPR Corridor Takes Shape.....	92
9.3	Improved International Connections.....	94
9.4	Growing the Long-Haul Markets.....	95
9.5	Remote Service Improvements.....	96
9.6	Experimental Regional Routes.....	98
9.6.1	Montreal-Sherbrooke.....	99
9.6.2	Toronto-North Bay.....	100
9.6.3	Winnipeg-Regina.....	101

<b>10.0</b>	<b>Completing VIA's Recovery: 2020-2025.....</b>	<b>103</b>
10.1	Fleet Renewal and Growth.....	103
10.2	The HPR Corridor in Full.....	104
10.3	Expanded National System.....	105
10.3.1	Daily Transcontinental Service.....	106
10.3.2	Winnipeg-Calgary-Banff.....	107
10.3.3	Montreal-Sherbrooke-Portland.....	108
10.3.4	Toronto-Peterborough.....	109
10.3.5	Toronto-North Bay-Kapuskasing.....	110
10.3.6	Sudbury-Sault Ste. Marie.....	112
10.3.7	Winnipeg-Minneapolis/St. Paul.....	113
<b>11.0</b>	<b>A Passenger Railway for Canada's Future.....</b>	<b>115</b>

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# Executive Summary

## 1.0 Setting a New Course for VIA

The new federal government will soon have to make major decisions about the fate of VIA Rail Canada. Through no fault of its own, this government has now inherited all the problems that VIA has accumulated since it was imperfectly created in 1977. These problems are a result of previous governments not dealing effectively with the issue.

*The VIA 1-4-10 Plan* is a suggested blueprint for the nationwide reconstruction of VIA as a modern, affordable and effective public transportation service. It recognizes there is no “silver bullet” for fixing VIA; strong political will, vision and investment will be required.

The plan is based on five underlying assumptions:

- VIA’s revival shall be a publicly-funded project undertaken in the national interest;
- VIA shall be retained and improved as a nationwide service;
- Proven techniques and technologies must be employed to minimize risk and deliver improvements at the earliest opportunity;
- A capital budget of \$5 billion over a ten-year period is required for projects that will reduce costs, improve service and increase revenue incrementally; and
- Improvements must be deliverable within one, four and ten years, for valid practical, financial and political reasons.

## 2.0 The Foundation of VIA’s Recovery

To revive VIA, there are four fundamental steps that must be taken for it to have any prospect of recovery and long-term success. These are:

- The formation of a Rail Passenger Action Force, composed of experienced rail transport professionals, to create the official blueprint for VIA and provide high-level advice to the new minister of transport;
- An informed board of directors appointed on the basis of regional balance and relevant knowledge, not strictly political affiliation;
- A redirection of VIA management to ensure it is working with the full confidence of the board to deliver the new government's vision for rail passenger service; and
- A clear legislative mandate, in the form of a *VIA Rail Canada Act*, to spell out precisely the government's vision in terms of VIA's mandate, its rights and its obligations, and to guide the VIA board and management in delivering it.

### **3.0 Overhauling the Freight Railway Relationship**

On all but two per cent of its 7,500-mile network, VIA is a tenant, dependent on the treatment it receives from its host railways. The fees charged by the freight railways for VIA's operation on their tracks are much higher than those paid by Amtrak in the U.S. Furthermore, the quality of service has declined greatly in recent years, badly damaging VIA's on-time performance and its attractiveness to travellers.

A carrot-and-stick approach to resolving this untenable situation is required. The federal government has a very big legislative stick and the freight railways need to be reminded of this. However, it will be preferable to resolve this situation amicably and without resorting to punitive legislative solutions. Revised VIA service agreements with the freight railways should be the subject of negotiation before any consideration is given to stronger legislative options beyond those contained in the proposed *VIA Rail Canada Act*.

The freight railways need to accept that VIA is not going away and a better passenger/freight relationship must be forged.

### **4.0 Modernizing VIA's Fleet**

To revive VIA, there must be a strategy for the complete renewal of its antiquated fleet. If there are no new trains, there will be no VIA in very short order. VIA must cease refurbishing old equipment, which is at best an expensive and temporary solution.

VIA will require a sufficient amount of high-performance equipment, for both long-haul and corridor service, to replace and expand its current capacity. This will require 160 bi-level cars for corridor service, 140 bi-levels for the long-haul trains and 70 high-performance locomotives. For corridor service, the new rolling stock must be capable of providing bi-directional, push-pull service to reduce the time required at terminals to "turn" VIA's existing trains. This will increase equipment utilization, reduce costs and make possible frequency increases.

Steps must be taken to increase the utilization of VIA's current fleet pending the arrival of the new one. As well, the best elements of the existing fleet will be required over the next decade to provide surge capacity and to launch new services, which will be re-equipped with additional new locomotives and cars if they meet performance criteria set by the *VIA Rail Canada Act*.

### **5.0 A High-Performance Quebec-Windsor Corridor**

The Quebec-Windsor Corridor is VIA's heart, but it is not functioning at its full potential. Much time and effort has been wasted in a fruitless pursuit of high-speed rail (HSR). While it is technically feasible, HSR would be extremely expensive and time consuming, providing no benefits for seven or more years after construction begins. Nor would HSR generate an operating profit sufficient to cover its high capital cost.



VIA is now attempting to secure government approval of a \$4-billion high-frequency rail (HFR) proposal, which would construct dedicated lines for its exclusive use in the Montreal-Ottawa-Toronto Triangle. HFR would operate at 110 mph and would require four to seven years to build. It is an unproven scheme based on highly optimistic ridership and revenue assumptions.

The proven alternative is high-performance rail (HPR). In addition to speed, HPR is defined by its multiple service attributes, including frequency, ticket price, comfort, all-weather reliability, on-time performance, connectivity with other public transportation services and door-to-door travel time.

Unlike HSR and the VIA HFR proposal, HPR isn't a "big bang" approach that takes years to deliver any benefits. It would produce improvements incrementally and build on previous investments in the existing lines, including the more than \$400 million VIA spent on the current Montreal-Ottawa-Toronto Triangle routes between 2009 and 2012.

*The VIA 1-4-10 Plan* outlines a flexible, phased approach to convert VIA's Quebec-Windsor Corridor to HPR. This will involve a wide range of projects to incrementally decrease end-to-end running times, eliminate capacity chokepoints, boost intermodal connectivity, increase frequency and grow both ridership and revenue. The new, bi-level equipment and high-performance locomotives will be key components of this plan.

A major requirement for HPR service in the Quebec-Windsor Corridor is cooperation between the federal and Ontario governments. Expansion of provincially-funded GO Transit commuter service on two of VIA's Southwestern Ontario routes has damaged VIA's ridership by duplicating service at public cost. Ontario's promotion of its own HSR scheme for the Toronto-London-Windsor corridor will only exacerbate this situation. A coordinated federal/provincial approach is required if VIA-operated HPR service is to be delivered and the Quebec-Windsor Corridor is to perform at its maximum potential at reasonable cost.

The Calgary-Edmonton Corridor is also a strong candidate for HPR service, although this issue has always been regarded as a provincial matter; it has not been included in *The VIA 1-4-10 Plan*. However, the federal government and VIA should be prepared to participate in any plan to introduce modern rail passenger service in this corridor, should the Government of Alberta decide to pursue this option.

## **6.0 An Equitable Off-Corridor Vision**

While the Quebec-Windsor Corridor is VIA's heart and it must function at its maximum potential through the implementation of a progressive HPR program, the rest of VIA's national system must receive appropriate attention and investment. VIA's long-haul and remote trains play vital roles in many communities nationwide that lack other transportation options.

VIA's two primary long-haul trains – the Halifax-Montreal *Ocean* and the Toronto-Vancouver *Canadian* – require new, bi-level equipment and frequency increases to be more cost-effective and publicly useful. Amtrak's approach provides the model for delivering the required improvements at a reasonable public cost, some of which can occur early in VIA's recovery.

VIA's remote trains serve low-density regions lacking other transportation services. They are expensive to operate and there are a limited number of measures that can be undertaken to improve their performance. Rather than dwelling on the cost and limited ridership potential for these routes, there is a need for the government to accept them as part of a social compact with the Canadians they serve.

## **7.0 VIA's Need for Growth**

Because of repeated cuts to its funding, service levels and geographic coverage, VIA has lost far too much relevancy nationwide. To be a strong, sustainable component of Canada's mix of intercity transportation services, VIA must be given the mandate and the resources to begin growing incrementally.

An aggressive ridership growth strategy is urgently required to increase VIA's revenue and relevancy on its existing network. With a combination of better scheduling, improved operating practices, some tweaking of the current fleet and a realistic, performance-based relationship with the freight railways, VIA can operate more trains daily on its corridor routes. Frequency and reliability are the keys to VIA's growth in this market.

Further growth can be stimulated through a closer working relationship with Amtrak to increase cross-border traffic at points where the two systems connect, such as Vancouver, Niagara Falls and Montreal, or where they can be connected in the near future, such as Windsor-Detroit. A closer working relationship with Canada's tourism sector must also be developed to maximize ridership and revenue on trains that serve important tourist markets, such as the *Canadian*.

The addition of contracted feeder bus services, modelled after the successful Amtrak Thruway system, will extend VIA's reach to communities without rail service and generate additional ridership and revenue.

## **8.0 Initiating VIA's Recovery: 2016**

Much of the work within the first year of VIA's recovery will occur behind the scenes, but this will have significant long-term benefits. This will include the new Rail Passenger Action Force's development of the detailed blueprint for VIA's sustainable recovery, the appointment of the new and engaged board of directors, the redirection of VIA management and the passage of the *VIA Rail Canada Act*. Also out of public view will be the manufacturing of the new fleet and the long-range infrastructure projects, which will have a large impact at a later stage.

While the new equipment must be a cornerstone of VIA's improvement and growth, there are still numerous measures and opportunities to increase service, ridership and revenue. These will deliver noticeable improvements in VIA's public utility within the first year of its recovery, particularly on some of the under-served portions of the Quebec-Windsor Corridor.

Improving the utilization of the existing fleet, rebranding VIA as a more dynamic travel option and testing new approaches to fare pricing to stimulate ridership must be key elements of the recovery. Attention and resources should also be devoted to restoring the two routes that have been suspended due to infrastructure deterioration, namely the Gaspé-Montreal *Chaleur* and the Victoria-Courtenay service. VIA's involvement in restoring the suspended, federally-supported Algoma Central service should also be considered by the new government.

Long-haul market growth will be difficult until new equipment is received, but there are some measures that can be undertaken almost immediately. The most notable ones will be the restoration of the tri-weekly *Ocean* to daily service and the re-routing of the *Canadian* between Sudbury and Winnipeg over the CP route through Thunder Bay. The latter will be accompanied by the implementation of a more useful local service on the CN route through Northern Ontario.

## **9.0 Advancing VIA's Recovery: 2017-2019**

In the second phase of its rebirth, VIA won't yet be a railway recovered, but it will be a railway fully into recovery. Coupled with the advances made during the first year, the highly visible signs of this recovery will include VIA's modified fleet, more infrastructure improvements, more frequencies on its existing routes, restoration of suspended services and three strategic additions to the network. These "early wins" will provide proof of VIA's progress and deliver a service of growing significance to more travellers.

The completion of smaller infrastructure projects across the Quebec-Windsor Corridor will make possible some significant improvements in frequency by creating additional track capacity and eliminating traffic chokepoints. This will all be part of the transformation of the corridor into a true high-performance operation offering multiple departures on a clock-face schedule with reduced running times and improved intermodal connections.

The addition of three daylight routes on an experimental basis will enlarge VIA's service territory. The three routes are Montreal-Sherbrooke, Toronto-North Bay and Winnipeg-Regina.

In total, the improvements that will occur during the first two phases of VIA's recovery will provide the new government with proof that their commitment to a revived rail passenger service is bringing meaningful mobility improvements to a substantial portion of the country. This will be vital when the government once again faces the electorate in October 2019.

## **10.0 Completing VIA's Recovery: 2020-2025**

The third phase of VIA's recovery will be a period of dynamic change that will be highly visible and increasingly relevant to Canadians from coast to coast. While the first two phases will stabilize VIA and begin the turnaround, the third phase will secure its position as the modern, resilient passenger railway it has always needed to be.

The most significant physical factor in VIA's full recovery will be the arrival of the new bi-level fleet, for both corridor and long-haul service. The new equipment will dramatically reduce costs, improve VIA's public attractiveness and enable service increases on a very visible nationwide basis; the new trains will be the face of the new VIA.

In combination with this new equipment, the completion of the infrastructure projects across the entire Quebec-Windsor Corridor will make VIA the core of Central Canada's intercity transportation system. Rail travel between the major centres and intermediate communities will be faster, more frequent and better connected to the urban and regional transit services that provide the necessary "first and last mile" components of car-free journeys. With the full delivery of HPR service, VIA's Quebec-Windsor Corridor will be a solid foundation on which to plan for HSR service in the future, if and when that investment can be justified.

Beyond the corridor, VIA's two principal long-haul trains will be fully re-equipped and firmly re-established, offering reliable and cost-effective service on a daily basis. Further network growth will occur thanks to the overall reduction of VIA's operating costs and its increased ridership and revenue system-wide. Six new routes will be added to provide greater geographic coverage and increased market reach.

## **11.0 A Passenger Railway for Canada's Future**

If the course outlined in this plan is followed, Canada will have a highly effective and affordable rail passenger service to adequately meet national needs well into the future. Its positive impact on mobility and productivity will be large, especially in the Quebec-Windsor Corridor, where it will compare favourably with future investments in the other, less efficient and more environmentally damaging modes.

But this plan cannot supply the one element that is now and always has been required, which is political commitment. That must come from the new government.

Prime Minister Justin Trudeau has said, "In Canada, better is always possible." *The VIA 1-4-10 Plan* is based on that optimistic premise. As has been proven in other countries, it is possible to deliver better rail service at an affordable cost. A better VIA is desirable if Canada is to be the economically, socially and environmentally competitive nation the new government envisions.

It is now up to the new government to set that better course for VIA.

## 1.0 Setting a New Course for VIA

In his play, *The Tempest*, William Shakespeare wrote, “What’s past is prologue.” It’s an apt phrase for any examination of the status and the future of VIA Rail Canada.

In the 38 years since VIA was improperly and inadequately created as a publicly-owned Crown corporation by a series of legislative expedencies, it has lurched from crisis to crisis. All of them have been well documented; there is no need to recount them all in detail here, although they do explain much about VIA’s enfeebled state. What matters is learning from those crises and errors of judgment to set a new course for VIA.

This plan is a suggested blueprint for the revival of VIA on an affordable and sustainable basis. It dispenses with the type of schemes that have too often been offered up as VIA’s salvation and then failed due to their impracticality, high cost or lack of political appeal. It is based on techniques and technologies that have been applied successfully in similar cases elsewhere, particularly in the U.S.

There is no “silver bullet” for VIA. No single measure will cure the multiple ills it has contracted since an initial, platitudinous policy statement sent it down a political pathway to turmoil and torment. Nor is there a method to heal VIA without public cost.

In the past, the answers to VIA’s predictable problems have always been amputation and a starvation diet. This clearly hasn’t worked. What is required is a regimen of strong medicine and therapy to convert a hobbled public transportation service into a defensibly-affordable public asset of national impact, importance and pride.

It will take strong political will to transform VIA into a service-driven corporation that can make its own decisions within both a precise national policy framework and an assured budget set by the politicians who oversee it on behalf of its real owners, who are the people of Canada. To ignore this political imperative would be to produce an incomplete plan doomed to failure because it would only address half of the situation.

*The VIA 1-4-10 Plan* draws on previous work by the Rail Passenger Action Force (RPAF) in 1984-1985, VIA, Amtrak, various government ministries and agencies in Canada and the U.S., and numerous third-party consultants. In the absence of actual costing data from VIA, estimates have been based on similar projects undertaken in recent years in Canada and the U.S., particularly those now under way or proposed by Amtrak and its state funding partners.

*The VIA 1-4-10 Plan* is based on five underlying assumptions regarding VIA's future:

- (1) The complete renewal and modernization of VIA shall be a publicly-funded project undertaken in the national interest, with all aspects of the project owned by the people of Canada and entrusted to VIA;
- (2) VIA shall be retained as a national system operating corridor, long-haul, regional and remote services from the Atlantic to the Pacific to Hudson Bay;
- (3) Only investments and methods that have been proven by other rail passenger operators, notably Amtrak, shall be included due to the lack of time and funds available to test unproven and high-cost techniques and technologies that run the risk of failure;
- (4) *The VIA 1-4-10 Plan* will require an assured capital budget of approximately \$5 billion spread over 10 years to rebuild and expand VIA as a modern, sustainable and cost-effective national system that can then deliver a higher level of service at a defensible annual operating cost to the public; and
- (5) To meet legitimate political needs, all of the projects within the master plan should have demonstrable and interlocking benefits within one, four or 10 years, hence the plan's title.

The last assumption is of paramount importance. No government would commit to a large-scale project such as this if it couldn't produce results that would draw public favour early in its four-year mandate. If Canada's new government makes this commitment, it will have to be reassured its decision is yielding benefits that resonate with voters. There will also be a need to deliver several improvements of a much more substantial nature just prior to the time when the new government must once again face the voters who elected it.

Previous governments promised to set an innovative and fiscally responsible course for VIA and then failed to deliver. Now, Canada has a new government that will have to deal with VIA and the problems that have accumulated over the 38 years since it was created to give Canada an effective rail passenger option. It won't be easy.

In his victory speech of October 19, Prime Minister Justin Trudeau said, "In Canada, better is always possible." *The VIA 1-4-10 Plan* is based on that optimistic premise. As has been proven in other countries, it is possible to deliver a better rail passenger service at an affordable public cost. A better VIA is also desirable if Canada is to be the economically, socially and environmentally competitive nation the new government envisions. This plan is an attempt to help Canada's new government set that course.

## 2.0 The Foundation of VIA's Recovery

Who controls VIA? You would think the simple answer is "VIA management." But that's a far from complete answer. It's also a big part of VIA's fundamental problem.

Historically, in terms of direct control over various aspects of VIA, the list includes:

- Prime Minister's Office (PMO), the Privy Council Office (PCO) and Cabinet;
- Transport Canada, Finance and Treasury Board, under the direction of their ministers and ministers of state;
- VIA's politically-appointed board of directors; and
- VIA's chair and president, who are usually hand-picked by the government.

Some form of control or influence is also exercised by:

- The Canadian Transportation Agency through a limited number of clauses in the *Canada Transport Act*, notably Section 152;
- The freight railways through the train service agreements with VIA and the quality of the day-to-day services they provide;
- The Transportation Safety Board of Canada; and
- The Office of the Auditor General of Canada.

The one authority that is largely missing from this mix is Parliament. While Members of Parliament can question the government on VIA matters during Question Period and at the Standing Committee on Transport's meetings, no recommendations they make are binding on a majority government. In a vote, the opposition parties are bound to lose.

This was clearly demonstrated by the recent Bill C-640, *An Act respecting VIA Rail Canada and making consequential amendments to the Canada Transportation Act*, as drafted and introduced by former MP Philip Toone (Gaspésie – Îles-de-la-Madeleine). Tabled on December 4, 2014, it was unanimously supported by opposition MPs, including several who are now part of Canada's new government. On April 29, 2015, the bill was unanimously defeated by former Prime Minister Stephen Harper's government.

There have been too many hands on VIA's throttle for too long and only a few have been equipped for the task of running the railway while also withstanding the political and bureaucratic pressures exerted on them. In the end, the government-of-the-day holds the ultimate power through the amount of funding it provides and the directives it issues; no amount of professional resistance can overcome that.

If VIA is to even survive, it needs a high-powered dose of non-partisan professionalism. Ironically, one government did provide that, only to halt the process before any meaningful change could occur.

## 2.1 A New Rail Passenger Action Force

When Prime Minister Brian Mulroney's Conservative government rolled into Ottawa following its 1984 election victory, it was freighted with commitments to voters in several regions to fix VIA and restore services cut by the previous government. The means to do this, as set by Minister of Transport Don Mazankowski, was through the formation of a Rail Passenger Action Force (RPAF).

Under the direction of its chairman, former Alberta Deputy Premier Hugh Horner, the RPAF set out to stabilize VIA and then reform it through the development of a set of interlocking physical, operational, financial and legislative measures. The primary staff for the RPAF consisted of a tightly-knit group of highly knowledgeable civil servants with extensive knowledge of the situation, all seconded from federal or provincial agencies.

One of the group's first jobs was to arrange for the restoration of some of the trains cut in 1981 and 1982. This it did, but with a warning that the revived trains would be expensive at first because they would be operated with old equipment and they would be rebuilding markets VIA had been ordered to abandon. The RPAF then proceeded to design the VIA blueprint, bring some change to VIA's management, negotiate with the two main freight railways for revised train service agreements and open discussions with Canadian manufacturers for the delivery of the new motive power and rolling stock VIA desperately required.

*Towards a Modern and Innovative VIA Rail Canada*, the RPAF's blueprint, was and remains a masterpiece. It was predicated on "twin pillars of policy," calling for:

"A cap of 600 million constant dollars on the annual budget, as established by Cabinet last fall, and our goal of 50 per cent cost recovery by 1989. We know of no other way to stop the drain of government funds to VIA than to modernize the corporation; in fact, the only alternative is to scrap it completely."

One of the RPAF's many challenges was countering the hostility of many senior civil servants and the airline and bus industries, which opposed any investment in VIA. Certain members of this group of VIA opponents enjoyed direct access to the prime minister's office.

As a result of that intervention, the RPAF was shut down prior to the completion of its work following the June 1, 1985, VIA service restorations. Its recommendations were largely ignored and its reports and working papers were sealed. A golden opportunity was lost at a critical point; the government's 52 per cent slashing of VIA in January 1990 was a direct consequence.



Had the advice of the RPAF been heeded, the modernization of every aspect of VIA would have resulted in a rail passenger system twice as large as today on a budget comparable to the one VIA now receives. This action plan would have driven VIA's operating costs down by 32 per cent over seven years, while the new fleet would have paid for itself in operating and maintenance savings over the same period.

Today, with VIA in worse shape than it was 30 years ago, the RPAF approach is the one that needs to be adopted quickly by the new government. As was the case in 1984-1985, a new RPAF geared for today's realities must consist of professionals who understand VIA's condition, have in-depth knowledge of the means to correct its flaws and the politically-granted authority to make the necessary changes.

As in 1984-1985, the new RPAF's duties should include, but not be limited to:

- Refinement of Bill C-640, the *VIA Rail Canada Act*;
- A 10-year system plan for VIA's stabilization and growth, with improvements achievable annually throughout the full recovery period;
- A 10-year budget and a fleet strategy linked to the system plan;
- A template for new train service agreements compensating the freight railways on the basis of avoidable costs and on-time performance incentives;
- Outreach to Amtrak to benefit from its knowledge and experience in dealing with the challenges now facing VIA; and
- Discussions with certain provinces, notably Ontario, for cooperative, cost-shared projects and services that are in the national and provincial interests.

A new, high-calibre RPAF can be assembled to take on this daunting list of challenges. The pool of recently-retired railway industry talent familiar with this situation and possessing the experience to sculpt the recovery plan is large. The new RPAF must include individuals with expertise in, but not be limited to:

- Operations planning, particularly in relation to the need to integrate VIA's trains on infrastructure that is largely owned by the freight railways;
- Equipment design, utilization and maintenance;
- Infrastructure planning, design and implementation (track, rail traffic control systems, structures and station facilities);
- Costing and budget planning;
- Governance and legislation;
- Legal requirements, particularly in relation to the negotiation of contracts with the freight railways and suppliers; and
- Market planning and development.

In each of these areas, there are individuals now available who not only have the required skills, but also the enthusiasm for the revival of VIA. Indeed, many of them spent many years at VIA or within the federal civil service attempting to make this happen. Now is the time to put them to full use.

## **2.2 A Reformed and Informed Board of Directors**

As VIA's future is drafted and the first corrective actions are taken, there will be a need for a group of informed and enthusiastic directors at its helm. That VIA has rarely been blessed with such directors is part of its problem.

The appointment of VIA's future board can't be strictly on the basis of party affiliations. While every party obviously wishes to appoint directors supporting its objectives, there is no reason why that can't be complemented with a measure of the professionalism and enthusiasm VIA has largely lacked in its board since it was created.

The appointment of Amtrak's directors in recent years presents a refreshing alternative to the Canadian approach. While Amtrak, too, has repeatedly acquired directors who could be described as patronage appointments, many of them have not been without relevant qualifications. Some have even come from the ranks of the government's opposition because they have solid credentials and a demonstrated enthusiasm for modern, cost-effective rail passenger service. This has particularly been the case in the appointment of former municipal and state officials who have witnessed firsthand the localized impact of the passenger trains.

A similar approach must be taken at VIA. It requires directors who, after the new RPAF has completed its task in blueprinting VIA's revival, can implement the new vision. A key will have to be adherence to the concept that VIA is mandated to deliver a national service appropriate for the needs of its designated route network.

The selection process will need to balance the qualifications and regional perspectives of the next VIA board. It will require directors with talents relevant to the whole business of publicly-supported, intercity passenger transportation. Therefore, the selection of the next VIA board should aim to include directors who have experience in dealing with:

- Provincial governments;
- Large cities and smaller communities;
- Governance, legislation and legal functions;
- Railway operations, finance and labour relations;
- Financial costing and planning;
- Financial costing and planning;
- Marketing and tourism-related businesses; and
- Users, including seniors and those with special mobility needs.

A board chosen on this basis would bring to VIA a sensibility and expertise it has never enjoyed. Also chosen on a regional basis, this board would be able to balance the sometimes divergent interests it must serve across a route network that stretches from the Atlantic to the Pacific to Hudson Bay.

The health and performance of VIA, following the blueprint set by the new RPAF, will be dependent on its board. The new government must choose those directors wisely.

### **2.3 Managerial Redirection**

It has often been said in railway circles that even the best management team couldn't turn VIA around on its own. There is some truth in that statement. The previous government constantly answered questions in Parliament about VIA's managerial decisions with a boilerplate statement saying VIA is "an arm's-length Crown corporation that makes its decisions based on the needs of modern travellers and the funding provided to it." This is far from truthful.

VIA's chair and president are appointed under the direction and with the approval of the PMO. The reality is that no one ever knows exactly where VIA is heading because the public never sees the confidential directions given to VIA's senior managers upon their appointment. Just as important, VIA's management can only perform within a budget that is set by the government itself; there can be no more direct way to control the railway's direction and the actions it will take.

However, the quality of the management team selected by the government does matter. In its early years, VIA's management team was composed of individuals with extensive experience in rail passenger service at CN and CP. Over time, the percentage of the executive corps with hands-on railway experience has varied. Today, the VIA senior management team lacks a single executive with that experience.

True, there are some VIA senior executives with airline experience. But there are many aspects of rail passenger service considerably different than those facing air operators. A key difference is the need in the rail passenger business to not just take an end-to-end view of a corridor and then cater solely to that market, but to also consider the often substantial demand generated by intermediate points, where passengers have very different travel needs than those going from, say, Toronto to Montreal.

Most important is the need to not focus on certain geographic markets to the exclusion of others. On too many occasions, VIA management has had a "corridor mentality" that has paid scant attention to its other services. There is no denying the fact that the Quebec-Windsor Corridor is VIA's prime territory, in terms of the size of the potential market and the ridership and revenue it currently generates. But this cannot be the sole

focus of a publicly-supported transportation corporation responsible for providing service in other regions, some of which lack other travel options.

There is also the issue of management priorities that have repeatedly shifted over the years, often linked to overly-ambitious plans requiring billions in public investment and taking many years to deliver. VIA went through the 1983-2001 period with its senior managers focused on an all-new, high-speed rail (HSR) line over portions of the Quebec-Windsor Corridor, particularly in the Montreal-Ottawa-Toronto (M-O-T) Triangle.

When the HSR proposal became obviously impossible to launch, VIA shifted in 2002 to a more plausible and incremental plan known as VIAFast. This would have delivered many HSR benefits at a lower cost and on a phased basis that could have produced large service and financial improvements within four years. This plan was endorsed by the soon-to-depart government of Prime Minister Jean Chretien and then immediately rejected by the next one.

VIA's fallback was the \$923 million capital investment plan of 2007-2012, which aimed to deliver some of the VIAFast benefits and justify more improvements based on extremely ambitious ridership and revenue targets. This was thrown into disarray by a series of events, many of them within the control of the management team that replaced the one that had crafted the investment plan and convinced the government to approve it. The result is that the capital renewal program – which was inadequate for a full VIA turnaround – ran over-budget and over-schedule, with some of the projects still incomplete in 2015 and the total costs unknown.

Today, VIA's management team is promoting yet another concept, which it describes as high-frequency rail (HFR). This calls for the private sector to construct a dedicated, 110-mph passenger line in the M-O-T Triangle at a cost that has escalated from \$3 billion to \$4 billion since VIA first discussed it publicly. For this, VIA would pay the investors on a toll basis with a high commercial rate of return.

This plan is debatable on several points and it is discussed in greater detail in Chapter 5 of this report. Many in the rail industry have questioned its practicality and its chances of success. Resolving VIA's system-wide problems cannot hinge on a \$4-billion plan that would affect only Central Canada and, at best, would take several years of complex and uncertain financing, environmental assessment, design and construction.

The most telling indicator of the relevancy of any rail passenger service is its success in attracting passengers. That, after all, is VIA's sole reason to exist. The figures for the period between the cuts of 1990 and the end of 2014 provide a clear picture of which VIA management teams have succeeded and which ones haven't.

Many factors affect VIA's ability to attract passengers and there is validity in claims that some are beyond management's control. These include deep-discount air fares on

highly competitive routes, freight railway conflicts and extreme weather conditions that lead to poor VIA on-time performance, a lack of adequate equipment and government-imposed budget constraints. But the test must still be whether these factors – which are always present in the competitive business of intercity passenger transportation – are being dealt with effectively by the management team.

It is interesting to note that the management teams in place at VIA between 1990 and the end of 2009 managed to generally improve ridership and financial performance in the face of many of these same factors. VIA's ridership after the 1990 slashing of the system peaked in 2008, which was the beginning of an economic recession. It would appear the team in charge was successful in battling even this external factor.

By comparison, at the same time as VIA ridership fell 17 per cent, Amtrak's traffic increased by 14 per cent, growing from 27.2 million in 2009 to 30.9 million in 2014. Amtrak management also had increasing success in convincing government that it required large amounts of capital funding to begin overcoming the backlog of deferred investment it, too, has weathered.

There are other danger signs that raise questions about the priorities of the current VIA management team, especially in dealing with its ominous financial outlook. There is a chilling message contained in VIA's *Summary of the 2013-2017 Corporate Plan* regarding this situation:

“Over the course of the Plan period, VIA's operating deficit is projected to exceed its reference levels by \$582.1 million. Productivity initiatives are being implemented to reduce operating funding requirements by \$181 million over the Plan period....

“VIA expects to incur an operating funding shortfall over the period of the Plan. To reduce the operating shortfall, VIA is in the process of implementing a number of initiatives that were developed as part of this Corporate Plan and the 2011-2015 Corporate Plan. However, even with successful implementation of ongoing initiatives to reduce its operating requirements, VIA will be unable to operate within its revised operating reference levels....

“Train Service Agreement charges form a significant portion of VIA's operating costs. VIA and CN concluded a ten-year Train Service Agreement in 2009 that provides for annual rate escalation over the 2009-2018 period....

“VIA cannot fund its pension plan costs within its operating funding reference level. The accumulated funding shortfall in VIA's pension plans over the Plan period is \$295 million.”

Not all of these situations are due to managerial decisions, but enough of them are that questions must be raised. The new government will have to reach its own conclusions about VIA management's adequacy in grappling with a serious decline that will have a long-lasting impact on its ability to even continue operating its current services.

Once the RPAF has presented its blueprint to the government, the reconstituted board will have primary control in bringing VIA's practices and performance in line with its straitened circumstances. But it will be the management team that will have to deliver the improved service designed by the RPAF and approved by the new board. VIA management's ability to do so must be a major concern.

The largest omission from the current senior VIA management team is talent with substantial experience in rail passenger transportation. This must be dealt with quickly, given the numerous service failures that have occurred at an increasing rate over the last year and the ongoing ridership decline. The acquisition of managerial talent with operational and rail marketing experience will be critical to solving these problems.

What is not being tapped fully is the range of enthusiastic and experienced talent within VIA's ranks. There are long-service employees who have gone through all of VIA's trials and travails, and managed to keep the railway afloat operationally under difficult conditions. There are also younger employees who have already developed a passion for passenger railroading.

Such a motivated workforce will be invaluable in delivering the cost-effective, customer-driven service that should be VIA's whole reason for being. Credible and determined leadership can empower employees at every level of the corporation.

## **2.4 A Clear Legislative Mandate**

From the day it was sired through a series of political and legislative expedencies, VIA has required comprehensive legislation. That it still hasn't received it remains one of the greatest obstacles to its survival and success.

When VIA was created to take over and restore the declining rail passenger services then being provided by CN and CP, it was given few of the tools required to accomplish its task. The most fundamental of these was legislation, which would have clearly and fully spelled out the new Crown corporation's rights, powers, obligations and mandate.

Without such legislation, VIA wound up akin to a gigantic ship launched without a rudder, navigational aids or even reliable propulsion gear. This left the rail passenger service to be buffeted from crisis to crisis for nearly four decades.

Funding has been erratic and modernization has been scant. Charges for track access are excessive and the lack of statutory performance standards has resulted in VIA being shunted aside to give freight priority. Worst of all, the public interest has been bypassed time and again when unsupportive governments have decreed that the only answer to VIA's problems should be radical surgery, not rational therapy.

This contrasts sharply with the U.S., where Amtrak – under similar circumstances – was founded to perform the same role as VIA. Before it ever turned its first wheel in 1971, Amtrak was given the strong legislative foundation required to restore the U.S. rail passenger system. Its *Rail Passenger Services Act of 1970* set the course for its growth into the useful, efficient and cost-effective public transportation service it is today. While it hasn't always been smooth sailing, Amtrak has weathered many financial and legislative storms because of its original act and subsequent legislative reauthorizations.

What is now and always has been required is legislation that will do the same for VIA, as well as commuter agencies, specialized tourist train operators and Amtrak on the routes it currently operates into Canada. Like the act that launched Amtrak, it must spell out a mandate to clearly delineate what VIA must do to deliver a nationwide rail passenger service to play a strategic role in the economic, social and environmental life of Canada.

Among its goals, the *VIA Rail Canada Act* must:

- Specify a Basic National Network that is alterable only by Parliament;
- Set realistic and attainable performance standards reflecting the variances between each of VIA's service types (corridor, long-haul, regional and remote);
- End the backroom decision making that has on several occasions wiped Canadian communities off the rail passenger map;
- Give VIA the fair and practical rights required to operate effectively in the real world of competitive, multi-modal transportation;
- Establish a cost-sharing formula by which VIA can partner with provincial or regional governments to add service to the Basic National Network;
- Affirm the need for passenger trains to have reasonable priority over freight;
- Provide for the development of a fee schedule that grants VIA access to the freight railways' lines on terms that are fair to all parties; and
- Set the criteria for board appointments and the responsibilities the new directors shall bear in delivering cost-effective service, as prescribed by VIA's mandate.

If Canada is to be part of the worldwide rail renaissance, then VIA must be put on the same solid legislative footing that underpins those other rail passenger carriers elsewhere that have succeeded as publicly-owned and -supported corporations. That VIA has survived this long without such a dynamic legislative mandate is a tribute to the inherent strength of the basic concept of passenger railroading.

This need for legislation is most sharply illustrated by comparing VIA with Amtrak, which survived many partisan political challenges and remained intact as a national system principally because of its legislative foundation. A *VIA Rail Canada Act* will plug this Canadian legislative gap by providing a sort of “bill of rights” for passenger trains and passengers mirroring the Amtrak experience. It will establish the mandate VIA’s board and managers have always required to guide them in delivering the type of rail-based intercity mobility needed by 21st century Canada.

The need for a precise mandate was recognized by the RPAF of 1984-1985. This was the core of the act the group drafted, aimed at empowering a reformed VIA board and management by clearly stating what was expected of them and not leaving their mission open to interpretation.

The mandate proposed by the RPAF also aimed to provide VIA with the requisite powers to act without interference from Ottawa civil servants who had demonstrated their hostility to the formation and ongoing maintenance of VIA as an independent and action-oriented Crown corporation. On this point, the RPAF stated:

“There appears to be a feeling that VIA must be kept on a very tight leash, with reports and approvals required to an extent far in excess of those required by the amended *Financial Administration Act (FAA)* as it applies to Crown corporations. There also appears to be a fear that VIA will somehow get around all of the *FAA* controls and others proposed, and start up hotel chains and other activities not directly related to the provision of rail passenger service.

“We have a very different view. The *FAA* controls, and those prescribed in this report, will be more than adequate. If Canada is to have a Crown-owned rail passenger corporation, that corporation is going to have to be able to act with initiative and considerable autonomy – within, of course, approved budgets and plans.”

Those who fear giving VIA such a mandate and powers often point to questionable decisions made by management in the past, particularly when they focused the railway on certain routes and regions, while ignoring others or even recommending they be dropped. The safeguard against such actions will be the legislative requirement to operate a prescribed Basic National Network. This legislative provision would protect the service to communities by mandating their continuation on a route-by-route basis.

Complementing this would be a mechanism to restore service that was too often cut through draconian orders-in-council from Ottawa. This would include fair performance targets that must be met if these restored or experimental routes are to be added to the Basic National Network through subsequent amendments to the *VIA Rail Canada Act*.



Also required is a clear, legislated mechanism to form partnerships with provincial and regional governments for the improvement and expansion of service that has mutual benefits. This was included in Amtrak's enabling legislation and it has proven to be a main driver of Amtrak's success. Under Section 403(b) of the *Rail Passenger Service Act of 1970*, which also established a cost-sharing formula, it was provided that:

"Any State, regional, or local agency may request of the Corporation rail passenger service beyond that included within the basic system. The Corporation shall institute such service if the State, regional, or local agency agrees to reimburse the Corporation for a reasonable portion of any losses associated with such services."

These services have extended Amtrak's regional reach, even during periods when Amtrak was facing extreme federal funding problems similar to those encountered by VIA. Other drivers of this growth have been the Amtrak Thruway bus feeder program, which attended to markets not easily served by rail and has worked in conjunction with state-funded programs to assist bus operators, revamp rail stations or build new intermodal terminals.

Today, 19 states support 29 Amtrak corridors of 750 miles or less. All offer practical models for improving intercity public transportation across Canada, using VIA as a strong core that, in some cases, would be jointly funded by the federal and provincial governments. The opportunity to duplicate this U.S. success must be incorporated into the *VIA Rail Canada Act*.

In wrapping up its work when its own mandate was terminated, the RPAF of 1984-1985 told then Minister of Transport Don Mazankowski, "The early passage of legislation is still a necessity, and that legislation must give a future, revitalized VIA sufficient powers to implement its mandate efficiently and effectively."

As with so many of its findings, the RPAF's views on the need to make a *VIA Rail Canada Act* a priority remain as valid today as in 1985. Now, that need is even more pressing and the time left to take action is finite. Comprehensive legislation would stop the clock on VIA as it is now constituted and assist in restarting it properly.

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### 3.0 Overhauling the Freight Railway Relationship

To say that VIA's relationship with the freight railways on which it depends for the bulk of its infrastructure is rocky is the height of understatement. When he appeared before the House of Commons Standing Committee on Transport on March 11, 1998, then CN President Paul Tellier said, "If I had the choice of not having VIA Rail on our tracks, I would prefer not to have VIA Rail on our tracks because I don't like to have a customer I cannot satisfy."

This less-than-cordial relationship with the freight railways – particularly CN – has not improved since that time. In fact, it has gotten worse. VIA suffers from a basic problem that was highlighted in *Where is VIA Going?*, a paper delivered by Malcolm G. Bird at the Canadian Political Science Association conference at Ottawa's Carleton University on May 14, 2009:

"CN has a vested interest in a marginally-run VIA Rail. If VIA were able to provide convenient, timely service, it would make taking the train, particularly in the central Canadian corridor, a much more attractive transit option. More VIA passengers, of course, would mean additional trains on CN's tracks and these trains, in turn, would likely impede its own freight hauling business.

"It is not surprising that the profit-maximizing CN gives its own hundred-car freight trains, which carry multiple millions of dollars in goods, priority over VIA's passenger trains that, at best, carry a few hundred passengers each. The optimal outcome for CN would be if VIA disappeared altogether."

The failure of previous governments to establish VIA's rights and the terms for its operation on the tracks of any freight railway is a key contributor to the decline of Canada's passenger service. On all but two per cent of its 7,500-mile network, VIA is a tenant, dependent on the treatment it receives from its host railways. This is especially the case with CN, which accounts for 70 per cent of VIA's route mileage.

The result is that a good deal of VIA's performance is determined not by VIA, but by landlords who don't want the passenger trains on their tracks. Correcting this situation is vital to any VIA turnaround plan.

This toxic situation is a legacy of VIA's launch without comprehensive legislation. When it began, there was no establishment of the clear, equitable terms VIA required to assume the statutory obligation from the freight railways for the operation of the passenger trains. Beginning in 1968, the power to alter or end this obligation on a route-by-route basis was vested in the Canadian Transport Commission (CTC) under the *National Transportation Act* of 1967.

Under the government takeover of the remaining CN and CP trains, VIA was authorized to enter into contracts with the railways for specific routes or services on behalf of the Crown. The freight railway charges to VIA were determined under the CTC's Costing Order R-6313, which had been developed for application to freight branch line costing. This was a controversial and far from satisfactory formula for setting VIA's charges.

R-6313 used an avoidable costing principle that allowed the railways to charge VIA not just their out-of-pocket or avoidable costs, but also a percentage of their system or overhead costs. As a result, VIA could be charged more when a railway's freight business declined, absorbing a greater percentage of that railway's system overhead costs. As well, R-6313 allowed for a resettlement of the railways' monthly charges to VIA at the end of each year and again after its own internal audit occurred as much as a year later. This made VIA's budgetary planning difficult, never knowing until long after the fact what CN and CP would charge under these so-called 13th and 14th bills.

This contrasts with Amtrak's relationship with its host railways, which was established at the start under the *Rail Passenger Service Act of 1970*. In exchange for releasing the railways from their statutory obligation to provide passenger service, it established fairer and more precise terms than those foisted on VIA.

The Amtrak costing formula contains two components. The first is based on the direct or avoidable costs the freight railways incur because of Amtrak. The second is an incentive payment fund that enables the freight railways to earn a fair contribution to their overhead or indirect costs by meeting strict service standards. The amount of the monthly incentive payment is determined by a freight railway's on-time handling of Amtrak's trains, with delays attributable to Amtrak and other non-freight railway factors excluded. Freight railways that perform poorly earn no incentives, only compensation for direct costs.

The Rail Passenger Action Force (RPAF) of 1984-1985 partially succeeded in bringing this type of costing and performance-based contracting to VIA through its negotiation of master train service agreements with CN and CP. Over many objections by the freight railways, this Amtrak-inspired approach was a first step in replacing the route-by-route agreements and the CTC's R-6313 costing formula. Also included was a performance-based incentive clause, which would allow CN and CP to earn more based on the percentage of VIA's trains they expedited for on-time arrival.

However, virtually everything the RPAF accomplished was washed away by subsequent train service agreements that have been negotiated since the late 1990s. What has also been somehow removed from the whole process is any acknowledgement that the freight railways have never been formally relieved of their passenger service obligations.

Today, VIA is embroiled in a situation that can best be characterized as a landlord-tenant relationship gone bad. The worst aspects of this strained and ultimately destructive situation are embedded in the 10-year CN train service agreement that VIA was left to negotiate without the government's support or assistance in 2009.

This contrasts with the hands-on approach government often takes on other matters where it seeks to protect the public interest. One recent example is the previous government's attempt to unsnarl the rail movement of western grain through its passage of the *Fair Rail for Grain Farmers Act* of 2014, which included financial penalties to resolve this widespread service failure.

Yet, the same government's view of the negotiations between VIA and CN in 2009 was that this was a strictly commercial arrangement between two for-profit corporations. This failed to address the fact that one party was a shrewd, for-profit freight railway and the other was a publicly-owned passenger carrier, which uses public dollars to deliver service to and on behalf of the public.

There was no discernible public interest aspect to these negotiations and that was reflected in the agreement that emerged. One rail professional who was privy to the negotiations later commented, "CN sheared VIA like an innocent little lamb."

In the first five years of the 2009 train service agreement, CN's charges to VIA increased by 42 per cent. Those charges will have risen another 40 per cent by the time it expires in 2018. In the same period, CN's delivery of service to VIA declined and accounted for much of the drop in VIA's system-wide on-time performance (OTP) from 83 per cent to 76 per cent. In the case of the Toronto-Vancouver *Canadian*, the fall-off in OTP has been even steeper: from 70 per cent in 2012 to 32 per cent in 2014.

This situation contrasts sharply with the U.S., where Amtrak has had to take a tough stand in dealing with freight railways that have, on many occasions, been just as unaccommodating of its trains as the Canadian roads are of VIA. But Amtrak enjoys considerable protection in its legislation, and both the corporation and the federal government aren't reluctant to use it.

In 2012, due to CN's delays and sub-standard train handling, Amtrak filed a formal complaint with the Surface Transportation Board under Section 213 of the *Passenger Rail Investment and Improvement Act (PRIIA) of 2008*. The legislation specifies:

"Except in an emergency, intercity and commuter rail passenger transportation provided by or for Amtrak has preference over freight transportation in using a rail line, junction, or crossing unless the Board orders otherwise under this subsection.

“A rail carrier affected by this subsection may apply to the Board for relief. If the Board, after an opportunity for a hearing under section 553 of title 5, decides that preference for intercity and commuter rail passenger transportation materially will lessen the quality of freight transportation provided to shippers, the Board shall establish the rights of the carrier and Amtrak on reasonable terms.”

In any case where Amtrak or any other passenger operator receives less than this legislated priority service, and it has filed a complaint, *PRIIA* sets out the remedies and the damages that may be awarded by the STB. In short, Amtrak enjoys considerable protection from uncooperative host railways, unlike VIA.

While CN did engage in some negotiations with Amtrak and took some action, this wasn't enough for Amtrak to withdraw the complaint. The matter is proceeding with the encouragement of some powerful politicians who represent the districts where CN's treatment of Amtrak is affecting the reliability of its service.

Amtrak and the U.S. Federal Railroad Administration are also waging a legal battle against attempts by all the freight carriers, through the Association of American Railroads, to repeal the legislative right that gives passenger trains reasonable priority over freight. So far, the passenger priority rule has remained in effect, as has Amtrak's costing formula for freight railway charges.

Even in the absence of legislation as definitive as that enjoyed by Amtrak, VIA must be held partially accountable for its own dilemma. The corporation has failed to speak out, allegedly because VIA's managers fear CN will retaliate by purposely hampering the performance of its trains.

But VIA does have some clout, which it has rarely exercised. While current federal legislation offers little protection for VIA, the application of a clause in the *Canada Transportation Act* could begin to correct the sub-standard treatment it receives from the freight railways, particularly CN.

Under Section 152 of the *CTA*, VIA has the right to challenge the service delivered by the freight railways. It specifies:

“Whenever a public passenger service provider and a railway company are unable to agree in respect of any matter raised in the context of the negotiation of any agreement concerning the use of the railway company's railway, land, equipment, facilities or services by the public passenger service provider or concerning the conditions, or the amount to be paid, for that use, the public passenger service provider may, after reasonable efforts to resolve the matter have been made, apply to the Agency to decide the matter.

“Whenever a public passenger service provider and a railway company are unable to agree in respect of any matter raised in the context of the implementation of any matter previously decided by the Agency, either the public passenger service provider or the railway company may, after reasonable efforts to resolve the matter have been made, apply to the Agency to decide the matter.”

VIA has invoked this section of the CTA in dealing with two short line freight railways and in a situation where CP attempted to breach its agreement to allow a prescribed number of VIA trains through a track junction at Smiths Falls, Ontario. VIA won each of its cases before the Canadian Transportation Agency and obtained the relief it sought. But VIA has never done this with CN.

Because of its importance in trying to get VIA up and running properly, it is not surprising that the 1984-1985 Rail Passenger Action Force (RPAF) devoted much effort to produce a new structure for VIA’s future relationship with the freight railways.

The RPAF developed a very clear approach to this situation and it is still the one that should be pursued today. In its final report, the RPAF recommended that the proposed *VIA Rail Canada Act* clarify and vastly improve VIA’s relationship with the freight railways on the basis of five key points:

“To assume the statutory responsibility for providing rail passenger services, VIA must be assured that the necessary CN and CP facilities will be provided and, where liability is concerned, CN and CP must agree that the basic principle of each party bearing the legal consequences of its own acts, omissions or negligence will apply.

“CN and CP should have the responsibility of dispatching VIA’s trains according to the principle of passenger priority; of maintaining VIA-used lines in proper conditions; and of making improvements needed by VIA for the operation of its trains.

“We support a system of compensation for VIA based on direct ‘out of pocket’ costs, plus an additional payment for indirect costs. This additional payment, however, must be incentive based, i.e. dependent upon attaining performance criteria established by VIA. Our proposal will treat CN and CP fairly by compensating them only for identifiable, avoidable costs actually incurred and – most importantly – will force them to perform at peak efficiency if they are to earn additional incentive-based compensation....

“A new mechanism for binding arbitration will be necessary, preferably independent of existing bodies ... and designed so as to encourage the parties to resolve all but the most intractable disputes themselves.

“Finally, VIA needs to have full access to data required for planning purposes and to ensure accuracy and reliability of budgets and overall cost control.”

With only slight variations to reflect some changes that have occurred since 1985, this five-point plan should form the basis of the new, legislated relationship between VIA and the freight railways, and be incorporated into the *VIA Rail Canada Act*.

In doing so, it is suggested that a carrot-and-stick approach be taken. With its legislative powers, a government has a very big stick and the freight railways need to be reminded of this. The previous government’s 2014 *Fair Rail for Grain Farmers Act* is but one example of how broad and swift those legislative powers can be.

However, it would be preferable to attempt to resolve this situation amicably and without resorting to the use of the government’s full powers. The revised train service agreements VIA urgently requires should be the subject of negotiation before any consideration is given to stronger legislative options beyond the proposed *VIA Rail Canada Act*.

Although these more aggressive measures can be employed if necessary, this would further strain VIA’s already unsatisfactory relationship with the freight railways. Today and in the future, the freight railways need to be convinced that it is in their best interests to be more cooperative than in the recent past.

But the freight railways do need to be reminded that the government can unleash considerable power on the grounds that these railways still bear residual passenger service obligations that can be invoked. Also to be considered is the fact that they were relieved of the large financial and operational burden of directly providing passenger service through VIA’s assumption of the remaining CN and CP trains.

This positive viewpoint has helped shape the attitudes of the more enlightened U.S. freight railways that deliver fairly-priced and responsive service to Amtrak, even if they still question the compensation they receive. The corporate view of Norfolk Southern and Burlington Northern Santa Fe is that the creation of a publicly-funded national rail passenger corporation was a blessing because it relieved them of a large financial burden. These more enlightened freight railways believe it behooves them to hold up their end of the bargain by treating the public’s railway reasonably.



As well, Amtrak's better service providers also understand they aren't likely to succeed in obtaining public funds for rail freight projects through public-private partnerships if they beat up the public's passenger trains.

These are points the new government is going to have to emphasize and which the freight railways are going to have to grasp if there is going to be a new deal for VIA. Properly negotiated and legislatively affirmed, this new relationship can be beneficial to all the participants.

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## 4.0 Modernizing VIA's Fleet

While comprehensive legislation is a priority in reviving and re-establishing VIA as a sustainable public transportation service, it will all be fruitless if the corporation is not properly re-equipped to deliver on its new legislative mandate. Constantly rebuilding obsolete and inefficient equipment only delays an inevitable collapse of VIA under a combination of rising costs, falling reliability and low passenger attraction.

A major flaw in the federal government's rail passenger program since VIA's formation has been the absence of a strategy to deal with the system's constantly-pressing need for new equipment. There has been little recognition of the fact that the most important physical element of a service dependent on trains is the trains themselves. VIA's promotion of its unsubstantiated dedicated track proposal for the Montreal-Ottawa-Toronto (M-O-T) Triangle has only helped to perpetuate this false logic.

Another factor has been the insatiable demand by Ottawa for a seemingly endless array of consulting studies and analysis before approving VIA's equipment decisions. As the Rail Passenger Action Force (RPAF) of 1984-1985 said:

"Federal officials bear at least part of the blame for VIA's past approach. They have approved millions of dollars' worth of long-range studies, perhaps being unaware of existing, available work, in some cases carried out by other Federal departments and agencies. Indeed, the qualitative and quantitative bases for our recommendations on equipment in particular have been available for several years....

"Studies cause delay and enable government officials to in turn delay making decisions; in this, they are sometimes welcomed by those government officials – the long delay in transcontinental modernization being a case in point. But all this must change in the future if VIA is to become the type of innovative, action-oriented company we believe is essential."

Rather than "biting the bullet" and facing VIA's perpetual equipment deficiencies head on, the result has been a series of Band-Aid solutions. These efforts in recent years have been made worse by a focus on frills, such as interior appointments, rather than the basic mechanical and operational aspects of the equipment.

These ineffective measures have always fallen short of fully addressing VIA's need for new, reliable and cost-effective equipment that can be quickly placed in service to cut its high per-car-mile operating and maintenance costs. This has been the case since VIA took over the obsolete equipment used for the CN and CP passenger services.

The incomplete program to rebuild the Light, Rapid, Comfortable (LRC) cars, which are 31 to 35 years old, is a classic example of this failure to deal with the vital need to re-equip. The LRC project continues to eat up scarce capital that should be going to a new fleet embodying all the design advances since these cars were conceived in the late 1960s and built in the early 1980s.

In total, \$327.6 million of the original \$923 million VIA capital renewal budget approved by the government in 2007 went to rebuilding old equipment. The total cost is still not known because some of these projects – notably the LRC remanufacturing – remain incomplete and continue to consume additional capital funds. Based on other North American intercity rail passenger orders currently in progress, these funds could have purchased as many as 100 state-of-the-art intercity coaches.

Other recent equipment decisions are equally perplexing. Two days before the federal election was called, the previous government announced a \$102-million VIA Montreal-Ottawa improvement project. It included funds for the reactivation of several problem-plagued Renaissance cars, which were built in England in 1995-1996, modified for Canadian service in 2001-2006 and then underwent several more modifications for various reasons.

That the fleet situation has become serious is confirmed by VIA's issuance of a request for proposals for the short-term leasing of suitable intercity equipment on June 2, 2015:

"VIA Rail needs, from time to time, to supplement its existing fleet of railroad rolling stock over a short to medium term due to shortage in equipment availability which impacts our operating requirements, namely our ability to meet demand during peak periods.

"Therefore, VIA Rail is looking to identify service providers who can supply, for short to medium term leasing, ready-to-operate intercity passenger railroad rolling stock."

With many LRC cars out of service for rebuilding and the bulk of the Renaissance corridor fleet mothballed because of cost and reliability issues, VIA is clearly short of equipment. A railway that doesn't have a fleet adequate for its daily needs is hardly one poised for the ridership and revenue growth required to justify its existence.

Fortunately, a template for VIA's fleet renewal exists. It is the *Amtrak Fleet Strategy* of 2010, which has been updated on two occasions to reflect the supply industry's capabilities, its own financial capacity and projected ridership growth.

In the first paragraph of the latest version, the *Amtrak Fleet Strategy* establishes its importance and dynamic nature:

“The heart of Amtrak’s ability to deliver competitive intercity rail transportation service is the fleet that we operate. The fleet affects customer perception, the willingness to use our product and services, product reliability, and the costs of maintenance and service delivery....”

If VIA is to be revived, it must develop a similar strategy. This must be endorsed early by the new government not just as something to consider, but as a basic necessity for VIA’s survival. If there are no new trains, there will be no VIA in very short order. A central principle in VIA’s fleet strategy must be the one established by Amtrak regarding the need for new, not remanufactured and refurbished equipment. It states:

“Rebuilding aging equipment is always a temporary solution and does not save money in the long term. If passenger rail service is to be sustained and grown, equipment investment must be accepted as part of the process.”

The Amtrak approach is predicated on making investment decisions based on the “lifing” of motive power and rolling stock, which it defines using two criteria:

“The first is *Useful Life* and the second is *Commercial Life*. Useful Life is a generic and somewhat arbitrary age-based definition of 30 years for locomotives and 40 years for passenger cars. It does not take account of condition of the equipment or investments to extend its life. Amtrak reports on the percentage of its equipment that is beyond its useful life as part of State of Good Repair (SOGR).

“Commercial Life is a combination of a number of factors. The main elements are as follows:

- Maintainability – equipment condition; ability to support equipment components, based on obsolescence, cost in manpower, support infrastructure and parts consumption necessary to maintain the equipment; the reliability experienced in service with associated impact on service delivery.
- Availability – number of cars and locomotives available to support demand requirements.
- Technical capability – ability to meet the requirements of the service.
- Customer acceptance – the willingness of customers to pay to ride the equipment and the impact on ridership or revenue that can be achieved by changing equipment types.
- Capital availability – capability of the organization to fund the capital investment required to provide replacement equipment.

“The combination of these factors will result in a proposed commercial life for equipment. This is usually a shorter term than the useful life.”

By this measure, virtually all of VIA's fleet is beyond its commercial life. Yet, VIA has now committed funds from its uncertain budget to rebuild equipment that is, in the case of the LRCs, in its fourth decade of service.

This should be compared with the interlocking fleet strategies now being pursued by Amtrak and some of its 19 state partners. In total, Amtrak and five of the states currently have orders under way with three builders for 70 electric locomotives, 32 diesel-electrics, 130 single-level cars for the eastern long-haul trains and 175 bi-level cars for Midwest and California corridor routes.

By 2023, Amtrak will receive 25 high-speed electric trainsets for the Northeast Corridor, 500 bi-level long-haul cars, 825 single-level corridor and long-haul cars, and 300 diesel-electric locomotives. State-funded purchases of single- and bi-level corridor equipment will be in addition to these Amtrak equipment acquisitions.

If the new government funds VIA at a level that compels it to continue rebuilding equipment that is commercially life-expired, it will be seriously misallocating public funds. At the very least, the proposed reactivation of 30 or more Renaissance corridor cars needs to be weighed by the RPAF against other short-term equipment options that would increase the utilization of VIA's Budd and LRC fleets, and may deliver better value for the investment involved.

#### **4.1 Rolling Stock**

The aspect of VIA's fleet that requires the most attention is the rolling stock assigned to both its corridor and long-haul services. In the longer term, VIA will also require rolling stock better suited to the demands of the remote routes, but that situation falls far behind the urgent need to address the corridor and long-haul requirements.

Today, VIA operates five types of single-level, locomotive-hauled cars in corridor, long-haul and remote service, consisting of:

- 174 remanufactured Budd cars of various configurations for long-haul and remote service;
- 33 remanufactured Budd coaches and Business Class cars for corridor service;
- 3 glass-roofed coaches for the *Canadian* west of Edmonton and the Jasper-Prince Rupert train;
- 106 Renaissance cars for corridor trains and the *Ocean*, with several currently stored out of service; and
- 97 LRC coaches and business class cars in corridor service only.

Under *The VIA 1-4-10 Plan*, the locomotive-hauled fleet would be reduced to two basic types, both of which would be bi-level. Unlike Amtrak, which must contend with

clearance restrictions on its eastern lines that preclude the use of bi-level rolling stock, VIA faces no situations where bi-levels potentially cannot be used. The economic and operational advantages of bi-level equipment make it the clear choice for all of VIA's locomotive-hauled services, which include corridor, long-haul and all but two remote or regional trains.

In 1983, an anonymous government transportation analyst prepared a report for the advocacy group, Transport 2000 (now Transport Action), in favour of re-equipping VIA's long-haul trains with bi-level equipment, using data regarding the performance of Amtrak's then relatively new Superliners for costing purposes. The report stated:

"The two-storey bi-level cars have a higher passenger capacity than conventional [single-level] equipment and offer the possibility of combining different accommodations and services into a single car. The economic efficiency of rail service is enhanced as car miles are reduced, train weights are reduced, and fuel economy is improved....

"The investment in new bi-level equipment is the most economically advantageous [one that] the government can make in equipping the transcontinental services. Operating costs will decrease by 32 per cent from the cost of operating the current [steam-heated] single-level equipment and by 28 per cent from the cost of operating rebuilt single-level equipment. Passenger revenues would increase due to the on-time reliability of the equipment, the ability to meet faster schedules, and the attraction of the new equipment. The combined effects of the reduction in costs and increases in revenues with bi-level equipment would be to reduce losses by as much as 46 per cent."

While the 1983 report dealt solely with VIA's long-haul trains, the same efficiencies also apply to bi-level equipment in corridor service. On average, a bi-level passenger car can accommodate 40 per cent more passengers than an equivalent single-level car. When this matter was studied in-depth by the 1984-1985 RPAF, the conclusion was that single-level coaches could be replaced by bi-levels on a two-for-three basis. For sleeping cars, the replacement ratio was one-for-two.

VIA's current fleet is roughly composed of 186 corridor cars and 227 long-haul cars. There is some overlap through the use of certain pieces of equipment for both types of service, such as the Renaissance coaches and lounge/café cars deployed on corridor trains and the *Ocean*, and baggage cars that are assigned to all types of service. In total, VIA's 413-car fleet can provide approximately 13,000 coach or business class seats and 2,100 sleeping car spaces, plus non-revenue dining, lounge and baggage capacity.



The Mulroney government's Rail Passenger Action Force of 1984-1985 recommended the purchase of 214 Amtrak-proven Superliners for the modernization of the VIA long-haul network, but they were ignored. The economic consequences are now readily apparent in VIA's mounting long-haul costs. The only hope for the long-term retention of these trains rests on the acquisition of this type of bi-level equipment to reduce costs and improve performance. Photos courtesy of Bombardier Transportation





Including the dining and lounge cars required for the long-haul trains, replacing this capacity with bi-level equipment for VIA's current needs and to allow for a reasonable amount of service expansion would require 160 cars for the corridor and 140 for the long-haul trains and two of the remote services. It is assumed that single-level Budd baggage cars will operate in conjunction with the new bi-level fleet on the long-haul and remote routes, while secure baggage and bicycle storage facilities will be incorporated into one coach in each corridor trainset. As is standard practice, the purchase contracts for this new equipment would include options for the additional cars required to accommodate frequency, ridership and network growth in the future.

Based on costing data provided by members of the rail manufacturing sector, it is estimated the average cost of the new bi-level equipment would be \$5 million per car. The initial requirement would, therefore, be for \$1.5 billion to purchase enough rolling stock to cover VIA's primary frontline needs and absorb a percentage of its growth through the life of *The VIA 1-4-10 Plan*. This includes enough spare cars to allow for programmed maintenance and traffic surges during the peak travel periods. It is also dependent on the continued use of the best elements of VIA's existing fleet to provide additional surge capacity and to launch the experimental services that are outlined later in this plan.

The actual design of the bi-level corridor and long-haul cars, and the final size of the orders, are matters for the RPAF, VIA and the qualified bidders to work out. With no intercity rolling stock produced recently in Canada, it is not a matter of simply pulling a design off the shelf and endorsing its immediate purchase. However, past and present U.S. experience, as well as previous Canadian studies, clearly establishes the basic specifications of the equipment required.

For VIA's corridor services, the new bi-levels would follow the design concept of the 175 corridor bi-levels now being produced by Sumitomo in Rochelle, Illinois, for the state-supported Amtrak services in Michigan, Illinois, Missouri and California. This design is based on previous ones employed in the production of 66 California Cars in 1995-1996 and 62 Surfliners in 2000-2002. In turn, these two bi-level designs were derived from the long-haul Superliners. As a result, all four types of cars are operationally compatible.

A major requirement of the new corridor bi-level fleet is that it should be equipped for bi-directional, push-pull service. One of the main problems affecting the flexibility, utilization and cost-effectiveness of VIA's current corridor trainsets is that they can operate in one direction only and must be turned by means of a wye – a three-point turn for trains – or a loop track at their terminals. This is a time-consuming process that keeps the trains and crews out of revenue-producing service for long periods of time and prevents quick turnarounds at end terminals.

The alternative is push-pull operation, which is standard for North American commuter operation, and is applied widely by Amtrak. The bi-level corridor cars now being built by Sumitomo are also push-pull. With a locomotive at one end and a fully-equipped cab car on the other, a push-pull trainset arriving at its terminal can be ready to head in the opposite direction within the time it takes for passengers to disembark and board, and the locomotive crew to walk to the opposite end of the train. Having this operational flexibility is an absolute given in the design of VIA's new corridor equipment.

For the long-haul fleet, the design baseline should be Bombardier's Superliners, which are employed on nine of Amtrak's 15 long-haul trains. The mix of cars to be acquired includes coaches, sleepers, diners and lounge cars. Without requiring major design or structural alterations, the VIA long-haul design must have the flexibility to mix some of these functions to provide combination cars that are geared to the traffic demands of certain routes. For example, when the 1984-1985 RPAF drew up its list of proposed bi-level rolling stock, it included a number of sleeper-lounges and diner-lounges for trains that didn't generate enough ridership to justify the use of full lounge and dining cars.

There are other issues to be considered in the writing of the specifications for VIA's new bi-level fleet. A major one is the matter of door height. All the intercity bi-level cars now in service or on order in the U.S. are designed for use with low-level station platforms. However, the platforms at Montreal Central Station and Quebec's Gare du Palais are high-level. A major question is whether the bi-level design should be modified to accommodate these platforms or the platforms modified for the rolling stock.

The new RPAF should consult with Amtrak before it proceeds with the setting of the bi-level fleet specifications. The knowledge Amtrak has gained through years of actual bi-level operation, the development of its fleet strategy and the awarding of its most recent orders will be invaluable in helping to shape a strategy for VIA.

Consultation with Amtrak will also ensure a high degree of commonality between the future fleets, which is desirable for shared, cross-border services, such as the current Toronto-New York City *Maple Leaf*. There could be opportunities for joint VIA-Amtrak equipment purchases, which would produce economies of scale for both.

## **4.2 Motive Power**

New motive power will also be required, although this isn't as urgent as the need for new rolling stock. VIA's fleet now consists of two types of diesel-electric motive power:

- 21 General Electric (GE) P42DC units built in 2001, rated at 4,250 HP and geared for a maximum speed of 100 mph; and
- 53 General Motors Diesel (GMD) F40PH-2 units built between 1985 and 1989, rated at 3,000 HP and geared for a maximum speed of 90 mph.



The model for the re-equipment of VIA's corridor services is the program now under way on the state-supported Amtrak routes in the Midwest, Pacific Northwest and California. This includes the acquisition of bi-level rolling stock equipped for push-pull service and high-performance diesel-electric locomotives, as well as incremental infrastructure improvements to allow for increased frequency and decreased running times using this state-of-the-art motive power and rolling stock.



The 53 GMD F40s underwent a \$100-million rebuild program between 2009 and 2012, which has improved their reliability, fuel consumption and overall performance to a degree. However, these units are beyond their desirable commercial lives and will need to be replaced progressively at the earliest opportunity. Comparable Amtrak units were long ago sold, scrapped or converted to other uses. When they were rebuilt, VIA estimated their remaining service life as 15 to 20 years, although industry sources suggest that is optimistic.

When the 21 GE P42s received some midlife overhaul work in 2009-2010, VIA said this would give them another 1 million miles or eight years of additional life. These units are, therefore, close to the point where they will have to be fully remanufactured or replaced. Given the time it would take to replace them, and the fact that they are the only units in VIA's fleet that can be used for its fastest corridor trains, the P42s would most likely have to be rebuilt at a cost of more than \$1 million per unit for another decade of service.

As for new motive power, the choices are limited. As well, with the closure of the former GMD plant in London, Ontario, in 2012, Canada lost its last locomotive manufacturer, so future VIA motive power will have to be built in the U.S.

The only intercity passenger locomotive currently available is the new Siemens Charger, which has been ordered by a coalition of the Michigan, Illinois, Missouri, Washington and California departments of transportation for use on the Amtrak corridor trains they support financially.

The Charger is a high-performance, 4,400-HP unit designed for a maximum service speed of 125 mph and meeting the current Tier IV emission standards. It makes use of designs and sub-systems Siemens has employed on its successful Vectron series of European electric and diesel locomotives, as well as the 70 ACS-64 Cities Sprinter electric locomotives it recently delivered to Amtrak.

The state coalition, which placed its order in 2014, is paying \$7 million (U.S.) per unit and holds an option for 75 more configured for corridor service and 150 for use on Amtrak's long-haul trains. The first units are expected to arrive in late 2015.

For its current requirements and to accommodate the growth anticipated under *The VIA 1-4-10 Plan*, VIA would require a minimum of 70 Charger locomotives for both corridor and long-haul service between 2016 and 2025. Allowing for inflation and fluctuations in the exchange rate, this American-built motive power will cost approximately \$700 million in Canadian funds by the time it is delivered.

### 4.3 Fleet Procurement

It would be logical to suggest that the easiest and fastest way to acquire VIA's new fleet would be by piggybacking on the current Amtrak and state orders. The problem is that this equipment is being manufactured totally in the U.S. under federal funding guidelines requiring 100 per cent American content. Simply adding to the U.S. orders would be expeditious, but it would produce no economic stimulus benefits in Canada.

The domestic economic stimulus that results from a public spending program as large as the total re-equipping of VIA must be a consideration. One of the factors in favour of public investment in rail passenger projects is its large economic spinoff. The U.S. Department of Commerce and other credible sources estimate capital investment in rail passenger projects have an economic stimulus payback ratio of three- or four-to-one.

While the new, American-built locomotives will generate no domestic economic stimulus, the rolling stock will. At a total cost of \$1.5 billion over a 10-year period, this would produce as much as \$6 billion in economic spinoff.

Canada currently has two companies with experience in the manufacturing of intercity passenger equipment, with the obvious and most active one being Bombardier. VIA's 97 LRC coaches, 195 of Amtrak's 479 Superliner cars and 20 Acela high-speed trainsets for Amtrak's Northeast Corridor were built by Bombardier. While the Bombardier plants in La Pocatière, Quebec, and Thunder Bay, Ontario, have turned out hundreds of commuter rail and urban transit cars in recent years, no intercity work has been undertaken since the Thunder Bay plant modified VIA's Renaissance cars between 2001 and 2006.

Additionally, French rail manufacturer Alstom now has a presence in Canada through its joint contract with Bombardier for Montreal's Azur metro cars. While Alstom does not currently have any North American intercity passenger car orders, it delivered the 62 bi-level Surfliner cars for California's state-supported Amtrak trains in 2000-2002.

The current Amtrak orders have gone to Sumitomo/Nippon Sharyo in Rochelle, Illinois, CAF in Elmira, New York, and Siemens in Sacramento, California. These firms would likely be interested in bidding on any VIA orders, under the right conditions. To obtain the best equipment at the best price, competitive bidding guidelines should include all of these established manufacturers, which are now gaining considerable experience in the production of North American intercity passenger equipment.

VIA's future equipment purchasing will have to balance two major objectives. First and foremost is the modernization of VIA's fleet with the most reliable and cost-effective equipment available. The second objective is the generation of maximum domestic manufacturing stimulus.

What must be guarded against is letting the second objective overtake the first and defeating the project's goal. This occurred in VIA's early years with the purchase of its LRC fleet, the consequences of which are still affecting its performance. It is a history lesson that needs to be recalled in future equipment decision making.

VIA cannot afford to go through any further equipment misfires. The basis for decision making must balance the primary need for new equipment to drastically reform VIA's costly operations with the valid consideration of its potential domestic manufacturing sector stimulus.

Sorting this matter out should be one of the tasks of the RPAF. The group will need to set the criteria for the new equipment types and the quantities required by VIA, and then open the discussions with all qualified builders. As has been done in several recent Canadian transit procurement programs, the best approach may be requiring a reasonable percentage of Canadian content and balancing this against a bidder's ability to deliver a proven, quality product at a favourable price and on a timely basis.

#### **4.4 Short-Term Fleet Maximization**

No matter which designs and manufacturers are selected, an unfortunate fact that must be faced is that the first elements of VIA's new fleet won't arrive for three to four years after the orders are placed. This is a legacy of the collapse of the rail passenger business prior to the creation of Amtrak and VIA, and the on-off nature of intercity equipment purchasing in the subsequent era of publicly-funded operation.

Until the mid-1950s, passenger equipment manufacturing was close to a production line business, with modifiable, off-the-shelf designs available and orders placed at regular intervals by numerous railways. Since then, it has become an erratic and customized business, with the orders unevenly spaced out and insufficient demand for the manufacturers to update their designs in the hope of stimulating orders. The result is that it takes a great deal of time for design work, prototype development and testing before a steady stream of new equipment can be delivered on a production-line basis.

The current situation in the U.S. gives a good indication of how long the VIA re-equipment program will take. The order for Amtrak's 130 single-level long-haul cars was signed with CAF in July 2012. The first pre-production pilot cars were delivered in June 2014 and production cars will be arriving before the end of 2015. The full order won't be completed until the end of 2016, at the earliest.

Because of this inability to quickly secure new equipment, and because of the large investment that has been made in refurbishing VIA's old equipment, the RPAF must develop a strategy to maximize the utilization of the current fleet. Another very good reason to do so is the fact that too much VIA equipment now sits idle between runs

because of low service frequency and inefficient operating practices. These trains need to be out on the road generating ridership and revenue.

In particular, the best elements of VIA's existing fleet will be required for the proposed experimental services that will be added progressively throughout the duration of *The VIA 1-4-10 Plan*. Doing so may require some short-term fleet investments to boost equipment availability and utility. The addition of cab cars to VIA's corridor trainsets is the most obvious and potentially productive example.

Amtrak created a pool of cab cars more than 20 years ago using life-expired locomotives and rolling stock it reconfigured in-house to enable its unidirectional, locomotive-hauled corridor trainsets to provide bi-directional, push-pull service. Compared with VIA's corridor fleet, these Amtrak push-pull trainsets run more miles and produce more revenue daily, while also reducing operating costs. This has enabled Amtrak to boost service frequencies within a limited operating budget.

Another possibility is short-term leasing of equipment already configured for push-pull operation. While there is little intercity equipment available, there is push-pull commuter equipment that could be adapted and temporarily employed to expand service in Southwestern Ontario pending the arrival of a new VIA fleet. There are also a limited number of bi-directional ex-VIA Budd rail diesel cars (RDCs) that could be leased to serve on some routes during the period when the VIA fleet modernization is occurring, although CN has raised some technical issues that might make this difficult.

These short-term solutions are discussed further in Chapter 8.1 of this plan.

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## 5.0 A High-Performance Quebec-Windsor Corridor

The Quebec-Windsor Corridor is VIA's core. It always has been and it always will be. Many outside the corridor have justifiably complained that it too often preoccupies VIA management and government to the detriment of the rest of the national system. While this shouldn't be the case if VIA is to be a truly national service, there is no denying that the corridor demands the bulk of the attention. In fact, it could easily be said that VIA can't ever hope to function properly as a national system if the corridor is not operating at its highest potential.

It is also in the Quebec-Windsor Corridor that VIA can prove the wisdom of investment in rail as an alternative to the other modes, particularly the automobile. The highway congestion problems of the Montreal and Toronto areas now spread well beyond the areas served by the regional transit operators and into what have traditionally been VIA's markets. Investment in a substantial improvement in VIA can be positioned as a cost-effective and environmentally superior alternative to further highway spending, which never definitively solves the problem and brings with it a host of environmental and land use problems.

However, the simple fact is that the Quebec-Windsor Corridor, despite the attention it has received since VIA's creation, is far from performing at its full potential or demonstrating rail's attractiveness as an alternative to both highway and aviation spending. Between some city pairs, it provides a moderately useful service that attracts a reasonable level of ridership, but it still falls far short of what it could be.

The problem is that there has never been a consistent plan to grow the Quebec-Windsor Corridor. When funding has been available to VIA, it has been applied on a piecemeal basis without a clear objective, only fuzzy projections of increased ridership and improved performance. This is quite clear in the delivery of and the results from the most recent VIA investment plan.

The bulk of the \$923 million the previous government allocated to VIA for capital renewal between 2007 and 2012 was devoted to the corridor, but it has had a negligible effect on ridership, revenue or service frequency. Elements of this plan are still incomplete and running seriously over budget three years after it was supposed to be completed.

A complicating factor throughout much of VIA's existence has been the suggestion that VIA or the private sector should build an all-new, electrified high-speed rail (HSR) service for part or all of the Quebec-Windsor Corridor. HSR emerged overseas in the 1960s when existing passenger routes reached their speed and capacity limits.

New high-speed lines corrected the limitations of the old ones, which remained in service for fast regional trains connecting with the new express services, which operate at speeds of 150 mph or more on these dedicated, passenger-only lines. Underlying these overseas investments in HSR have been government policies aimed at establishing rail as the backbone of their entire transportation systems on their most densely-populated corridors.

HSR has been studied repeatedly in Canada, but the results have always been the same. While HSR is attractive at first look, it would be monstrously expensive, it would not repay its capital cost through operating profits and would, therefore, require public investment. As well, it would take seven or more years before any HSR line would become operational and yield any public benefits.

VIA promoted the HSR option from 1983 until 2001, but never gained any government support. Third-party investigations also came up empty-handed and no private-sector investors ever stepped forward to take it on.

The \$923-million capital investment plan of 2007-2012 was, in many ways, the replacement for VIA's previous HSR strategy. When it was announced, VIA and the government said it would improve its conventional, 100-mph corridor services to such an extent that it would "accommodate more than one million additional passengers – an increase in ridership of 32 per cent – when the infrastructure improvements are completed by 2012."

In fact, this program was thoroughly inadequate for such a goal. It has amounted to just continuing the same pattern of investing marginally in VIA's corridor service with no prospect of bringing about the major turnaround that would dramatically increase ridership and revenue by offering considerably more frequencies and slightly reduced running times. It has brought little meaningful improvement to the Quebec-Windsor Corridor and has not positioned VIA for growth.

Now, VIA is proposing a turnaround strategy based on a much larger capital investment scheme for the Quebec-Windsor Corridor, although far short of HSR. This raises serious issues that need to be addressed before any additional capital is expended on future VIA infrastructure projects.

## **5.1 VIA's High-Frequency Rail Proposal**

The most recent proposal from VIA is a sketchy plan to build a dedicated, 110-mph line in the Montreal-Ottawa-Toronto (M-O-T) Triangle. The \$4 billion project would be financed by investors such as the Caisse de dépôt et placement du Québec, the Ontario Municipal Employees Retirement System and the Ontario Teachers' Pension Plan. This line would be used by VIA on a contracted toll basis that would obviously have to generate a profit for the investors.

The private-sector financing approach would be taken partially because VIA CEO Yves Desjardins-Siciliano says the government has supplied enough money to VIA and it would be “unfair” to expect more. He added, “VIA Rail is an increasing burden on Canada’s taxpayers due to deteriorating on-time performance and the lack of frequencies to be relevant.”

Given the depths of VIA’s accumulated woes and the fact that it will require steady and assured capital funding to get it out of its deep pit, this so-called high-frequency rail (HFR) project rings alarm bells. It is predicated on a notion that only a dedicated line will end the delays and conflicts now afflicting VIA through its shared use of CN freight infrastructure. While the objective of being totally free of freight traffic is admirable, its likelihood is questionable. At the very least, VIA is going to have to live with some infrastructure owned by and shared with the freight and commuter railways in the Toronto and Montreal terminal areas, which VIA could never duplicate.

There is also the curious routing to be considered. VIA’s trains would exit Montreal Central Station and proceed 46.7 miles along the existing CN corridor to the VIA-owned portion of the Alexandria Subdivision north of Coteau, Quebec. This VIA line segment to Ottawa Union Station connects directly with VIA’s ex-CN Smiths Falls Subdivision, which underwent \$19 million in upgrading as part of the 2007-2012 capital renewal project and, like the VIA segment of the Alexandria Subdivision, handles very little freight traffic.

West of Smiths Falls, VIA’s trains would proceed for 15.5 miles on dedicated track built alongside CP’s Montreal-Toronto freight line. At Glen Tay, the VIA line would veer off on the abandoned portion of the CP Havelock Subdivision, with the 92 miles of missing track rebuilt to 110-mph passenger standards.

From Havelock west, VIA’s tracks would be built alongside active CP freight rights-of-way through Peterborough to Leaside, then down the Don Valley to Union Station over a mothballed ex-CP line owned by GO Transit.

In total, the VIA HFR project would consist of 366 route miles, of which more than 200 miles would be new and an additional 107 miles would be track previously purchased from CN and upgraded by VIA. Exclusive of motive power and rolling stock, the cost of this HFR project is an estimated \$2 billion, on which VIA says the private sector will demand a double-digit return on investment. Estimates of VIA’s annual operating costs haven’t emerged. The 110-mph trainsets, estimated to cost \$1 billion, would be purchased by VIA with public funds.

As for new equipment, this would be designed and ordered after the private sector agreed to build the line. With 110-mph service, VIA says the trains have to be “fitted” carefully to the infrastructure. This ignores the fact that many VIA trains now run at up

to 100 mph and Amtrak already operates several conventional, diesel-hauled trains at 110 mph. VIA's LRC rolling stock is, in fact, designed for 125-mph service.

VIA is also promoting its HFR concept on the basis that it will generate 3.5 times the current ridership on the Montreal-Ottawa-Toronto route, which handled 2.1 million passengers in 2014. The expectation of a ridership increase of this magnitude is overly optimistic, especially given the level of air, bus and automotive competition throughout the M-O-T Triangle. It must also be noted that VIA's ridership forecasts in recent years have been highly unreliable. In 2007, at the start of the CN Kingston Subdivision upgrading project – which came in over-budget at \$373 million – VIA said the investment would boost ridership on its corridor routes by 32 percent. In fact, these services shed 224,000 passengers between 2010 and 2014.

Before the VIA HFR project consumes any more managerial effort and publicly-provided consulting dollars, some major questions need to be asked. These include:

- Would VIA continue to serve Kingston, Belleville and other high-volume points on the previously-improved CN Montreal-Toronto line?
- Would there be enough revenue generated on the dedicated route through Peterborough to cross-subsidize the existing routes, if they were retained?
- What happens to the more than \$373 million VIA sank into CN-owned infrastructure improvements between Toronto and Brockville as part of the corridor component of the 2007-2012 capital renewal plan?
- Would VIA make use of any of the improved CN infrastructure?
- Since it wouldn't be part of the HFR route network, why is VIA spending an undisclosed amount to acquire CP's Smiths Falls-Brockville line, in which it previously invested \$21 million for substantial upgrading?
- What would the cost be to publicly fund this project versus the private sector approach, which will include a double-digit return for investors?
- Have CN and CP been consulted?

Confusing the situation further have been recent press reports indicating the HFR plan has shifted from a \$3-billion, diesel-powered service to an electrified one, which would add at least another \$1 billion in capital costs. This now makes it a \$4-billion project.

When VIA's HFR plan was first discussed publicly, its dependence on diesel traction was promoted as one its virtues. This sudden change in the plan through the addition of electrification is reason for serious concern. Proposals to electrify the commuter rail

services provided by GO Transit in Toronto and AMT in Montreal were turned down by CN and CP, both of which have stated they are not willing to allow the superimposition of electrified service on their infrastructure.

How does VIA propose operating from the eastern end of its dedicated line, near Coteau, Quebec, to Montreal Central Station, when this will require the continued use of CN infrastructure? Has CN even been consulted?

In the end, VIA's HFR proposal is far too reminiscent of other long-term schemes the corporation has announced and never been able to deliver. Each of these previous plans has tied up funding and managerial attention that would have been better applied to more practical and less flashy plans that would have improved service, ridership and revenue within a reasonable time span.

VIA cannot afford to go through this process again if it is going to be rebuilt as a much more useful and cost-effective component of the Central Canadian transportation system in the shortest time possible. Something much more realistic than VIA's HFR proposal is required.

## **5.2 The High-Performance Rail Alternative**

The practical alternative is the adoption of the concept known as high-performance rail (HPR) passenger service. HPR is a proven middle ground between high-cost, high-speed rail (HSR) and VIA's current conventional operation. HPR is, in fact, what Europe and Asia built in advance of their impressive HSR systems. There, it continues to operate on many main and secondary routes, complementing and feeding traffic to the HSR lines.

In addition to speed, HPR is defined by its multiple service attributes, including:

- frequency;
- price vis-à-vis other modes;
- comfort and onboard amenities;
- on-time performance;
- station convenience;
- connectivity with other public modes; and
- door-to-door travel time.

A key feature in favour of HPR is that it isn't a "big bang" approach that takes years to deliver all in one go, as does HSR. It grows incrementally, with investment pegged to the success of each phase. New line segments are built only when the old ones reach their speed and capacity limits. As well, HPR can be operated with electric or diesel-electric traction, whereas HSR requires full electrification.

HPR is a practical reality for today, while HSR is an admirable vision for tomorrow. It is also a logical, cost-effective platform on which to construct HSR in the future. VIA's HFR proposal seems to fit neither mold. With its lower speeds and diesel traction, it is somewhat like HPR. But like HSR, it would be unable to deliver most of its benefits until the whole line was completed, which could take up to a decade. VIA cannot wait this long to bring about the substantial improvements required just to survive.

There are four examples of HPR service in operation in North America now. The prime example is Amtrak's Boston-Washington Northeast Corridor (NEC), which offers high frequencies and operates at 150 mph on some segments. It also handles a complex mix of slower intercity passenger and commuter trains, plus some freight. Connected to the NEC is the Philadelphia-Harrisburg Keystone Corridor, which is operated at 125 mph and provides 14 daily roundtrips. Both these routes are electrified.

As well, the New York-Albany section of the Empire Corridor and the Los Angeles-San Diego segment of the Pacific Surfliner service are HPR. Both are diesel powered, offer multiple departures and connect with numerous feeder buses, urban transit and commuter rail services, and other Amtrak routes.

HPR upgrading is also under way on the Pontiac-Detroit-Chicago, Chicago-St. Louis and Albany-Niagara Falls routes. These two Midwest projects are components of a planned Chicago hub network of HPR and conventional services, some designated for HSR upgrading in the future. Others will follow as multi-route regional systems are built on the foundation of many current state-supported Amtrak routes throughout the U.S. that are now building towards an HPR level of service frequency, speed and intermodal connectivity.

As mentioned in Chapter 2 of this plan, VIA did seek government approval for a project that would have completely recast its Quebec-Windsor Corridor along the lines of the HPR projects now under way in the U.S. This was VIAFast, which would have been built incrementally over a period of four to five years at a cost of \$2.6 billion. The increased revenue and reduced costs in each phase of the project would have justified each successive set of improvements, as well as reduced VIA's system-wide funding requirements by \$125 million annually.

As well, VIAFast would have built on the \$401.9 million investment Transport Minister David Collenette secured for VIA in 2000. Although the minister endorsed the plan, it was shelved when he stepped down in 2003.

Among the VIAFast building blocks were:

- Upgraded freight railway line segments over the bulk of the corridor;
- Dedicated VIA tracks on some portions of the existing freight rights-of-way;
- 50 miles of new, VIA-only infrastructure, including a Montreal airport loop line;
- A connection west of Chatham from VIA's line to CP's to serve a new downtown Windsor station and enable an extension to Detroit.
- Fleet modernization with off-the-shelf, diesel-hauled equipment;
- Major running time reductions and frequency improvements; and
- Improved intermodal connections.

The incremental conversion of the Quebec-Windsor Corridor into an HPR operation similar to those emerging on several U.S. corridors and the one contemplated in the VIAFast proposal is central to *The VIA 1-4-10 Plan*.

As with the VIA HFR proposal, one aim is to create the maximum amount of 110-mph, passenger-only infrastructure as possible. However, this would be done without forfeiting any of the value from VIA's previous investments in CN's Kingston Subdivision between Brockville and Oshawa.

To reach this HPR objective affordably and within a reasonable period, there are several infrastructure projects throughout the Quebec-Windsor Corridor to be undertaken, most of which have been proposed numerous times in the past.

### **5.2.1 Montreal-Ottawa Upgrading Project**

Two days before the writ was dropped for the 2015 election, VIA and the previous government announced a \$102-million program for a wide array of investments in the Montreal-Ottawa service. The last-minute press release from the government said the projects to be funded would include:

- Reactivation of Renaissance cars to provide a consistent level of service west of Montreal by replacing older equipment and enhance accessibility;
- Replacement of culverts and upgrade bridges in Alexandria and the Ottawa area;
- A new siding and other changes to allow more fluidity at Barrhaven;
- Upgrading the centralized traffic control system and wayside signals;
- Upgrading Ottawa Station infrastructure, mechanical and electrical systems, and build high level platforms; and
- Replacement of the jointed rail with continuous welded rail on VIA's Beachburg, Alexandria and Smith Falls subdivisions.

While the idea of reactivating the problematic Renaissance cars is questionable, there are several elements of this plan that would appear to have both short- and long-term value as part of a rolling program of HPR investments.

However, this project requires a thorough analysis by the new Rail Passenger Action Force (RPAF) before it is allowed to move forward. If approved, it must be part of a broader, long-range plan that maximizes the utility of every scarce capital dollar directed to VIA and the considerable investments that have previously been made.

### **5.2.2 Coteau Capacity Expansion Project**

One large element of the 2007-2012 CN Kingston Subdivision upgrading and capacity expansion project is still outstanding and it must be undertaken at the outset of VIA's recovery plan. This is at Coteau, Quebec, where the lines from Toronto and Ottawa meet on the approach to Montreal. Coteau is the site of a busy CN freight yard, which cannot be constrained by VIA's operations, which has led to CN demanding extra capacity before it will allow more VIA trains through this chokepoint. The work involved includes reconfiguring CN's yard trackage and the main line, as well as the construction of a highway overpass to eliminate a grade crossing at the west end of the yard.

Without the completion of the \$125-million Coteau project, VIA's substantial 2007-2012 investment in the Kingston Subdivision can't be fully realized, as it was predicated on the addition of more trains on all three routes that make up the M-O-T Triangle, not just the Ottawa-Toronto service. The addition of the Montreal-Ottawa and Montreal-Toronto frequencies that were large components of that plan can't occur until the Coteau project is completed. It is, therefore, a priority infrastructure project.

That this crucial project was not included in the pre-election announcement of the \$102 million Montreal-Ottawa investment program is a clear indication that the latter will be insufficient to make VIA a faster, more frequent carrier in this market. It also explains why it will only allow for an increase to seven daily roundtrips from the current five.

### **5.2.3 Gananoque Cutoff**

The rejected VIAFast contained several HPR components still worthy of implementation throughout the corridor. A prime example is the construction of a 42-mile Smiths Falls-Gananoque cutoff for express trains on the Ottawa-Toronto run. This route is one of VIA's few bright spots in terms of ridership and cost recovery, and it now hosts eight roundtrips daily, including two express frequencies.



The 110-mph Gananoque Cutoff would be used only by an expanded express service, with at least eight local-service roundtrips still operated through Brockville and Gananoque. It would cut up to 15 minutes from today's four-hour express running time, making VIA more competitive with air in terms of door-to-door travel time.

Construction of the Gananoque Cutoff would be subject to a full environmental assessment (EA) and it would likely require a minimum of five years for the complete approval and construction process. Based on similar projects that have been studied and costed in the U.S. recently, it would cost approximately \$500 million.

#### **5.2.4 Shannonville-Newcastle Line Consolidation**

The largest corridor infrastructure project would consolidate and expand the capacity of the parallel CN and CP Montreal-Toronto lines from Shannonville, just east of Belleville, to the east side of Newcastle, at the CP siding known as Lovekin. The result would be a 71-mile, passenger-only line for VIA and an adjacent, freight-only line shared by CN and CP; both would be double-tracked.

This project would also allow for the elimination of CP's route along Belleville's waterfront, shifting the CP freight traffic to the CN corridor north of downtown and eliminating 18 grade crossings within the city limits.

Combined with the triple-tracking VIA funded on the CN Kingston Subdivision as part of the 2007-2012 capital program, this project would greatly reduce freight conflicts and remove several speed restrictions. With the separation of the passenger and freight traffic, and the elimination of all grade crossings, VIA would operate at 110 mph.

In combination with the previous improvements to the Kingston Subdivision and those to be undertaken elsewhere under *The VIA 1-4-10 Plan*, the Shannonville-Newcastle project would greatly assist in reducing VIA's Toronto-Ottawa and Toronto-Montreal running times by up to 30 minutes, making them much more air competitive.

This project is estimated to cost approximately \$1 billion, with the total capital cost to be borne by VIA. A full EA would be required. As well, it would be contingent on gaining the approval of CN and CP, which would have no reason to contemplate a project of this nature based purely on their own freight operating needs.

One of the points that should help sell this project to the two freight railways is the potential reduction in costs that both would enjoy by consolidating their operations on a single, upgraded line that will involve no capital outlay on their part. CN would also benefit from not having to deal with any VIA-related conflicts and delays on what amounts to roughly one-fifth of its Montreal-Toronto route.

### **5.2.5 Brantford Bypass**

A smaller project that would have a significant impact on VIA's competitiveness in Southwestern Ontario would be the reconstruction of CN's 11.2-mile Brantford Bypass between Lynden and Paris Junction. Rebuilding this long-abandoned route was one of the projects endorsed by the Mulroney government's RPAF in 1985. The bypass would be used by new express trains serving the Toronto-London route, cutting 10 minutes off the running time. With other improvements, this would make a Toronto-London express schedule of less than two hours feasible.

The Brantford Bypass would also allow for the re-routing of through CN freight trains off the existing 16.9-mile line that loops through the city. This would free up capacity on the existing line segment for expanded non-express service, which would continue to provide Brantford with at least six roundtrip frequencies.

Because rail service was abandoned on this right-of-way decades ago, reconstructing and reactivating it will be subject to an EA. It is estimated that the Brantford Bypass project would cost \$150 million, which would include the construction of a new, double-track bridge over the Grand River.

### **5.2.6 Windsor-Detroit Connection**

It has been repeatedly suggested that VIA extend its Toronto-Windsor trains by way of CP's Detroit River Tunnel to tap the Southeastern Michigan market. A track connection to the CP route through the twin-tube, double-track tunnel would also allow for a direct connection with Amtrak's expanding Pontiac-Detroit-Chicago Wolverine Corridor service. Portions of this state-supported route are now operating at 110 mph and extensive upgrading to reduce running times and expand frequency is in progress.

The Michigan Department of Transportation (MDOT) has long proposed connecting the Wolverine Corridor with VIA as part of the multi-state vision known as the Midwest High Speed Rail Initiative. However, no interest has been expressed by the Government of Canada, which has aggressively promoted the \$2.2-billion Detroit River International Crossing project, which will include the Gordie Howe International Bridge, major expansion of the highway system on the Canadian side of the Detroit River and the construction of a toll plaza on the U.S. side at Canadian expense.

The VIAFast plan envisioned a Detroit extension. It called for a connection from VIA's ex-CN Chatham Subdivision to the CP Windsor Subdivision would have been built at Ringold, just west of Chatham, with 45 miles of the CP line upgraded and the 36-mile VIA-owned line abandoned. A new Windsor station, closer to downtown than the current one in the Walkerville neighbourhood, would have been built on the CP line south of the Detroit River Tunnel portal.

Since then, VIA has invested approximately \$20 million improving its segment of the Chatham Subdivision; it would be difficult to justify abandoning this in favour of substantial investment in a new route built on the CP right-of-way. Instead, under *The VIA 1-4-10 Plan*, VIA would continue to make use of its own line to a point just east of the Walkerville station, where it connects with the Essex Terminal Railway (ETR), a short line industrial carrier that also connects with CP's tunnel line three miles to the west.

The single-track ETR line would be upgraded and double-tracked to accommodate VIA without disrupting freight operations. This would require the construction of grade separations at some street crossings and a new VIA station near downtown Windsor. VIA's trains would then proceed through the double-track CP tunnel to a connection with the Conrail and CN lines leading to Amtrak's station in Detroit's Midtown District at Woodward Avenue.

Also included would be a secure border processing facility at Amtrak's Detroit station, similar to the one now in use for the Amtrak *Cascades* at Vancouver's Pacific Central Station and the one proposed for the extended Amtrak *Vermont* service at Montreal Central Station.

While this extension would not be subject to an EA, it would undoubtedly require lengthy negotiations with Amtrak, the MDOT, CP, ETR and the border agencies in both countries. It is estimated it would cost a minimum of \$200 million.

### **5.2.7 Incremental Corridor-Wide Projects**

There are several smaller infrastructure projects required to transform VIA's Quebec-Windsor Corridor into an HPR service and incrementally increase speed, frequency and reliability.

One of the major contributors to the freight-inflicted delays has been the adoption by CN and CP of operating plans based on the operation of trains that are 10,000 feet or longer. To be fully effective, this requires expansion of the old sidings, which were built to accommodate trains that were usually no more than 6,000 feet. Both railways are far from doing this to the extent necessary across their systems, with the result that VIA's short trains are invariably put into the sidings to meet these over-length freight trains.

Investing cooperatively with CN and CP in a rolling program of siding extensions would be money well spent by VIA. Work of this nature needs to be undertaken if VIA is going to improve its performance and the attractiveness of its service on busy freight lines that it cannot possibly afford to replace with new, passenger-only infrastructure.

For example, the lengthening of some of the several short sidings on CN's single-track Drummondville Subdivision between Charny and Ste-Rosalie would allow for frequency increases, running time reductions and on-time performance improvements on VIA's

Quebec-Montreal route. In Southwestern Ontario, a similar program on the 49.8 miles of CN's freight-heavy Strathroy Subdivision between Komoka and Sarnia would yield the same benefits for VIA's Toronto-Sarnia trains.

A strategic section of triple-track will be built at Kingston so CN freight traffic may pass when VIA's trains are stopped at the station. Inserting this triple-track segment will require shifting the platform and the shelter structure that now serve the south track. This will require the modification of the passenger tunnel that connects the south side facilities with the main station building on the north side of the line.

Also to be resolved at various locations is the need for VIA's trains to be able to serve intermediate stations without snarling the mixed-traffic operation. On single-track lines, these stops to disembark and board passengers halt the flow of freight traffic in both directions. On double-track lines, they often complicate operations due to the lack of platforms on the far side of the tracks. This requires the passenger trains to cross back and forth to serve these single-platform locations, eating up track capacity. Even where narrow platforms now exist between the two main line tracks and crossover moves are not made, this requires the halting of trains on the other main line track during VIA's station dwell time for safety reasons.

This situation could be eliminated at Cornwall, Brockville, Brantford and Woodstock – all of them on double-track route segments – by rearranging the two main line tracks, constructing platforms to serve the side of the tracks opposite the station buildings and linking them with fully-accessible under-track passenger tunnels or overhead walkways.

To be determined by the RPAF and VIA is the desirability of undertaking similar projects at Napanee, Gananoque, Prescott and Ingersoll. These stations currently have a low level of service and building these new platforms and connecting tunnels or overhead structures may not be warranted. The determining factor will be the level of service to be provided as part of the corridor expansion program. If the service level increases significantly, then the infrastructure revisions will be justified in the interest of passenger safety and minimizing conflicts with CN's freight traffic.

Similar situations at Brampton and Georgetown on VIA's Toronto-London North Main Line (NML) will be resolved by provincially-funded GO Transit, which owns the stations at these locations. In Brampton, a fully-accessible, far-side platform already exists, although it is not used regularly by VIA. At Georgetown, far-side platforms already exist within GO's layover yard for its Georgetown-Toronto commuter trains, but VIA will not be able to make use of them until further GO-funded work occurs. It is expected these improvements will occur before the end of 2016, when GO is slated to increase its Toronto-Kitchener commuter service to four weekday roundtrips.



Additional sections of triple-track, lengthened sidings, grade separations and more station improvement projects at strategic locations would eliminate chokepoints and speed restrictions throughout the Quebec-Windsor Corridor on a progressive basis. These investments must be made if VIA is going to improve its performance and increase service frequency on busy freight lines that it cannot possibly afford to replace with new, passenger-only infrastructure. Images courtesy of VIA Rail Canada



On the Toronto-Sarnia route, the construction of signalled sidings at Strathroy and Wyoming would allow VIA's trains to exit the busy CN Toronto-Chicago main line for their station stops. Formerly a double-track line, the CN Strathroy Subdivision's right-of-way is wide enough to accommodate this capacity expansion.

At Sarnia, a more substantial improvement could be undertaken. The current heritage station is on the north side of the CN main line on the approach to the St. Clair River Tunnel that links Sarnia and Port Huron, Michigan, and serves as a vital component of this heavily-used freight corridor. The station is poorly sited in relation to Sarnia's main business district and its downtown transit hub.

A new station could be built downtown near Front and George streets on the CN Point Edward spur line, which curves northwest from the main line just west of the current station and proceeds north along the waterfront. This would allow VIA's trains to clear the CN main line and provide for more transit connections at a more vibrant location.

In addition to these site-specific HPR improvements, a federal program of grade separations and grade crossing improvements should proceed across the corridor. In many cases, grade crossings impose restrictions on both passenger and freight trains, often because of obstructed sight lines that require the trains to reduce speed for safety reasons. By lifting these speed restrictions through a concerted program of grade separations, crossing safety improvements and the closure of lightly-used crossings, time can be wrung out of VIA's schedules progressively. An additional benefit throughout the corridor will be a considerable improvement in public safety.

### **5.2.8 VIA/Government of Ontario Coordination**

A localized issue that must be part of the HPR corridor approach is mutually-beneficial coordination between VIA and GO Transit, one of the three operating divisions of the Province of Ontario's Metrolinx. GO has expanded throughout the Greater Toronto and Hamilton Area (GTHA) over the last decade and much more growth is scheduled to occur. The agency has also acquired a considerable amount of CN trackage, which VIA uses at some point for all of its Toronto-based services.

As it is now being conducted, GO expansion is a double-edged sword for VIA. On the one hand, dealing with GO rather than CN for some of its track access is generally an advantage. But this expansion has also cut into VIA's ridership and destabilized its service to Niagara Falls and on the Toronto-London North Main Line (NML).

Even with its longer running times and the lower comfort levels of its short-haul commuter rolling stock, GO's lower fares and off-peak bus services have attracted some former VIA passengers, particularly on the NML as far west as Kitchener, where GO service terminates. This has also occurred on VIA's Niagara Falls line, where GO now operates regional bus connectors to its rail service at Burlington and summer weekend

trains over the full route. The loss of these passengers was one of the justifications for VIA's 2012 service reductions on both routes.

At the same time, GO's ridership to and from certain points has been low and acquired at great cost. The extension of two GO weekday rush-hour trains from Georgetown to Kitchener on VIA's NML route has only attracted about 250 daily passengers. The summer weekend rail service to Niagara Falls has also generated low ridership and is reportedly only covering 20 per cent of its high marginal operating costs.

Both these moves by the province have unintentionally damaged VIA's utility and cost-effectiveness in Southwestern Ontario. In essence, one publicly-funded service now competes with another publicly-funded service – and not to the advantage of taxpayers in terms of mobility or finances.

Complicating this further is Ontario's recent interest in HSR for Southwestern Ontario. Just before the 2014 provincial election, the government of Premier Kathleen Wynne announced that, if re-elected, it would couple its GO Toronto-Kitchener expansion plan with a Toronto-London HSR project. A cost of \$6 billion and an estimate of 10 to 12 years for the service launch were given.

This HSR proposal was reconfirmed and expanded following the election. Premier Wynne announced the government was advancing the environmental assessments and planning for a hybrid route combining existing rights-of-way and new alignments between Toronto, Pearson International Airport, Kitchener, London and Windsor. The premier also said she hoped the federal government would contribute to the HSR plan, inasmuch as it already funds conventional VIA service in the same market.

The public, media and municipal response was mixed. Some municipal representatives in the large communities welcomed the concept of bringing better rail service to the region, while others pointed out the HSR plan wouldn't deliver service for a decade or more, if it even proceeded.

As well, because of physical constraints on the existing line used by VIA and GO, it would bypass downtown Guelph in favour of a new station south of the city. The line would also use a new alignment from Kitchener to London, excluding Stratford and St. Marys. The province's sketchy pre-feasibility study suggested some lower-speed service could be maintained on the current NML to connect with the HSR trains.

On top of the problems that have resulted from GO expansion without coordination with the existing VIA services, the Ontario HSR plan represents yet more duplication of publicly-funded activities with no prospect of a solution that improves rail service in the near term and at a reasonable cost to taxpayers. Why embark on a provincially-driven intercity solution when VIA already serves these markets and could play a major role in solving the mobility problems of Southwestern Ontario and Niagara?

A joint solution, similar to those taken by several regional transit agencies, state departments of transportation and Amtrak, would reduce costs for both GO, VIA and taxpayers, as well as provide better service within a shorter time frame. With a delineation of which markets each operator would serve as part of a coordinated, jointly-funded plan, VIA and GO could then play logical and complementary roles on the NML and in the Niagara Region at reduced public cost.

The opportunity to implement this joint VIA-GO approach to the NML and Niagara situations will occur in 2016, when the *Metrolinx Act* undergoes its legislated, 10-year review. With this matter settled through VIA's presentation of a strong business case for coordinated improvement on the two routes most affected by GO expansion, mutually-beneficial improvements will proceed. The result will be that VIA will be able to play a structured, sustainable role in conjunction with Metrolinx. This could also be a working model for an expanded partnership with AMT in the Greater Montreal Area.

### **5.2.9 Improved Intermodal Links**

For VIA's HPR corridor services to succeed fully, there is a need for a closer working relationship with not just GO, but all of the transit agencies that serve its stations and provide passengers with the necessary "first and last mile" if they are going to make seamless, car-free journeys. Part of the problem to date has been the generally low level of VIA service and the feeling that its future has been far from secure. Working with limited budgets that are stretched thin, it has been difficult for transit operators to justify making changes to existing routes or adding new ones to connect with an intercity service that may vanish and render their investments wasted.

With a strong public policy statement by the new government and its commitment to the VIA renewal plan, that notion would begin to retreat. The increased level of service would demonstrate the policy statements are not hollow and VIA will be an integral part of Canada's transportation system in the future.

VIA now has some degree of connectivity with three regional transit agencies:

- Réseau de transport de la Capitale (RTC) in Quebec;
- Agence métropolitaine de transport (AMT) in the Greater Montreal Area; and
- Metrolinx in the Greater Toronto and Hamilton Area (GTHA), which operates the GO Transit rail and bus systems, and the UP Express airport rail link.

Additionally, VIA has an interline agreement with Robert Q Airbus in Sarnia and London. To make VIA the core of the Quebec-Windsor Corridor's public ground transportation system, the existing partnerships must be improved through better promotion of these interconnected services and increased ease of use. VIA service increases will contribute by making more connections possible.



A seemingly small but significant component of this program would be improved signage and wayfinding aids at the stations where VIA connects with these and other operators. At locations staffed only by the other transportation providers, employees would receive training at VIA expense so as to be able to provide passenger information and assist with ticketing at VIA's electronic self-serve kiosks.

Where necessary, capital investments would be made at stations to enable transit and intercity bus operators to more efficiently use VIA's facilities. In some locations, the degree of potential connectivity is already high, with the stations VIA shares with GO in the GTHA and AMT in the Greater Montreal Area being the prime examples. In Quebec, VIA and Orléans Express share the Gare du Palais, although this intercity bus operator does not currently have an interline agreement with VIA.

In Toronto, a major opportunity to connect VIA with bus operators will occur with the construction of the new terminal on the south side of Union Station. In addition to serving the GO regional buses that now make use of a temporary facility at Union Station, the intention is to include the five intercity bus operators that now use the Toronto Coach Terminal at Dundas and Bay streets. The intercity component of the \$106-million project remains to be settled by Metrolinx's private-sector development partner, but it is expected the new terminal will be open in 2018.

While the conditions and opportunities will vary by location, directly connecting as many existing intercity bus and transit services with VIA will be an important part of the intermodal partnership development work VIA will undertake.

### **5.3 The Missing Corridor: Calgary-Edmonton**

There is another potential Canadian rail passenger corridor that has been omitted from *The VIA 1-4-10 Plan* strictly because it has traditionally been regarded as a provincial matter. This is the Calgary-Edmonton route.

Interest in developing this corridor dates back to the late 1970s, when VIA was still operating the remnants of the former CP service and providing two roundtrips daily using self-propelled Budd rail diesel cars (RDCs). Ridership on the CP service declined greatly in the 1960s due to investment in the parallel Highway 2, which has since been four-laned and christened the Queen Elizabeth II (QE2) Highway. When VIA placed its second order for Bombardier LRC trainsets in 1981, the federal government said some of them would be deployed on the Calgary-Edmonton route, but this never happened.

The route was examined in VIA's first HSR report in 1984, but it was determined that "the total travel market from which rail passengers would have to be attracted was found to be insufficient to recover, on a commercial basis, the investment necessary to provide a high-performance rail service." Not only was Calgary-Edmonton dropped from

VIA's subsequent attempts to sell HSR to the federal government, but the meagre RDC service it was then providing on the route was terminated in 1985.

At the provincial level, a series of investigations of the potential for HSR was conducted between 1980 and 1985, all of which concluded it was technically feasible, but the high costs and risks made ill advised at the time. The same conclusions were reached in a 1995 provincial re-examination of the issue.

In 2004, Calgary's Van Horne Institute (VHI) received federal, provincial and rail industry assistance for a study of the Calgary-Edmonton Corridor that considered not just an electrified, 200-mph HSR approach, but also 125-mph diesel-powered HPR service on upgraded CP infrastructure and 150-mph diesel- or turbine-powered service on the same greenfield route proposed for electrified HSR option.

The results of the VHI study were more encouraging than those in the earlier HSR studies, but no action was taken by the federal or provincial governments, or the private sector. VHI produced the following updated costing and revenue projections for the three options in December 2013:

	<b>125 MPH NON-ELECTRIC ON UPGRADED CP LINE</b>	<b>150 MPH NON-ELECTRIC ON GREENFIELD LINE</b>	<b>200 MPH ELECTRIC ON GREENFIELD LINE</b>
Average Travel Time	2:00	1:45	1:35
Roundtrips Daily	8	10	14
2021 Ridership (Low)	1,200,000	2,000,000	3,300,000
2021 Ridership (High)	2,200,000	3,600,000	5,600,000
Capital Cost	\$2,576,600,000	\$3,925,400,000	\$5,186,300,000
Annual Operating and Maintenance Cost	\$92,600,000	\$125,100,000	\$128,700,000
2021 Revenue (Low)	\$60,600,000	\$105,300,000	\$328,200,000
2021 Revenue (High)	\$119,200,000	\$223,000,000	\$485,300,000

The viability of Calgary-Edmonton HSR was examined yet again in 2013-1014 by the Legislative Assembly of Alberta's Standing Committee on Alberta's Economic Future. The committee's overriding concern was that any new rail service should be led by the private sector with as little public financial involvement as possible. On that basis, the committee determined that the province "should not invest in a high-speed rail transit system in the Edmonton-Calgary corridor at this time because the population of the corridor is not sufficient to support the profitable operation of such a system."

That recommendation seemed to once again push the rail passenger solution far off into the future. However, recent transportation developments in Alberta are now affecting this situation in ways that may revive it sooner than expected. In early October 2015, the Government of Alberta announced it was going to investigate the growing congestion problems on the QE2 Highway, which is now handling 80,000-90,000 vehicles

daily between Calgary and Edmonton. Premier Rachel Notley also said that expanding the QE2 to six lanes will not be the only option under investigation; rail will be part of the analysis.

While this matter is still only in the preliminary stages of investigation, it does represent yet another opportunity to examine the benefits of fast, frequent and modern rail passenger service in a corridor that has always seemed ideally suited to it. Among the many selling points of a Calgary-Edmonton rail passenger service is the fact that it would offer convenient downtown-to-downtown service linked at both ends to thriving and growing urban light rail transit systems and could contribute significantly to a reduction in automotive travel. Furthermore, the CP right-of-way on which the HPR option would be built is quite close to the international airports in both cities and could easily be designed to serve them directly.

While not a component of *The VIA 1-4-10 Plan*, the possibility of a Calgary-Edmonton rail plan must be acknowledged. If it proceeds further under Alberta's stewardship, there is little doubt the province would seek federal participation and it should receive serious consideration from Canada's new government, if its involvement is requested.

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## 6.0 An Equitable Off-Corridor Vision

No one would ever question the fact that the Quebec-Windsor Corridor is and always will be the heart of VIA. It caters to the largest market in the country, generates the most ridership and revenue, and offers a strong alternative to public investment in other, less efficient forms of intercity transportation. For all these reasons and more, it is imperative that the corridor function at maximum efficiency.

However, the corridor cannot be the only market that receives managerial attention and public investment if VIA is to be a national service. On too many occasions, the long-haul and remote trains have been regarded by government and VIA as nuisances that distract from what they perceive to be VIA's sole function, namely serving Central Canada. VIA must henceforth be properly viewed as a publicly-funded corporation mandated to deliver appropriate and affordable levels of service nationwide.

Therefore, in unison with a clear plan for the future of the Quebec-Windsor Corridor, there must be similar plans for the long-haul and remote trains. These plans must be imbued with a sincere desire to improve and maximize their operation within adequate budgets; they must no longer be treated as problem children competing with the corridor for managerial attention and public funding.

### 6.1 Revitalizing the Long-Haul Network

If VIA is to have national relevancy, steps must be taken early to reduce the cost and improve the effectiveness of VIA's long-haul network, which consists of the *Canadian*, the *Ocean* and the temporarily suspended *Chaleur*.

In the past, some VIA management teams, senior civil servants and MPs have taken the view that the long-haul trains should be reduced further or even eliminated; the current low level of service is a legacy of that approach. However, there are many valid reasons for not just retaining these trains, but expanding them using modern equipment and reformed operating, costing and marketing practices.

The rationale for maintaining and improving long-haul trains such as the *Ocean* and the *Canadian* is well stated by Amtrak in its *FY 2015 Business and Budget Plan* points out:

"Amtrak's Long-Distance routes are the backbone of our national system. They provide the only Amtrak service to more than half of the States and stations we serve. They connect the nation's major regions, provide a foundation of intercity passenger rail service, and preserve intercity mobility for underserved communities and populations. These trains are heavily patronized, and increasingly important to the communities and people along their routes that have been losing bus and air services.

“Congress expressed its support for maintaining this national passenger rail network when it stated in *PRIIA* Section 228(b):

*“SENSE OF THE CONGRESS.—It is the sense of the Congress that—(1) long-distance passenger rail is a vital and necessary part of our national transportation system and economy; and (2) Amtrak should maintain a national passenger rail system, including long-distance routes, that connects the continental United States from coast to coast and from border to border.”*

The Amtrak approach to delivering this long-haul service is markedly different than VIA’s. A major aspect of this is service frequency. When Amtrak was forced to cut long-haul frequencies as a result of drastic budget cuts in the mid-1990s, the network’s costs were reduced marginally, but ridership and revenue fell even more. This has since been corrected and all but two Amtrak long-haul trains now operate daily.

In its congressionally-mandated improvement plan for its New York-Cincinnati-Chicago *Cardinal*, Amtrak outlined the factors that inherently hamper the train now because of its tri-weekly operation:

“Tri-weekly service is a major driver of inefficiency in the current *Cardinal* service. At the end of most trips, and on two of the five route segments on which train and engine crews work, the *Cardinal*’s employees and/or equipment have a one to two day turnaround delay during which employees receive held-away pay and equipment sits idle without generating any ticket revenues....

“Daily service results in better utilization because it eliminates the time that equipment sits idle at end points between alternate day departures. Much of the maintenance cost associated with locomotives and cars is calendar based. It, therefore, constitutes a fixed cost that can be allocated over more car and locomotive miles.”

Under Amtrak’s plan to increase the *Cardinal* to daily operation:

- Ridership increases 96%;
- Revenue increases 123% from \$7.3 million to \$16.3 million annually;
- Cost recovery increases from 27% to 35%;
- Loss per passenger-mile decreases 31% from \$0.42 to \$0.29;
- Passenger-miles increases 122%, but train-miles rise only 93%; and
- Passenger-miles per train-mile improve 15% from 109.1 to 125.5.

This increase has a relatively low price tag. Converting the *Cardinal* from tri-weekly to daily will only increase its annual operating cost from \$19.5 million to \$21.6 million. So, for a nine per cent increase in costs, the public will receive more than twice the service.

The multiple benefits of daily service are clearly demonstrated by comparing the performance of the *Canadian* with Amtrak's Chicago-Seattle/Portland *Empire Builder*, which traverses a slightly shorter route than the *Canadian's*, but encounters very similar geographic, climatic and demographic conditions.

### **Amtrak's *Empire Builder* Versus VIA's *Canadian* – 2013**

KEY INDICATOR	<i>EMPIRE BUILDER</i> (DAILY)	<i>THE CANADIAN</i> (BI-/TRI-WEEKLY)
ROUTE MILES	Chicago-Seattle: 2,205 Chicago-Portland: 2,255	2,775
RUNNING TIME	Chicago-Seattle: 46'10" Chicago-Portland: 45'55"	86'42"
AVERAGE SPEED	Chicago-Seattle: 48 mph Chicago-Portland: 49 mph	32 mph
ROLLING STOCK TYPE	Bi-Level Superliner I and II	Single-Level Budd HEP 1
ROLLING STOCK BUILT	1978-1981 and 1993-1996	1946-1955 Rebuilt 1989-1993
TRAINSETS REQUIRED	5	4
ONE-WAY TRIPS OPERATED	730	264
TRAIN-MILES OPERATED	1,884,860	707,520
RIDERSHIP	536,391	99,171
PASSENGER-MILES	365,161,290	118,100,000
REVENUES	\$72,900,000	\$45,252,000
EXPENSES	\$129,500,000	\$99,807,000
OPERATING LOSS	\$56,600,000	\$54,555,000
SUBSIDY PER PASSENGER	\$105.52	\$550.11
SUBSIDY PER PASSENGER-MILE	15.5¢	46.2¢
COST PER TRAIN-MILE	\$68.70	\$141.06
REVENUE PER TRAIN-MILE	\$38.67	\$63.96
SUBSIDY PER TRAIN-MILE	\$30.03	\$77.10
COST RECOVERY	56%	45%

With modern bi-level equipment and the lower track access charges mandated by Amtrak's legislation, the daily *Empire Builder* delivers nearly three times as much service and carries more than five times the passengers as the bi-weekly/tri-weekly *Canadian* for only slightly more public funding. There is no reason to believe similar measures

applied to the *Canadian*, the *Ocean* and the *Chaleur* wouldn't more than justify the investment in new equipment and an increase to daily service.

This matter needs to be addressed quickly by the RPAF because of an ominous warning contained in VIA's *Summary of the 2013-2017 Corporate Plan*:

"The markets for VIA's two (sic) long-distance train services – the *Canadian* and the *Ocean* – are highly seasonal. The *Canadian* attracts both domestic and international tourists during the peak season, namely from May to October. In more favourable economic climates, the *Canadian* has been financially viable on a partly allocated basis. During the off-peak season, demand is not sufficient to justify current train frequencies from a commercial perspective.

"This is also true of the *Ocean*, where cost recovery is low even during the peak season, and is steadily declining due to competition from road and air travel...."

The implication is clear: To live within its expected operating funding level, VIA is likely to further reduce the frequency of the *Ocean* and the *Canadian*. As the reductions of 2012 demonstrated, this yields meagre savings, but damages ridership and relevancy. This negative mindset must be replaced with a productive one that aims to increase long-haul frequency, where demand warrants it and resources allow for it.

Also to be guarded against in crafting an effective and positive long-haul vision is the influence of a private operator that has stated on many occasions it would prefer VIA to vanish from the western long-haul market: Rocky Mountaineer Railtours (RMR).

When the government ordered VIA to cut its route network in 1990, it also compelled it to privatize the seasonal *Rocky Mountaineer* tourist service it launched at very little cost on a dual-pronged Vancouver-Calgary/Jasper routing in 1988. It was transferred to RMR (then known as Great Canadian Railtours), which bought the required equipment from VIA and started operations for the 1990 tourist season.

RMR has grown this business tremendously and even added two additional routes, one of which operates over the eastern portion of VIA's Jasper-Prince Rupert train. RMR delivers a high-quality tourism product, but it is not a basic transportation service like VIA. While the *Canadian* obviously attracts a large number of passengers from the same discretionary tourism market, it also provides a year-round service that accommodates travelers with entirely different transportation needs. Despite that, RMR takes the view that VIA is unfairly diluting a market which is its exclusive domain. This is not the case.



A series of Transport Canada staff briefing notes prepared in 2010-2011 in advance of meetings with RMR executives and their lobbyists from Global Public Affairs in 2010-2011, and obtained under the *Freedom of Information Act*, state:

“While RMR has been critical of the government’s continuing role in subsidizing VIA’s operations in this area, RMR was under a clear understanding that VIA would be operating the Toronto-Vancouver train over the same route when it purchased the rights to Vancouver-Calgary and Vancouver-Jasper from VIA in 1990 and started its business.”

The RMR efforts actually derailed VIA’s own expansion plans for the *Canadian*, as the briefing notes establish:

“VIA had also attempted on several occasions to increase frequency on the existing Jasper-Vancouver route. However, while a sales agreement between the two service providers [VIA and RMR] specifically allowed VIA to increase the frequency on the Jasper-Vancouver leg of its transcontinental route, RMR’s lobbying efforts in 1997 and 2005 were influential in preventing proposed frequency increases from being approved.”

This must change if Canada is to have a truly national rail passenger service that requires long-haul trains such as the *Canadian*, whether vested interests like it or not. Because of their longstanding status as VIA’s flagship trains and their importance to many communities across the country, stabilizing the long-haul trains must be treated as a priority early in VIA’s recovery.

There is one other consideration that factors into the adoption of a new long-haul vision at VIA. In addition to all the practical reasons Amtrak gives for maintaining its long-haul network, Amtrak managers always make it clear that they aren’t likely to receive large and crucial investments for the eight-state Northeast Corridor (NEC) if the rest of the national system is scrapped and the other regions are deprived of rail passenger service. As they point out, it can never be forgotten that the tax and ticket dollars of Americans nationwide support the entire Amtrak system, including its core NEC route. This is no less the case with VIA.

## **6.2 The Remote Service Reality**

VIA’s remote trains serve low-density markets lacking other forms of transportation, including all-weather roads. They can be improved and their costs reduced marginally, but the fact has to be faced that they will remain the most costly trains in the VIA system. What is required is an enlightened policy decision that recognizes these trains as part of a social compact with those Canadians who live along the lines they serve; discontinuance is not an option.

In late 1989, when VIA's 50-per-cent cutback plan was announced, nine trains were designated as essential remote services that would be maintained in the public interest. These were:

- Montreal-Jonquiere;
- Montreal-Senneterre;
- Senneterre-Cochrane;
- Sudbury-White River;
- Sudbury/Capreol-Winnipeg;
- Winnipeg-Churchill;
- Wabowden-Churchill;
- The Pas-Lynn Lake; and
- Jasper-Prince Rupert.

Since the declaration of the mandatory status of these trains in 1989, the Senneterre-Cochrane train has been dropped due to CN's abandonment of a portion of the line, the service from The Pas to Lynn Lake has been transferred to First Nations operation by the Keewatin Railway using VIA equipment and the other two northern Manitoba services have been rearranged to continue providing the long-haul service from Winnipeg to Churchill on a twice-weekly basis and an additional weekly run north from The Pas.

Shifting the *Canadian* in 1990 from the CP route to the CN Capreol-Winnipeg line was said to be partially due to a need to protect that remote route. To reduce costs and better serve local needs, the Jasper-Prince Rupert *Skeena* was converted in 1996 from a through train equipped with coaches, sleepers and a diner-lounge car to a lower-cost daylight train requiring an overnight hotel stay in Prince George for passengers travelling the full 721-mile route.

One factor to be weighed in setting a sensible course for VIA's remote trains is the high cost of replacing them with new highways or air services. A 1991 Transport Canada study of the Sudbury-White River train estimated the capital cost of replacement roads as \$62.24 million, plus \$2.15 million in annual costs. A tri-weekly air service linking four points with Sudbury and White River would have required a capital investment of \$23.7 million and an annual subsidy only \$90,000 less than the train.

Continuing the Sudbury-White River train was more cost-effective and it didn't have the unknown environmental costs of the highway and air alternatives. Also to be considered was the disruptive impact that severe winter weather would have on driving and air travel, but much less so the train.

In setting a more productive course for VIA's remote routes, each should be subject to extensive community consultation by VIA staff and elected officials to ensure they deliver the maximum service possible for the funding available. The Winnipeg-Churchill

and Jasper-Prince Rupert trains both have tourism appeal and steps need to be taken to maximize their full ridership and revenue potential.

One longer-term issue that needs to be investigated by the RPAF and VIA concerns the equipment used on the Northern Quebec, Northern Ontario, The Pas-Churchill and Jasper-Prince Rupert trains. This is a capital investment decision that would have a positive impact on operating costs. It is discussed in Chapter 9.5 of this plan.

As for the through, full-service Winnipeg-Churchill train, it should ultimately be re-equipped with bi-level long-haul rolling stock, which would improve its cost recovery and tourism-related marketability.

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## 7.0 VIA's Need for Growth

When the Canadian Transport Commission (CTC) conducted its 1976 transcontinental passenger train hearings in advance of VIA's formation, the members of the committee noted the prevailing view of the public:

“[T]he most general and persistent themes were that there should be no further reduction in rail passenger services in view of the uncertain energy situation, because air and highway modes have received large indirect subsidies, and because the present level of transcontinental services was felt by many to be at an irreducible minimum.”

One is left to wonder how those Canadians who spoke at the CTC hearings would characterize the level of rail passenger service today if they considered it to be at an “irreducible minimum” in 1976. At that time, the combined CN and CP passenger systems – which had already begun contracting in the early 1960s – totalled 17,714 route-miles. Since those hearings, the following reductions have occurred:

- The CN and CP networks were shorn of several lighter-density trains prior to VIA taking over the remaining trains, beginning in October 1978;
- The government-ordered cuts of November 1981 removed 20 per cent of the three-year-old VIA system's route-miles;
- Another round of government-ordered cuts in January 1990 eliminated half of VIA's train-miles on its 11,100-mile system, including some services it ordered reinstated in June 1985; and
- Further pruning between 1994 and 2012 eliminated the Halifax-Montreal *Atlantic*, the Toronto-Chicago *International* and some frequencies on VIA's remaining 7,500-mile network, which is 58 per cent less than was being operated in 1976.

These cuts have been only partially offset by a few additional frequencies on corridor routes east of Toronto. It is difficult to disagree with former Amtrak President and Cape Breton resident David Gunn's comment to a Moncton reporter in 2014: “All of the actions from VIA have been basically reducing service since it was set up.”

While the full national network that existed in 1976 did have several routes that were unsustainable because of low ridership and extremely high costs, some that vanished by government edict could have been retained had VIA been modernized to bring down its unit costs. Synergies that once existed between certain long-haul, intercity and regional routes have been lost. With its geographic coverage and the frequency of many routes reduced, VIA has become irrelevant to a large portion of the population, particularly in Western Canada.

If VIA is to become more relevant to more Canadians, two types of growth must occur. The first is in terms of service frequency and ridership on the existing network, where a key disincentive to taking the train is the low frequency of too many routes. This will need to be dealt with first to ensure VIA strengthens its existing core network. In the absence of new and more cost-effective equipment for at least four years, this is going to require the kind of innovation that has been shown in similar circumstances by other passenger railways.

This situation is not unique to VIA. Even on the vaunted railways of Western Europe, certain passenger services have been allowed to sag, partially due to the strong focus on the development of their extensive, multi-national high-speed rail (HSR) system. With political backing, this has now caused publicly-owned railways such as the Société nationale des chemins de fer français (SNCF) to develop plans for the revival of their regional and longer-distance trains.

The three-point SNCF plan involves a strategic rearrangement of the services, frequency increases and investment in new equipment to improve efficiency and marketability. This is exactly what needs to be undertaken at the outset by the new Rail Passenger Action Force (RPAF) and VIA.

## **7.1 Ridership Growth Initiatives**

It is often said there are three keys to success in public transportation: frequency, frequency and frequency. VIA's low frequency on most routes is partially a function of its per-train-mile costs, which are high by comparison with Amtrak.

Too many of VIA's physical and human resources sit idle for too many hours every day. Trains and crews that aren't at work aren't producing revenue. It takes 28 trainsets of varying types and lengths to operate VIA's Quebec-Windsor Corridor services. In total, those trains and their crews log a total of 17,786 train-miles per day. The result is that the average for the whole corridor fleet is only 563.8 train-miles daily per trainset. By rail industry standards, this is a very low rate of utilization.

With a combination of better scheduling, improved operating practices, some tweaking of the current fleet and a more performance-based relationship with the freight railways, VIA could operate more trains daily on its corridor routes.

Admittedly, increasing frequency on most routes outside the corridor will be difficult until new equipment arrives. However, there may be near-term growth opportunities through better equipment and crew utilization on some routes, such as the Halifax-Montreal *Ocean*.

In the short-term, VIA must maximize the use of its existing resources throughout its system to increase frequency on routes where latent demand now exists. This will lay the foundation for a longer-term growth strategy based on the efficiencies derived from new equipment, better contractual agreements with the freight railways and improved on-time performance. Steps taken now to stimulate much-needed ridership and revenue must lead to and interlock with that comprehensive, long-range plan.

As a result, the RPAF will need to assess one sketchy proposal VIA unveiled on June 16, 2015, at a Stratford Chamber of Commerce luncheon. In response to declining ridership and public calls for more and better service in Southwestern Ontario, VIA announced a slate of improvements without any apparent business case analysis or even a firm delivery timetable. These included:

- A new Stratford-Toronto morning train with a late afternoon return trip;
- Shifting the Toronto-Sarnia trains from the North Main Line through Stratford to the South Main Line through Brantford;
- Increasing the Toronto-Sarnia frequency from one to two roundtrips; and
- Shuttle trains from London to both Windsor and Sarnia using the Budd rail diesel cars (RDCs) from the Sudbury-White River service and those that are stored pending the restoration of the Vancouver Island service.

In announcing these planned service increases, VIA also revealed there had not been any discussions with CN, GO Transit and the Goderich-Exeter Railway, which own the infrastructure on which these trains would operate. The ridership target will be a minimum of 120 passengers per train to cover the additional out-of-pocket operating costs, although VIA has done no analysis of this proposed threshold.

As well, the communities were given notice that they must lead the campaign to stimulate ridership and a strict “use it or lose it” rule will apply. As for implementation, VIA would only say that the intention was to roll out the new trains “maybe by the end of the year, probably early next year, but definitely by the end of 2016.”

The suggested Southwestern Ontario growth strategy must be analyzed carefully by the new RPAF to ensure this plan is technically feasible, it has a reasonable chance of succeeding and it won’t consume resources that will be in short supply until the new equipment arrives or a modest amount can be leased on a short-term basis.

## **7.2 Longer-Term Network Expansion**

Expansion of VIA’s route network must proceed cautiously. It will take time for the fleet improvements, the new costing arrangement with the freight railways and other cost containment measures to significantly reduce VIA’s operating costs.

When the Mulroney government ordered the 1985 reinstatement of half of the routes cut in 1981, it was warned by the RPAF that this would come with high operating costs because of the obsolete equipment that had to be used initially. It would also take time to recapture the ridership lost when the trains were cut in 1981.

When the new equipment wasn't ordered and many of the reforms recommended by the RPAF didn't occur, this created a situation that was used to justify the VIA cuts of January 1990. The government said the trains failed the "use it or lose it" test because the ridership was too low. The high cost of the reinstated trains was also highlighted.

The new government must guard against inadvertently creating a similar situation by not promising the quick revival of several abandoned routes, even if they will be desirable additions to the VIA network in the future. One brake against this is that VIA simply doesn't have the required equipment to quickly launch new routes. If any short-term leasing of a limited amount of equipment can be undertaken, it will only be enough to slightly increase the frequency of some of the existing corridor services.

There are obvious gaps in the current VIA network, most of them due to the route eliminations that occurred in 1981, 1986, 1990, 1994 and 2005. Others date back to the period just before VIA started taking over the operation of the CN and CP services in the fall of 1978. These abandoned services fall into three categories:

- Long-haul trains providing a combination of intercity and tourism-related service, such as the Halifax-Saint John-Montreal *Atlantic*, the Toronto-Kapuskasing *Northland* (operated jointly with the provincially-owned Ontario Northland Railway) and the *Canadian* on its original CP routing on the Lake Superior North Shore, across the Southern Prairies and on to Vancouver via Banff;
- Short- and medium-haul trains on currently unserved corridors such as Calgary-Edmonton, Toronto-Peterborough, Sudbury-Sault Ste. Marie and Montreal-Quebec City via Trois-Rivières; and
- Daytime, coach-only trains on segments of the long-haul routes, such as Moncton-Campbellton and Mont-Joli-Quebec City.

Cost-effective growth will be difficult until new equipment is received to revitalize the existing trains, which must be a priority. The modernization of those trains would, as a minimum, allow for the older equipment to be used to test the market on new routes under the experimental service provisions of the *VIA Rail Canada Act*.

Only after these experimental trains meet their targets and are added to the legislated Basic National Network would consideration be given to re-equipping them; options built into the original purchase agreements would protect for this fleet expansion. And only when the existing VIA core system is revived and put on a solid footing can network expansion occur.



### 7.3 International Service Expansion

Also to be addressed is the low level of international service operated in conjunction with Amtrak. The only train in this category today is the Toronto-New York City *Maple Leaf*, which is also the last train serving Niagara Falls, Ontario. The Toronto-Sarnia-Chicago *International* ended in 2004 due to various complications, which VIA wasn't able to address in a manner satisfactory to Amtrak and the State of Michigan, which paid a percentage of its costs to primarily serve the Port Huron-Chicago route segment.

Amtrak and some of the pro-rail passenger states along the border have been much more effective and enthusiastic participants in the international market. The *Maple Leaf* continues to operate only because of the financial support it receives from Amtrak and the New York Department of Transportation.

Without any VIA participation, the New York City-Montreal *Adirondack* and the Seattle-Vancouver *Cascades* are fully supported by Amtrak and the governments of New York and Washington, respectively. Thanks to Amtrak and the State of Vermont, the New York City-St. Albans *Vermont* is slated for extension to Montreal, although CN's high track access fees remain a complication.

There have also been studies of other international services by various Border States. Among them are proposals for service linking Montreal with both Boston and Portland, Maine. As well, Michigan and the other eight states that comprise the Midwest High-Speed Rail Initiative (MWHMRI) are keen to re-establish cross-border service, preferably through Windsor-Detroit, as part of their 3,000-mile, multi-state network radiating from Chicago. More than \$2 billion in federal funding has already gone to increasing the frequency and decreasing the running times of the state-supported Amtrak services on some of these routes, with more to follow. Plugging into this growing network would be advantageous to Canadian and American travelers.

These and other international routes need to be examined by the RPAF and VIA to determine how they can be established in collaboration with Amtrak and the states. All of those mentioned above have strong potential in terms of both intercity utility and as a means of encouraging two-way tourist travel.

### 7.4 Tourism-Related Service Expansion

New services to bolster Canada's tourism sector should also be investigated, as was done as part of VIA's 1989 *Review of Passenger Rail Transportation in Canada*, (or the *VIA '89 Review*). The report analyzed each as part of the VIA system, as it then existed, to produce a 20-year vision based on a series of options. These ranged from status quo to substantial restructuring and investment. On its long-haul routes, particularly in the West, maximization of tourist revenue was a key consideration.

The VIA '89 Review noted the rapid growth of new, for-profit tourist trains worldwide and their impact on off-train tourist operators. The year before, VIA had launched its two-day, coach-only tourist service from Vancouver to Jasper, Banff and Calgary, then known as the *Rocky Mountains by Daylight*. Begun on a shoestring using surplus rolling stock, the two-pronged service was an immediate hit, proving there was an untapped market on the western segments of the *Canadian* and the *Super Continental*, which regularly sold out during the peak season. Renamed the *Rocky Mountaineer*, it generated an operating profit of approximately \$1 million in 1989.

In the VIA '89 Review, one option was extension of the *Rocky Mountaineer's* service period and the addition of a luxury cruise train on the Vancouver-Calgary route, both using refurbished Budd rolling stock. The latter would have operated a full summer service and a reduced, off-peak schedule. Both trains would have generated a profit and helped reduce the losses on the year-round long-haul trains.

The VIA '89 Review estimated there were then 25 million tourists per year from the U.S., Japan, Great Britain, Western Europe and Canada who were interested in long-distance travel in Canada. Within this market segment, 10 million were specifically interested in the type of travel experience VIA could provide through the Canadian Rockies. This is a market that needs to be analyzed by the new RPAF and VIA to determine what can be done to maximize the use of the current trains in attracting more of these travelers.

As well, there is the question of which additional routes or services could contribute to traffic growth not just in the West, but nationwide. One complication in the western market will be privately-owned Rocky Mountain Railtours, which acquired VIA's *Rocky Mountaineer* in 1990, when the government compelled VIA to privatize it. This issue is dealt with in more detail elsewhere in this plan.

VIA must do more to attract tourists for two very good reasons. First, those additional passengers and revenue are greatly needed at a time when VIA's ridership is undeniably static. Just as important, Canada's tourism industry requires the kind of assistance that VIA's unique services can provide. Tourism is a top Canadian employer, supporting more than one million jobs and generating \$84 billion in economic activity annually.

Furthermore, studies have established that every dollar spent by tourists for rail travel generates three or more times that amount in off-train spending for lodging, meals and other activities.

More engagement with tourism operators must be part of this campaign. VIA once did an excellent job in partnering with tourism operators to offer rail-based package trips to uniquely Canadian attractions, ranging from whale watching in the Gulf of St. Lawrence to skiing in Jasper. Aggressive development of these markets in collaboration with the

tourism operators is a given if VIA is to build ridership, revenues and relevancy, and increase the role it plays in support of the Canadian tourism sector.

## **7.5 Feeder Bus Services**

Another initiative that would contribute significantly to VIA's traffic base and expand the impact of its network is the addition of feeder bus routes. The lack of such a system has long been a major gap in VIA's operation. Coordinated feeder buses, connecting directly with the trains at stations modified to accommodate them, and with through ticketing and baggage handling, is a concept employed by rail systems around the world.

While there have been a limited number of interline arrangements in the past between intercity bus operators and VIA (as well as the predecessor CN and CP passenger operations), they were never worked with much enthusiasm by any of the partners. For a variety of reasons, the partnerships reached since 2012 by VIA have also been less than adequate in offering passengers an effective means of making seamless, car-free trips.

Once again, VIA's working example may be found at Amtrak, which has benefited greatly from its Thruway bus system. One of these bus routes now links points in British Columbia with the Amtrak trains serving communities just south of the border.

Prior to the formation of Amtrak in 1971, there had been agreements between the railways and bus operators in numerous locations. However, as had been the case in Canada, these interline services often weren't delivered with much enthusiasm because of the animosity between the rail and bus operators, which saw each other as competitors.

While the modes obviously do compete in many markets, the real competition for both rail and bus is more the automobile and air service. Private bus operators in both Canada and the U.S. have often tried to portray VIA and Amtrak as unfair, subsidized competition, but the elimination of rail service in many markets has not halted the long decline in bus profitability and service that has been occurring since the 1970s.

Prior to the Amtrak Thruway program, some states brought about limited cooperation and coordination through funding to convert Amtrak stations into intermodal terminals for rail, intercity bus and urban transit services. Some also provided assistance to struggling bus operators to maintain service to communities that had long before lost their passenger trains. In this, Michigan and California were leaders.

Mainly through the efforts and investments made by the California Department of Transportation (Caltrans), the branded Thruway service grew rapidly, providing a working model for other U.S. regions. Its success in California spread and Amtrak, in conjunction with its state funding partners, private bus operators and regional

transportation agencies, now offers Thruway service that extends the reach of its trains on more than 100 routes across the U.S.

While the Amtrak Thruway network appears to be a homogenous operation, it is not. It is actually composed of two types of service, defined as “dedicated” and “coordinated.” The dedicated services are operated totally in conjunction with the rail service as feeders that are available only to those making combined rail and bus journeys. The coordinated Thruway services are routes operated by municipal agencies or through state-supported programs primarily as local or interurban services in their own right, but doing double duty as coordinated components of the rail services. In both cases, Amtrak and its state partners are not bus operators; they contract for the provision of the service.

Establishing this type of feeder service should be an important part of the *VIA 1-4-10 Plan*. Intercity buses to points that can’t be served by rail because of low passenger volume or the absence of rail infrastructure would draw ridership by broadening VIA’s catchment area. This service, combined with better local transit connectivity, would act as the so-called “first and last mile” of rail journeys, making car-free mobility possible.

The first step in building this feeder network on a national scale should be greater engagement with VIA’s existing bus and regional transit partners. Improvement and expansion of this basic network of intermodal feeders would be followed with new routes that can do double duty as regional services to begin filling the large gaps in Canada’s declining network of rural and intercity bus services.

Far too many smaller communities – and even whole regions – are being regressively sliced out of the public transportation grid, depriving them of the access and mobility that ensures economic and social sustainability. A revived VIA with a coordinated and connected bus feeder system will reverse this trend.

One of the complications in trying to prescribe the scope of the VIA feeder system is caused by the regulations that apply to intercity bus service, which vary by province. In some provinces, it will be possible for VIA to work with existing operators to launch new services simply by contracting with them. In others, the regulations governing intercity bus operations will make that a very complex matter.

In Ontario, for example, routes are licensed to individual carriers and head-to-head competition is not allowed. If an existing bus operator holds a license for a route and doesn’t want to participate with VIA, another carrier cannot be automatically contracted by VIA to provide it.

However, there are existing bus systems that could easily be coupled with a renewed VIA system, if only the rail service was frequent enough to play its role. In Vancouver, bus operators (and Amtrak’s *Cascades* trains to Seattle) share VIA’s Pacific Central Station. In Halifax and Moncton, Maritime Bus uses the VIA stations as its city terminals and already

has an interline partnership with VIA. Orléans Express also shares Quebec's Gare du Palais, although it doesn't have a partnership with VIA.

At other locations, connectivity is poor despite interline partnerships between VIA and bus operators. Passengers arriving in Edmonton must use taxis to reach Red Arrow's downtown terminal from the poorly-located VIA station in the northwest section of the city, which lacks any public transit service. A surprising development is Greyhound Canada's need to vacate its current terminal closer to Edmonton's downtown and its interest in at least temporarily renting space from VIA.

Another opportunity for intermodal cooperation and coordination exists in the form of the provincially-owned Saskatchewan Transportation Company (STC), which operates buses throughout the province and serves 11 communities also served by VIA. STC would be a logical, ready-made feeder for VIA, but it won't happen so long as Saskatchewan's rail service consists of the infrequent *Canadian* and a small portion of the route of VIA's less-frequent Winnipeg-Churchill train.

The need for a VIA feeder network that makes the best use of existing bus services such as these is a matter that must receive considerable attention by the RPAF in 2016 and follow-up by the VIA board and management team. It also requires the involvement of the federal and provincial agencies that have the statutory responsibility for various aspects of Canada's disjointed and declining network of bus services. This is a question of public policy and social responsibility, which VIA cannot decide or solve on its own.

Beyond the obvious benefits to VIA, the development of an equivalent of Amtrak's Thruway network can help stabilize Canada's declining intercity bus system. There are some within the industry who fear all Canadian intercity bus service could vanish within a decade. The escalating reduction of the nationwide bus system over the last decade underscores that possibility.

A revitalized VIA is the logical public agency to deliver on such a positive change in transportation policy nationwide. As a strengthened transcontinental service that its potential partners no longer feel may vanish just with the signing of an order-in-council in Ottawa, it can be the focal point and the driver for this overdue change.

As has been demonstrated in the U.S. and many other nations, making trains and buses partners in the provision of seamless service will pay dividends for all. It is especially urgent if injecting a degree of regional fairness is made a priority by both the federal and provincial governments across Canada.



## 8.0 Initiating VIA's Recovery: 2016

The phases of VIA's recovery should be three. The first would be the coordinated work by the new Rail Passenger Action Force (RPAF), the reconstituted VIA board and the redirected management team. These efforts would build a foundation for the new VIA, particularly in terms of its legislation and its relationship with its host freight railways.

There must also be noticeable improvements for passengers. VIA is going to have to become a more frequent, reliable and trusted travel option as rapidly as possible if it's going to justify its existence with the public and government. The hard reality is that VIA has lost much of its relevance to Canadians and their elected representatives. Where it operates, it is no longer viewed as a service with a future. Where it no longer operates, it has vanished from the public and political mindsets.

Although it will no doubt be resisted, as it was in 1984-1985, the RPAF must be given sweeping authority to review, alter, approve or reject VIA's current plans. The limited funding that was approved by the previous government must be applied carefully to the maintenance of the current operation on a day-to-day basis and the first stages of the capital renewal program. Henceforth, all capital investments must have lasting value that helps build VIA incrementally through the three phases of its full recovery.

The RPAF must undertake an immediate analysis of VIA's financial and operational status, its ability to stimulate ridership and revenue, and the measures necessary for cost containment. As discussed in Chapter 2 of this plan, VIA's *Summary of the 2013-2017 Corporate Plan* contains a warning about the outlook, if major steps aren't taken soon. The RPAF must determine the seriousness of this situation and what steps will be taken to prevent further hemorrhaging of revenues, ridership and public funds.

There are also three major VIA projects in unknown stages of development that must be turned over to the RPAF for review. No business analysis has been put forward publicly to demonstrate that any of these projects will bring lasting and substantial value to a currently non-existent long-range renewal plan. The three projects are:

- The last-minute, pre-election announcement of the \$102-million VIA Montreal-Ottawa project, which involves infrastructure and equipment investments that will have to be compatible with a longer-range Quebec-Windsor Corridor high-performance rail (HPR) improvement plan;
- The expansion and reconfiguration of service in Southwestern Ontario, which was announced in Stratford on June 16, 2015; and
- The high-frequency rail (HFR) project that has been promoted without supporting analysis and documentation since late 2014.

The RPAF must decide which components of these plans, if any, mesh with its longer-term strategy and whether there are more cost-effective options available. VIA can no longer depend on projects that are either costly Band-Aids with little lasting value or require time and funds it can ill afford to waste on plans that may or may not produce positive results far off in the future.

## **8.1 Improved Fleet Utilization**

Another initiative the RPAF must investigate early is the outcome of VIA's 2015 call for short-term leasing of motive power and rolling stock for its corridor services. The pool of available, service-ready intercity equipment in North America is low. Amtrak is making extensive use of its entire fleet and it continues to "back shop" damaged equipment to meet its growing ridership pending the arrival of new single- and bi-level cars, so it will not be in a position to assist VIA to any great extent.

The most urgent action required is the modification of VIA's unidirectional corridor fleet for bi-directional, push-pull operation. Faced with a similar situation, Amtrak dealt with it in a low-cost fashion by removing the diesel engines and traction gear from locomotives slated for retirement and turning them into inexpensive cab-baggage cars. To duplicate this Amtrak approach, the options for modifying VIA's corridor fleet for bi-directional, push-pull service include:

- Positioning VIA locomotives on both ends of each trainset, with one unit serving as a de facto cab car;
- Leasing secondhand locomotives to serve the same purpose;
- Purchasing and rebuilding secondhand units as non-powered cab cars; and
- Leasing Amtrak cab/baggage cars, if available.

VIA briefly used two locomotives on some of the trainsets it through-routes between Québec and Ottawa. In this fashion, the trains entered Montréal Central Station northbound with one locomotive leading and then exited southbound with the other leading, which eliminated the need to turn the train.

Another option is the leasing of 23 fully-rebuilt push-pull commuter cars from the Michigan Department of Transportation (MDOT). The state agency is searching for a lessor for these bi-level, gallery-style coaches and cab cars, which were acquired for two commuter projects that have been seriously delayed. Although not as spacious and luxurious as VIA's single-level cars, the MDOT cars would boost capacity and allow for push-pull operation on the shorter corridor routes in Southwestern Ontario. Setting the fares slightly lower for the trains assigned the gallery cars would be a logical way to compensate for the reduction in comfort, while also stimulating ridership. There are enough MDOT cars to form seven complete trainsets.





The use of two locomotives on either end of VIA's current corridor trainsets (top) and the leasing of push-pull bi-level commuter cars from the Michigan Department of Transportation are among the short-term options for improving VIA's corridor equipment utilization services pending the arrival of new equipment. Photos by Ray Farand (above) and the Michigan Association of Railroad Passengers (below)



Yet another option might be leasing 13 former VIA Budd rail diesel cars (RDCs) from Trinity Railway Express (TRE) in Dallas-Fort Worth. These bi-directional cars were fully remanufactured by CN in the mid-1990s for the commuter service's launch. Since replaced by Bombardier bi-level push-pull trains, the RDCs are now in storage.

A complication with this solution is CN's prohibition on the use of RDCs at speeds greater than 50 mph. Although they operated extensively on CN lines prior to the 1990 VIA cuts, CN maintains they don't reliably trip rail traffic control and grade crossing protection track circuits. If the problems CN alleges can be resolved, then the short-term use of the 13 TRE RDCs would provide another equipment option for VIA. They would provide extra capacity and their ability to make quick terminal turnarounds would make possible the introduction of additional frequencies on certain corridor routes.

Finally, there is the option of purchasing the two 14-car Talgo Series 8 trains built for Chicago-Milwaukee-Madison service. This project was axed by Wisconsin Governor Scott Walker when he took office in 2011 and the equipment was tied up by a lawsuit against the state. The case was recently decided in favour of Talgo and the two, service-ready trains are now its property.

The Talgos are 110-mph trainsets that include cab cars and may be powered by any North American main line passenger locomotive, such as VIA's 100-mph General Electric P42 units. They could be useful as temporary showcase trains on one of VIA's primary corridor routes, such as Toronto-Windsor or Toronto-Ottawa.

While the Talgos would be orphans in VIA's future fleet, they would give passengers a taste of modernized rail passenger service. They would also likely have resale value, perhaps as additions to the seven-train Talgo fleet on the Amtrak Cascades Corridor in the Pacific Northwest.

The bottom line is that VIA needs some short-term equipment relief if it is going to improve service frequency, reduce costs and attract more passengers and revenue. The opportunities are few, but they do exist. It will be up to the RPAF to determine the best method for doing this pending the delivery of VIA's new fleet, which won't likely be complete until 2023.

## **8.2 Service-Driven Pricing and Product Redesign**

Just as important as short-term fleet maximization must be marketing initiatives that stimulate ridership and revenue. There have been persistent public complaints nationwide that VIA is too infrequent, it does a poor job of promoting its services and its fares are too high to make train travel an attractive alternative to driving.



The two 110-mph Talgo trainsets built for the cancelled Wisconsin higher-speed rail passenger project should be considered for purchase or lease to augment VIA's current corridor fleet. While the Talgos would be orphans in the future bi-level corridor fleet, their short-term use would give passengers a taste of modern rail passenger service early in VIA's recovery. They would also likely have resale value in the U.S. Photos courtesy Talgo America (above) and Amtrak (below)



VIA's high fares are a legacy of the 1990 cuts, which came with instructions from the government to increase fares to help meet the higher cost recovery targets it gave VIA. Despite the large cost reductions made by VIA in the 1990s, further budget reductions have complicated attempts to hold the line on fares. Airline-style demand yield management and unpredictable seat sales don't appear to have changed the public's view that VIA is an infrequent, high-cost travel option.

With a 2014 average load factor of 60 per cent and 131 passenger-miles per train-mile (less than two full carloads), too much existing capacity is going to waste. The early stabilization plan for VIA must include more creative, targeted promotion and experimentation with pricing that is aimed at selling VIA's unsold "inventory," which evaporates the minute a train departs. There must be more effective efforts to fill those empty seats and cease forfeiting capacity that can't be stored for sale at a later time.

The cost-effective addition of frequencies on routes where market research determines there is latent demand should be part of this strategy. In the corridor, more emphasis must be placed on the communities between the major end points that anchor the routes, especially given the continuing decline or loss of alternate bus service to many of them. There are too many corridor locations that are now served by a bare minimum of trains, with too many through trains bypassing them.

In the absence of the new equipment that will attack VIA's high operating costs and put a new face on its product, there will need to be a heavy reliance on innovative pricing and marketing. In areas where the public contends that high fares and low frequency prevent them from using the train more often, VIA must determine if a lower-priced service will stimulate ridership and yield higher revenue. For example, the short-term use of the Michigan DOT push-pull gallery cars to provide more frequencies on some corridor routes would be accompanied by lower fares that would reflect the lower comfort of these cars.

It is likely that many of the residents in communities that have called for increased service would respond to the provision of these "discount trains." The increased ridership and revenue would be sufficient to cover the marginal cost of the additional trains, building a larger market for these trains when they are re-equipped with new rolling stock and the fares can be raised to reflect their improved comfort.

There are also some specialized markets that remain untapped. One is the growing popularity of cycling vacations and the use of bicycles for the first-and-last-mile component of intercity trips. This has been recognized in the U.S. and addressed on 11 state-supported corridors and recently on Amtrak's Washington-Pittsburgh-Chicago *Capitol Limited*. This service has proved popular and it is being rolled out to other Amtrak routes. While passengers can transport their bicycles on some VIA trains, the service is limited and it is not well promoted. This is a lost opportunity to appeal to a niche market that is a perfect fit with rail travel.



### 8.3 Rebuilding the VIA Brand

VIA's mainstream promotional efforts have been infrequent and erratic in recent years, with lukewarm campaigns to build VIA's overall brand name and others targetting services that have been slipping, such as the *Ocean* and the *Canadian*. These pale by comparison with the campaigns of the better passenger railways around the world, which capitalize on the distinctive and appealing characteristics of rail travel that distinguish it from the competing modes.

What is especially disconcerting is that VIA's recent promotion of its varied services have blanced them of any evocative, rail-related colour. Except in the case of the *Ocean* and the *Canadian*, train names have been dropped. As well, the individuality of VIA's routes has never been established and even its accommodations have been relabelled using the colourless jargon employed by airlines and cruise ship operators.

This should be compared with the U.S., where Amtrak and its state partners have applied names, logos and route-specific marketing campaigns to each part of the national system. This has built a local identity and a pride of ownership on many routes, contributing to their growth. A similar approach aimed at creating a public excitement about rail travel must be adopted by VIA.

VIA must also build better community relationships through an ongoing outreach program. In some regions, such as Southwestern Ontario, VIA has challenged citizens, community groups and local politicians to take the lead in boosting ridership, employing a "use it or lose it" threat to motivate them. This is no way to engage citizens.

An initiative VIA should borrow from Amtrak is its nationwide Train Days celebration. This program has grown into a two-tiered campaign highlighting the ongoing role of the passenger train in American life. In some communities, the Amtrak Exhibit Train serves as the focal point of the events, which are staged on a rotating basis between May and November. In addition to the large-scale events using the exhibit train and which Amtrak organizes, there are numerous other events staged by smaller communities, in which Amtrak and local historical and service organizations participate.

In Canada, the development of such a program by VIA might logically be linked with National Railway Day, which is November 7, the anniversary of the driving of CP's last spike in 1885. Proclaimed by the last government, it is intended to commemorate the role the railways played in Canada's development. Annual pro-rail celebrations linked to the observance of this nation-building event would resonate soundly with Canadians.

Creating a pro-rail public mindset must be part of VIA's renewal plan. As other railways around the world have discovered to their profit, citizens who understand and are enthusiastic about the unique role of the passenger trains are more likely to not just use them, but to make their support known to their elected officials.

## 8.4 Service Restoration and Stabilization

Two VIA services are currently suspended and require urgent attention from the RPAF, VIA and the new government. These are the *Chaleur* and the Vancouver Island service from Victoria to Courtenay. While various parties have been involved in these situations, no one has stepped forward to take charge and bring about the consensus and leadership necessary to get them operating again.

Underlying these two service suspensions is a situation that must be dealt with on a system-wide basis. The Gaspé and Vancouver Island shutdowns are part of a looming infrastructure crisis identified in the *VIA 2013-2017 Corporate Plan*:

“The majority of VIA's regional and remote train services depend on short lines for track access, and train performance has steadily deteriorated due to deferred maintenance and lack of investment in the infrastructure.

“Mitigation measures are dependent upon specific circumstances and conditions, but are largely restricted to schedule adjustments. However, mitigation measures can, if necessary, include service truncation, temporary alternate transportation or service cancellation.”

The situations in the Gaspé and on Vancouver Island are not going to be the last ones with which VIA will have to contend. This issue must be dealt with quickly by the RPAF, VIA and the new government if more remote services are not to be cancelled, stranding residents without transportation alternatives.

### 8.4.1 Gaspé Service Restoration

The *Chaleur's* suspension started on a portion of the Matapédia-Gaspé segment of its route in December 2011 and it has been total since August 2013. This loss is affecting Gaspé residents and the region's tourism sector. A reduction in the parallel Orléans Express bus service in early 2015 has compounded the problem.

At issue is the deterioration of the former CN line, which suffered from deferred maintenance even before CN sold it to a short line operator in 1996. The 202-mile line was subsequently sold to the not-for-profit Société de chemin de fer de la Gaspésie Inc. (SFG), formed by four regional county municipalities. More infrastructure problems led to the suspension of all service by a contract operator. The SFG-owned line was rescued in May 2015 when it was taken over by the Government of Quebec. The province intends to restore only the eastern and western ends of the line, with the 85-mile Caplan-Percé section left in place, but out of service indefinitely due to a washout at Port Daniel and four bridges requiring extensive repairs.



Rusting bridges, rotting ties and other infrastructure deterioration are disrupting VIA services nationwide, especially those operated over struggling short line railways in the Gaspé (above), northern Manitoba and on Vancouver Island (below). Public investment is required to maintain VIA service over these routes, two of which are already suspended. Photos by Dennis Jarvis (above) and Alasdair McLellan (below)



Bringing the SFG line up to a full state of good repair for safe freight and passenger operation over its full length may require in excess of \$100 million. Quebec, which has previously provided financial assistance, says it can't afford to restore the entire line in light of the fact that there are no active freight customers east of New Richmond. Although the federal government did fund some rehabilitation in cooperation with Quebec in 2009, no further assistance has been provided or even discussed.

This is a joint national/provincial policy issue that is not VIA's sole responsibility. However, federal involvement is crucial if the *Chaleur* is to be restored. Determining how to proceed, the total funding required and who should take charge of the project is another matter for the RPAF to analyze and help resolve. The objective should be the restoration of the infrastructure to enable the *Chaleur's* relaunch by 2017.

In the interim, consideration should be given to operating a temporary bus service that connects in both directions with the *Ocean* at Matapedia or Campbellton. VIA did offer a replacement bus over the portions of the route that were suspended between December 2011 and September 2012, but then withdrew it. This emergency service could easily be revived until such time as the rail line can be made operational and the *Chaleur* restored.

#### **8.4.2 Vancouver Island Service Restoration**

In the matter of the suspended VIA service between Victoria and Courtenay on Vancouver Island, responsibility is now divided between:

- The federal and provincial governments;
- The non-profit Island Corridor Foundation (ICF), a partnership of five regional districts, 14 municipalities and 12 First Nations territories;
- The Southern Railway of Vancouver Island (SVI), which maintains the line and operates the freight and passenger services for the ICF; and
- VIA, which contracts with the ICF and SVI to provide the passenger service using its equipment and other resources.

The deterioration of the ICF-owned infrastructure led VIA to halt its service due to safety concerns on March 19, 2011. A \$20.4-million rehabilitation agreement has since been reached between the two senior levels of governments, but a provincial consulting study revealed this amount wouldn't be enough to get the line to a long-term state of good repair and relaunch the passenger service. The study pegged the line's full rehabilitation at \$103 million, although that amount has been questioned by the ICF.

The Vancouver Island issue is a Catch-22 situation that needs to be resolved by having one party take charge. The priority relaunching of this service is a task that should be assigned to the RPAF.



### **8.4.3 Securing Northern Manitoba's Services**

Steps must be taken to ensure VIA's Winnipeg-Churchill train, formerly known as the *Hudson Bay*, doesn't also wind up suspended due to infrastructure deterioration on the northern part of the former CN line, which is now owned by the Hudson Bay Railway (HBRY). Service has been disrupted on several occasions, the most serious occurrences being in the summer of 2014 due to two freight derailments. A contributor has been increased thawing and heaving of the tundra, which has created severe track problems.

A long-term solution is required and, with the HBRY struggling to deal with a backlog of infrastructure issues, it is obvious that some form of federal and/or provincial assistance will be required. Further VIA suspensions would leave many residents in isolated locations along the remote line stranded, as well as affecting that portion of Churchill's seasonal tourism sector that depends on VIA's service to attract visitors. The passenger and freight services on this route form a regional lifeline that must be maintained.

### **8.4.4 Algoma Central Service Restoration**

There is another rail passenger service suspension not related to VIA, but the RPAF and VIA should be assigned to correct this situation on behalf of the government. This is the federally-funded Algoma Central Railway (ACR) passenger service from Sault Ste. Marie to Hearst over the 296-mile former ACR line now owned by CN.

The abrupt termination of the ACR service over its remote route on July 15, 2015, was the culmination of nearly two years of indecision and inaction. The federal subsidy that has kept the service running since 1977 was to end on March 31, 2014, but was given a one-year extension at the last moment. Under community pressure, it was eventually renewed at a lower rate for three years, effective April 1, 2015.

However, CN announced it was no longer willing to operate the ACR service and a third-party operator would have to take over. This was to be done through a contract with the City of Sault Ste. Marie, which had founded the ACR Stakeholders Committee and its Passenger Service Working Group. The committee includes First Nations, affected communities, cottagers, tourist operators and other businesses.

In approving the subsidy renewal, the government shifted responsibility for the funds and oversight to the City of Sault Ste. Marie. However, the third-party operation failed and CN continued operating the Hearst train until July 15, 2015, when it made its last run. Until October 12, 2015, CN continued the Agawa Canyon Tour Train, which has a major tourism impact on the Soo. Now that the season has come to an end, the future of this service is also up in the air, as CN has made it clear it has no interest in resuming it for the 2016 season.

In an August 13, 2014, study for the ACR Passenger Service Working Group prepared by BDO Canada, it was estimated that the direct, indirect and induced economic impact of the two ACR passenger services ranged from \$38,136,000 to \$48,072,000 annually.

The termination of the ACR service has stranded residents of the isolated communities along the line, who have no road or air access. It has also frustrated the remote lodge operators who, after many slow years, had hoped this would be a more lucrative summer season thanks to the favourable exchange rate enjoyed by American tourists.

On August 14, 2015, the ACR Stakeholders Working Group issued a request for proposals from private operators qualified to restart the service, subject to approval by CN. A new operator may be in place by December. Having gone through a similar exercise that resulted in the collapse of the ACR passenger service, it may be overly optimistic to expect a different result.

In the interest of restoring operations now and bringing some assurance that the two ACR services won't be suspended in the future, the new government should turn the matter over to the RPAF and VIA. As a qualified intercity operator, VIA could restart the service under an emergency directed service order from the government. Whether it would be beneficial to transfer the ACR services to VIA on a long-term basis is something for the RPAF to examine and the new government to decide.

#### **8.4.5 Stabilizing the *Ocean***

Once well patronized, the *Ocean* had been losing ridership for nearly 20 years. From 254,146 passengers in 1997, it dropped 48 per cent to 132,704 in 2011. Deep-discount air fares, Atlantic Canada's economic woes, the conversion from Budd rolling stock to the less appealing and cramped Renaissance cars, and various other factors combined to thwart sincere efforts by the pre-2010 VIA management team to reverse the decline.

After bottoming out at 128,737 in 2010, the *Ocean's* ridership increased, but the 2012 cut put it back in decline. This also damaged its financial performance further. With half of the service gone, ridership dropped 45 per cent and the loss per passenger-mile increased from \$0.55 in 2011 to \$0.93 in 2014. As a result, the *Ocean's* operating subsidy has remained relatively unchanged, totaling \$35.6 million in 2014. The *Ocean* is now costing as much to operate tri-weekly as it did when the train was delivering twice as much service. As well, ridership has continued to decline, falling from 76,337 in 2013 to an all-time low of 74,175 in 2014.

The *Ocean's* problem has been compounded by VIA's long-haul equipment situation. The Renaissance cars that replaced the rebuilt Budd equipment on the train in 2003 have not performed well or pleased passengers. One of the issues with the use of this equipment on the *Ocean* is the lack of the sleeping car spaces that were most desirable in this market, namely the open sections. The Renaissance sleepers offer only enclosed,

two-passenger bedrooms and, although these spaces can be purchased at a reduced rate for single-passenger occupancy, this is higher than what was charged for the upper and lower berths in the open sections in the past.

The Renaissance trainsets used on the *Ocean* have also come with higher operating and maintenance costs than the Budd rolling stock they replaced. This equipment was built for operation in the U.K. and Western Europe, and it has not adapted well to Canadian climatic and track conditions.

Replacing the Renaissance cars on the *Ocean* with the more efficient and marketable Budd equipment would be a logical solution, but this is not currently possible on a year-round basis. Because of the lengthened schedule foisted on VIA by CN for the *Canadian* in 2008, it now requires an additional Budd trainset. In the peak season, this consumes VIA's Budd fleet, making it impossible to assign the required equipment to the *Ocean*.

However, there are measures that can be undertaken in the first year of VIA's recovery plan and continued until the new long-haul equipment arrives. First and foremost, the *Ocean* needs to be restored to daily operation. This would require the reactivation of the third Renaissance trainset that was deployed on the route prior to October 2012, when service was offered six days weekly.

Because the Renaissance equipment is more expensive to operate than the Budd rolling stock, the latter should be substituted from late October to early May, when it is not required to meet the *Canadian's* peak-season needs. The Budd equipment will reduce costs, offer accommodations that are traditionally more popular in Atlantic Canada and provide greater flexibility in expanding and contracting the *Ocean's* consist to meet any fluctuations in travel demand.

#### **8.4.6 Stabilizing the *Canadian***

The *Canadian's* situation is equally serious, especially since it generates the most per-train revenue and the largest per-train loss in the VIA system. The lengthened schedule foisted on VIA in 2008 and the 2012 reduction from tri-weekly to bi-weekly between mid-October and early May have seriously undermined the *Canadian's* performance.

The *Canadian's* reputation with international tour operators, who generate much of its high-revenue traffic, has also been harmed by its on-time performance (OTP), which has dipped below 25 per cent during several monthly reporting periods over the last three years. This not only leaves passengers dissatisfied, it adds more costs to the *Canadian's* operation. Its suspension between Toronto and Winnipeg from February 17 and 21, 2015, and between March 10 and April 10 due to three CN freight derailments in Northern Ontario represented the nadir of the *Canadian's* deteriorating OTP.

Beyond the urgent need to re-equip the *Canadian* with bi-level rolling stock, other steps should be advanced by the RPAF and implemented in 2016. These include:

- Re-routing between Sudbury and Winnipeg on the CP main line via the Lake Superior North Shore and Thunder Bay, Dryden and Kenora;
- Implementation of a more locally-useful service on the CN main line;
- Re-establishment of a year-round tri-weekly schedule, followed by daily service after it is re-equipped; and
- An increase to daily service on the popular Vancouver-Edmonton route segment at the earliest opportunity.

There have been numerous public and political calls to re-route the *Canadian* to the CP line. The higher population and scenic attraction of the route make it a much more logical one for a transcontinental train that is highly dependent on tourist traffic. The fact that the CP infrastructure appears to be better suited to reliably accommodating a passenger service only adds to the advisability of altering the *Canadian's* route.

Implementing this re-routing would, however, require a replacement service on the CN Northern Ontario route. The question of the proper type of service for this line was investigated on many occasions prior to 1990, when the *Canadian* was still on the CP route and a separate Capreol-Winnipeg train was operated on the CN line. The *VIA '89 Review* determined:

“The current train serves three geographically distinct markets; there is very little through traffic. The seasonal demand from Winnipeg-based cottagers west of Farlane is concentrated on summer weekends and requires considerably more capacity than is required east of there.

“The second market is between Sioux Lookout and Hornepayne, mainly comprised of local traffic.

“The third market, between Hornepayne and Capreol, is largely local traffic with some connecting traffic through to Sudbury and beyond.

“To provide a restructured service more closely aligned to the actual markets, three separate daylight trains could be created using self-propelled vehicles: Capreol-Hornepayne, Hornepayne-Sioux Lookout and Sioux Lookout-Winnipeg.”

With the re-routing of the *Canadian* back to the CP line, the opportunity would be created to finally produce a solution that fully addresses the local needs of the residents and business operators on the CN line. As previous studies determined, this could be done best with either two or three separate daylight trains geared to the route's distinct

markets. Also to be addressed would be the schedules and the question of connectivity with the *Canadian* at Sudbury and/or Winnipeg.

Whichever option is chosen, the trains should consist of a locomotive, a baggage car and one or two coaches. The baggage car would need to be equipped to handle personal belongings, pets, provisions, construction supplies, kayaks and canoes, and flammable fuels.

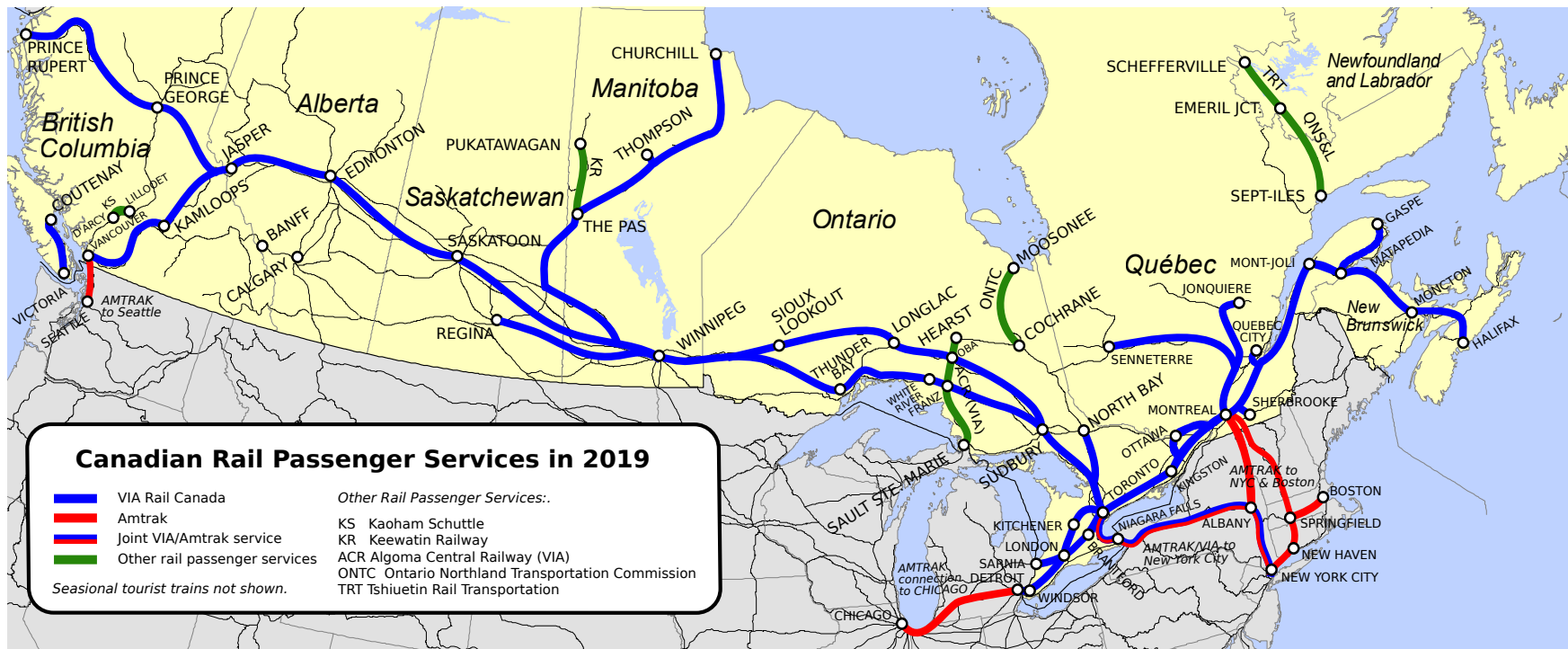
To be most effective, the re-design of the Capreol-Winnipeg service should be done in consultation with the communities it serves. This is a matter the RPAF and VIA should address early in order to have the replacement service ready for the re-routing of the *Canadian* by late 2016.

With a sharpened managerial focus and a more productive relationship with VIA's host railways, these improvements could be implemented by the end of 2016. This would allow the *Canadian* to serve a larger market, improve its usefulness as both an intercity transportation service and a contributor to Northern Ontario's tourism economy, and generate much-needed revenue.

Steps must also be taken to encourage greater off-peak use of the *Canadian*. Its appeal remains high enough to generate overflow crowds at high fares during the summer peak, but ridership declines substantially in the period from mid-October to early May.

An aggressive marketing campaign, accompanied by even more reasonable off-peak fares than VIA has been offering, should be tested to determine the ridership potential throughout the entire year. This was done extensively on CN's eastern and western transcontinental trains during its pro-passenger period in the 1960s, boosting year-round ridership very quickly and making better use of equipment and crews that would have otherwise been idled for long periods annually.

The importance of firmly establishing VIA's national mandate through these early improvements to the *Canadian* and the *Ocean* cannot be understated. Beyond the improved public utility that these measures will bring about, there are also understandable and important political considerations.



## 9.0 Advancing VIA's Recovery: 2017-2019

In the second phase of its revitalization, VIA wouldn't yet be a railway recovered, but it would be a railway recovering. Much work would remain to be done, but VIA would be in better shape than it has ever been since its founding in 1977.

By their very nature, some of the gains made in the first phase of VIA's recovery would not be visible to the public, such as the impact of the new *VIA Rail Canada Act* and the improved relationship with the host freight railways. Also out of public view would be the manufacturing of the new fleet and the long-range infrastructure projects that would securely position VIA as a sustainable and integral component of Canada's national public transportation system.

However, the visible signs of VIA's recovery would be clearer and more productive in the second phase of *The VIA 1-4-10 Plan*. These include its modified fleet, some upgraded and improved infrastructure, more frequencies on its existing routes, restoration of suspended services and the strategic additions to the network. These "early wins" would provide proof of VIA's progress, with the promise of more to come.

During the first phase of VIA's recovery, the Rail Passenger Action Force (RPAF) would be the party most responsible for spearheading the required course of urgent action and crafting the long-range plan. In the second and third phases, VIA's new board and management team would be jointly responsible for the continued advancement of the long-range plan, as well as progressively improving service quality, ridership and cost recovery.

### 9.1 Enhanced Fleet

VIA's current fleet lacks the specialized cars required to optimize utilization, particularly in the corridor. The key problem is the unidirectional nature of its locomotive-hauled fleet, with high time and labour costs to reverse and position each train at the end of a run. This prevents the quick "turning" of the trains for passenger boarding and departure after they disembark passengers at their terminals.

As previously outlined in this plan, the possible modifications of VIA's fleet for bi-directional, push-pull service throughout the Quebec-Windsor Corridor include:

- VIA locomotives positioned on both ends of each train as de facto cab cars;
- Secondhand locomotives serving as cab cars;
- Secondhand locomotives rebuilt as non-powered cab cars; and
- Leased Amtrak cab/baggage cars, if available.

Other options include the leasing of U.S. push-pull commuter rolling stock, adapted for intercity use, such as the Michigan DOT gallery cars, or the 13 ex-VIA Budd RDCs now surplus to the needs of Trinity Railway Express in Dallas-Fort Worth. The lease or purchase of the two Talgo push-pull trainsets from the cancelled Wisconsin higher-speed rail project could also be part of this program, if it is determined by the RPAF and VIA that this investment is financially and operationally beneficial.

It is assumed these fleet decisions and revisions would be completed by 2017 and VIA's corridor fleet utilization will increase substantially. This would not only enable frequency increases on the corridor routes, but it would also allow some Budd locomotive-hauled rolling stock to be cascaded to a limited number of new routes during the period prior to the arrival of the new fleet, which would allow for greater expansion.

## **9.2 The HPR Corridor Takes Shape**

As detailed in Chapter 5, VIA's objective must be to upgrade its entire Quebec-Windsor Corridor to high-performance rail (HPR) standards. Increased frequency, higher average speeds, reduced running times and better intermodal connectivity would all be elements of this approach. This would realize the full potential of the investments made prior to 2016 by VIA and the previous government.

While the major HPR investments in this plan would not be completed until the third phase of VIA's recovery, smaller ones would be at work delivering substantially improved service during the second. The \$125-million Coteau capacity expansion project to allow additional VIA trains through this busy junction tops the 2017-2019 worklist. Also to be completed within this period would be some elements of the \$102-million Montreal-Ottawa investment project announced just prior to the 2015 dissolution of Parliament.

The cumulative effect of the various infrastructure projects and improvements in fleet utilization would be the addition of more corridor frequencies and a major revision of the scheduling. In its original plan for the service improvements that were to result from the \$923-million capital renewal program of 2007-2012, VIA's objective was to move toward a clock-face schedule for the three legs of the Montreal-Ottawa-Toronto (M-O-T) Triangle. As proven by other intercity passenger transportation systems around the world, clock-face scheduling has a profound effective on passenger attitudes and the attractiveness of the service.

With trains departing at consistent intervals, it is easier for passengers to memorize the schedules because departure times repeat at the same point on the clock throughout the day. Applied by numerous public transportation operators of all modes, this constant-schedule concept applied over the course of a whole day also spreads demand by attracting more passengers to the off-peak trips, particularly if they are priced lower than the peak trips.



As well, from an operator's perspective, clock-face scheduling is attractive because the repeating pattern makes better use of personnel, infrastructure and equipment, which in turn makes operational resource planning easier.

Today, VIA's corridor timetabling is driven purely by demand and various operating constraints. This results in irregular departures that are often confusing for passengers. VIA's inability to turn its trains quickly at their end points and the consequent low equipment utilization have contributed to its inability to implement clock-face scheduling in the past.

Applied first to the M-O-T Triangle, clock-face scheduling would be rolled out progressively to the other Quebec-Windsor Corridor routes. This would create inter-route connectivity, making it possible for passengers to reliably and easily transfer between trains on the seven-route network. This precision operation would demand high levels of on-time performance and closer coordination between VIA and its host railways.

With the reduced costs and higher equipment utilization resulting from the push-pull corridor train operation, frequency increases would be much easier to justify financially. The objective should be a minimum of 12 roundtrips on each of the M-O-T Triangle routes. This level of service was, in fact, one of the objectives of the 2007-2012 capital investment program.

The incremental addition of more service on the Quebec-Montreal and Southwestern Ontario routes would not only provide increased utility along their lengths, but they would also increasingly feed traffic to the core M-O-T Triangle routes. Even slight upward adjustments in the comparatively infrequent services east of Montreal and west of Toronto would increase the desirability of the entire corridor and induce ridership.

Increased corridor frequency would also provide better service to several intermediate stations. Service is now especially low at some points, making day-return trips difficult or, in some cases, impossible. This would change under the combination of increased frequency and the adoption of clock-face scheduling.

Additional frequencies on the prime Montreal-Toronto and Ottawa-Toronto routes would also allow for the operation of more express services, which will increase VIA's attractiveness vis-à-vis air travel for end-to-end journeys.

### 9.3 Improved International Connections

By 2019, the benefits of an improved and more active relationship between VIA and Amtrak would bear fruit. That this hasn't happened in the past is not Amtrak's fault. In partnership with Border States such as New York, Michigan and Washington, Amtrak has done far more to improve cross-border service than VIA and its federal masters.

Today, there are two cross-border services operated without any Canadian contribution: the daily Montreal-New York City *Adirondack* and the double-daily Vancouver-Seattle *Cascades*. As well, the joint VIA-Amtrak Toronto-New York City *Maple Leaf* has continued largely because of U.S. funding on the New York portion of the run.

The continuation of the proposed VIA-Amtrak Working Committee that would be established by the RPAF in 2016 would improve this situation, ensuring an ongoing flow of ideas and information between the two national passenger corporations. It would also grease the wheels for an increasing number of mutually-beneficial joint service improvements. Building on the interest shown in the past by Amtrak and its Border State partners, VIA would play a full role in expanding the few rail services that link Canada and the U.S. in 2015.

The expansion of the Empire Corridor (New York City-Buffalo-Niagara Falls) provides an opportunity for more active participation by VIA in the cross-border market. With the increased frequency and reduced running times on the Empire Corridor, expanded VIA Toronto-Niagara Falls service could directly connect with these trains and offer travelers many more options for rail travel between Ontario and points in New York.

The 2017 completion of the \$43-million Amtrak station and Homeland Security facility on the U.S. side of the Whirlpool Rapids Bridge, will improve the border crossing process, which now adds two hours or more to the *Maple Leaf's* running time. This opportunity for cross-border traffic growth makes it all the more important for VIA and GO to coordinate their services to cease cannibalizing this market at high taxpayer cost.

While more difficult to address in the 2016-2019 period because of the current lack of a direct rail connection, VIA must work closely with Amtrak and the Michigan Department of Transportation (MDOT) to benefit from the expansion and improvement of the Wolverine Corridor (Chicago-Detroit-Pontiac). Now served by three roundtrips daily and operated at 110 mph over part of the route, the Wolverine Corridor will grow to provide 10 Detroit-Chicago roundtrips daily using new bi-level, push-pull equipment. Further infrastructure upgrading will cut two hours from its six-and-a-half-hour running time.

In advance of the major infrastructure work required to directly connect VIA's Toronto-Windsor service with the Wolverine Corridor in Detroit, a dedicated shuttle van service could supply a temporary, low-cost link.

Although not a VIA responsibility, one U.S. project now in advanced planning can be made operational with the assistance of the new government. This is the 69-mile Montreal extension of Amtrak's state-supported New York City-St. Albans *Vermont*. This service restoration will also provide Canadians with rail access to Boston, thanks to the work now under way to substantially improve service on the connecting route from Springfield, Massachusetts, to Boston.

The *Vermont* daylight service extension is being funded by Amtrak and the State of Vermont, and it includes the construction of a secure border pre-clearance facility at Montreal Central Station. VIA's planned involvement will consist only of the provision of the required station services and stabling the train overnight at the Montreal Maintenance Centre.

What is still lacking is any assistance from the Government of Canada in negotiating a fairer track access agreement than the one proposed by CN and advancing the creation of the border agency facility at Central Station. With numerous benefits to the Canadian economy and to VIA's connecting trains at Montreal, the government must assist Amtrak and the state agencies in relaunching this service by the end of 2016.

Other projects to expand cross-border rail travel in partnership with Amtrak would occur in the third phase of VIA's recovery, when new equipment and reduced operating costs would give it the flexibility to add more service across the system, including new cross-border trains.

## **9.4 Growing the Long-Haul Markets**

With the future of the *Ocean* and the *Canadian* decided in their favour as components of a truly national VIA, the serious attention these trains have long required would follow. The existing single-level fleet will limit the extent of the improvements, but there are some significant ones that could be undertaken.

As outlined in Chapter 8 of this plan, the steps to be undertaken for the *Ocean* and the *Chaleur* in 2016, and continued through the second phase of VIA's recovery, should include:

- Temporary reactivation of the Renaissance rolling stock necessary to increase the *Ocean's* current tri-weekly service to daily;
- Substitution of Budd equipment from late October to late April, when this equipment is not required to meet the *Canadian's* peak-season needs;
- Implementation of a connecting Gaspé bus service pending the restoration of the tri-weekly *Chaleur* in 2017.

For the *Canadian*, the improvements would include:

- Re-routing between Sudbury and Winnipeg on the CP main line via Thunder Bay;
- Re-establishment of a year-round tri-weekly schedule; and
- Daily service on the Vancouver-Edmonton route segment.

One further enhancement for the *Canadian* would be re-routing it between Toronto and Parry Sound. The current routing on CN's Bala Subdivision includes no station stops before Washago, 89 miles north of Toronto Union Station. The use of this line also subjects the *Canadian* to heavy CN freight traffic, conflicts and delays.

The alternate, more populous route would be north on GO's ex-CN Newmarket Subdivision through Aurora, Newmarket and Bradford to Barrie, a growing regional centre and Toronto bedroom community of more than 130,000. From there, the *Canadian* would proceed west on the municipally-owned Barrie-Collingwood Railway to CP's MacTier Subdivision near Colwell and then north to Bala, Parry Sound and Sudbury. Using this route would enlarge the *Canadian's* population catchment area by 240,000 and reduce the freight-inflicted delays now being experienced on the CN line.

In the third phase of VIA's recovery, there would be affordable, strategic growth in the frequency and geographic coverage of VIA's long-haul network, as detailed in Chapter 10 of this plan. That growth would be contingent on the arrival of the new bi-level fleet and its priority deployment on the existing long-haul services.

## **9.5 Remote Service Improvements**

With the acceptance of the fact that VIA's remote trains are socially-mandated services catering to small markets with low revenue growth potential, work could begin to make them more effective. To restate, the six remaining VIA mandatory remote services are:

- Montreal-Jonquiere;
- Montreal-Senneterre;
- Sudbury-White River;
- Sudbury/Capreol-Winnipeg;
- Winnipeg-Churchill; and
- Jasper-Prince Rupert.

As detailed in Chapter 8 of this plan, the first opportunity to improve one of these services would come with the re-routing of the *Canadian* through Northern Ontario on the CP line, creating the need for a replacement service on the CN line from the Sudbury area to Winnipeg. Greater promotion of the Winnipeg-Churchill and Jasper-Prince Rupert trains would also be expected to generate additional tourism-related ridership and revenue.

However, the largest opportunity to improve the cost recovery and service quality of the bulk of VIA's remote trains concerns the equipment. In producing the *VIA '89 Review*, it was found that the only means for cost reduction rested in system-wide productivity gains and new remote service equipment. The latter was on the agenda of the 1984-1985 RPAF, but the group was shut down before this issue could be addressed.

In the early 1980s, considerable interest was shown by various parties in developing a Canadian self-propelled diesel multiple unit (DMU) car to replace VIA's aging Budd rail diesel cars (RDCs). Most of this interest centred on a design that had been developed but never built by Hawker-Siddeley's Can-Car Division in Thunder Bay, which has passed through several changes of ownership and is now owned by Bombardier.

The proposed DMU would have been based on the bi-level commuter cars originally built for GO Transit. This design was flexible enough to be considered as the basis for new intercity coaches and self-propelled diesel and electric cars. The DMU versions would have been built as two-car, bi-directional "married pairs" consisting of one powered car plus a non-powered trailer.

This design attracted the attention of the RPAF and, in their long-range fleet strategy, they included a provision for the purchase of 20 of these cars. The bi-level DMU would have been adaptable for VIA's remote services and its light-density regional trains elsewhere.

With a lack of interest, the development of this design was not pursued. This is a matter that should be revisited by the RPAF, VIA and Bombardier. The rail industry rule of thumb is that self-propelled equipment is less expensive to operate than locomotive-hauled trains of fewer than four or five cars. If feasible and affordable, the development and acquisition of these Canadian-built cars would have an impact on several of VIA's remote trains. The bi-level DMUs might also be applicable to other light-density regional and commuter-oriented routes in Canada and the U.S.

An alternative is an investigation of the adaptability of various single-level designs, such as the Sumitomo DMUs now being used on Toronto's UP Express airport service. There are some technical and safety factors weighing against the use of this type of equipment for remote service, but they may be resolvable.

Seventeen Sumitomo cars identical to those used on Toronto's UP Express service are now being delivered for the new, 70-mile Sonoma Marin Area Rail Transit (SMART) service between Cloverdale and Larkspur, in Northern California. The initial 43-mile San Rafael-Santa Rosa segment is scheduled to open in late 2016.

The one VIA route where new single-level DMUs could be applied is the restored Vancouver Island service. Due to factors unique to this route, DMUs may meet all the safety and operating requirements of this route and improve the Victoria-Nanaimo-Courtenay service's cost recovery, frequency, speed and passenger appeal.

A determination of the applicability of these DMUs to VIA's Vancouver Island service and other routes should be undertaken by the RPAF and VIA's mechanical department.

## **9.6 Experimental Regional Routes**

With little surplus equipment prior to the delivery of the new bi-level rolling stock, route expansion will be difficult. However, there are some daylight services that could be tested in the second phase of VIA's recovery using the existing fleet. There would be more flexibility in this limited pool of equipment following the introduction of push-pull corridor service and the improved utilization it produces. In particular, Budd coaches would become surplus to corridor needs and could be re-deployed to the new routes.

Three experimental services could be launched between 2016 and 2019. As authorized under the *VIA Rail Canada Act*, these regional trains would be assessed throughout their test period of two to three years. They would be required to attain a set level of ridership, passenger-miles per train-mile and cost recovery.

If these trains failed to meet their targets, but they had a reasonable prospect of improvement, they could be extended by ministerial order. As these trains would be operated with VIA's current equipment, which would not be as cost-effective or as marketable as the new rolling stock, this would be factored into the scoring process.

The three new services that could be implemented in the 2016-2019 period are:

- Montreal-Sherbrooke;
- Toronto-North Bay; and
- Winnipeg-Regina.

Determining which routes should comprise the first wave of experimental regional services to be tested first was based on three criteria:

- Is the required equipment available?
- Is the infrastructure in good enough condition that it will, at most, require only limited improvement?
- Is there adequate demand to support rail service, especially where some other form of public transportation is now provided?

These three routes meet those criteria. All are daylight coach-only trains, so their operating costs would be low, even with VIA's aging Budd single-level fleet.

The caveat remains that VIA's existing core services must receive priority attention and be in recovery before any route expansion occurs, including the three experimental routes outlined here.

### **9.6.1 Montreal-Sherbrooke**

Sherbrooke has been without rail service since the December 1994 cancellation of the tri-weekly Halifax-Saint John-Montreal *Atlantic*. Prior to the January 1990 cuts, it was also served daily by a coach-only train that operated roughly one hour behind the *Atlantic* westbound in the morning and returned to Sherbrooke about 90 minutes ahead of the *Atlantic* in the late afternoon to provide a commuter-oriented service.

With a population of 202,000, Sherbrooke is the fourth largest metropolitan region in Quebec, with a growing knowledge-based economic sector. Sherbrooke is also an educational centre, with a post-secondary student population of approximately 40,000 and education-related employment of about 11,000.

With a running time of two hours and 30 minutes, the 98-mile Montreal-Sherbrooke service would provide four roundtrips daily, spaced throughout the day. It would make same-day roundtrips possible in both directions and support commuting from Sherbrooke to Montréal. Connections to the AMT commuter service will be made at Saint-Hilaire and Saint-Lambert.

Between Sherbrooke and Sainte-Rosalie, the service would use the St. Lawrence & Atlantic Railroad's Sherbrooke Subdivision, which is a single-track line currently authorized for a maximum permissible passenger speed of 30 mph. Limited upgrading would be necessary to increase the speed to the required 60 mph.

From Sainte-Rosalie to Montréal Central Station, the Sherbrooke trains would operate on CN's Saint-Hyacinthe Subdivision, which is also the route of VIA's Quebec-Montreal trains, the *Ocean* and AMT's Saint-Hilaire-Montreal commuter service. The line is double-track and equipped with a Centralized Traffic Control (CTC) system, with a maximum permissible passenger speed of 95 mph.

Two trainsets would be required, consisting of a locomotive, a baggage car equipped with bike racks, two to three Budd coaches and a second locomotive or cab car for push-pull service. There are no turning facilities at Sherbrooke, so push-pull operation would be essential. This would also allow for quick turning at Montreal Central Station.

### 9.6.2 Toronto-North Bay

The Toronto-North Bay route was served until September 28, 2012, by the *Northlander*, which was operated six days weekly between Toronto and Cochrane by the provincially-owned Ontario Northland Transportation Commission (ONTC). Parallel bus service by the ONTC was maintained following the cancellation of the *Northlander*, which was federally subsidized on the Toronto-North Bay portion of its route.

Prior to the 1990 VIA cuts, service was also provided on this route by the overnight Toronto-Kapuskasing *Northland*, which was jointly operated by VIA and the ONTC. Two VIA weekend-only Toronto-North Bay roundtrips were also eliminated in 1990.

North Bay, which describes itself as “The Gateway to the North,” is a regional centre with a metropolitan population of 64,000. The route also includes Beaverton, Washago, Gravenhurst, Bracebridge, Huntsville and Powassan. Excluding Toronto, the route has a catchment area of approximately 130,000. The region also has a large seasonal population of cottagers on the segment from Washago to North Bay.

The new, 228-mile VIA service would be operated twice daily in each direction, with early morning and late afternoon departures from both Toronto and North Bay. The running time would be five hours and the service would be coordinated with the parallel ONTC bus service to provide a wide range of scheduling options for travellers.

The new trains would operate over CN’s Bala Subdivision from Toronto to Washago, which is also the route of VIA’s *Canadian*. It is a single-track line equipped with CTC and authorized for a maximum permissible passenger speed of 70 mph. At Washago, the trains would cross to CN’s Newmarket Subdivision. This single-track line has a maximum permissible passenger speed of 60 mph.

The service would originate and terminate in North Bay at the ONTC station, which is located approximately two miles north of the CN Newmarket Subdivision on the ONTC’s Temagami Subdivision. Connections would be made here with ONTC bus services for points north.

Two trainsets would be required, consisting of a locomotive, a baggage car equipped with bike racks, two to three Budd coaches (one modified to provide a takeout refreshment and light meal service) and a second locomotive or cab car for push-pull operation.



### 9.6.3 Winnipeg-Regina

The *Canadian* served the Winnipeg-Regina route daily in both directions until the 1990 cutbacks shifted it from the CP transcontinental main line to CN. The route has been without rail service since then. In September 2015, Greyhound announced a reduction in bus service on the route, leaving only one roundtrip daily and many questions about the future of its service across the Prairies.

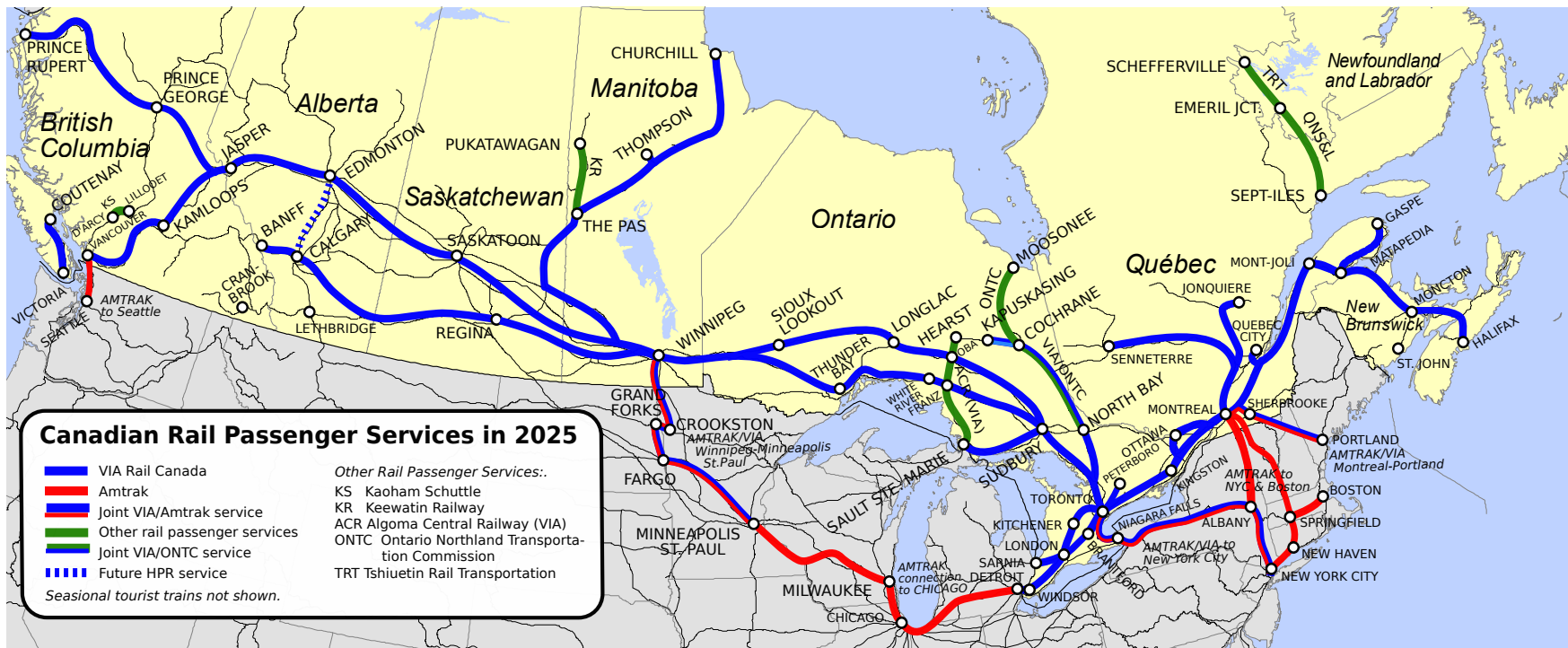
Including its end points, the restored 357-mile Winnipeg-Regina service would draw on a catchment area of approximately 1 million. Included in this market is the large student population from the numerous post-secondary educational institutions in Winnipeg, Portage la Prairie, Brandon and Regina.

The new VIA service would operate on a seven-hour schedule twice daily in each direction, with early morning and late afternoon departures from both Winnipeg and Regina. On the days the *Canadian* operates, a cross-platform connection would be made westbound in the morning and eastbound in the evening at Winnipeg Union Station.

Operation westbound from Winnipeg would be on CN's double-track Rivers Subdivision, which is the route of the *Canadian* and the Winnipeg-Churchill train. It is equipped with CTC and it has a maximum permissible passenger speed of 80 mph.

At Portage la Prairie, the new VIA trains would cross over to CP's transcontinental main line. It is in excellent condition, equipped with CTC and authorized for a maximum permissible freight speed of 60 mph. Although the CP route is largely single-track, it includes three sections of double-track, 22 sidings and long yard tracks at Brandon, Broadview and Regina. Without any modifications to the infrastructure, the new passenger trains should be able to operate at up to 70 mph; minor VIA-funded upgrading would boost this to 80 mph.

Two trainsets would be required, consisting of a locomotive, a baggage car equipped with bike racks and two or more Budd coaches, one of which will be modified to provide takeout refreshment and light meal service. A second locomotive or cab car would be used to allow for quick turning of the trains in Winnipeg and Regina.



## 10.0 Completing VIA's Recovery: 2020-2025

The third and final phase of VIA's recovery would be a period of dynamic change that would be highly visible and increasingly relevant to the travelling public. While the first two phases of *The VIA 1-4-10 Plan* would stabilize VIA and begin the turnaround in terms of frequency, ridership and cost recovery, the third phase would make it the modern and resilient passenger railway it has always needed to be.

### 10.1 Fleet Renewal and Growth

The most significant physical factor in VIA's full recovery would be the new bi-level fleet, for both corridor and long-haul service. While all the other elements of the recovery plan are crucial, the acquisition of modern equipment would be the main driver of VIA's operational revival. Without this new motive power and rolling stock, VIA not only can't grow, it can't survive in its current state.

By 2021, the first phase of VIA's fleet renewal program would be complete. It would deliver:

- 70 Siemens Charger locomotives for corridor and long-haul service;
- 160 bi-level, push-pull corridor cars; and
- 140 bi-level long-haul cars to progressively and sequentially re-equip the *Canadian*, the *Ocean*, the *Chaleur* and the Winnipeg-Churchill and Jasper-Prince Rupert trains.

Based on the current U.S. situation, the first cars for revenue service could be delivered after a year of prototype testing prior to the start-up of the production lines for the two types of rolling stock. The locomotives are assumed to be deliverable on a slightly faster schedule, given that they will come off an established production line and service testing will have been completed by other rail passenger operators in the U.S. This first phase of the fleet renewal program would fully re-equip all the corridor routes, the three long-haul trains and two remote services.

As the new motive power and rolling stock enters service, leased equipment would be returned to its owners. Assuming the first experimental services (Montreal-Sherbrooke, Toronto-North Bay and Winnipeg-Regina) met their ridership and cost recovery, they would be added to the Basic National Network mandated in the *VIA Rail Canada Act*. These trains would then be re-equipped with new bi-level corridor rolling stock, which would require the exercising of the options on the equipment orders to acquire six more complete bi-level push-pull trainsets with locomotives, at an estimated capital cost of \$150 million.

Released from the core services, VIA's existing fleet would continue to provide surge capacity on the re-equipped Basic National Network and support the next wave of experimental services. It is essential to derive every last bit of value and utility from this equipment, especially in light of the past investment in refurbishment and the need for VIA to pace its future capital requirements. As with the first experimental services, those launched next would be re-equipped with bi-level rolling stock and new locomotives following their trial periods and they would then be added to the Basic National Network.

## **10.2 The HPR Corridor in Full**

In the third phase of *The VIA 1-4-10 Plan*, the combination of modern and the more efficient equipment and the completion of the large and small infrastructure projects would transform the entire Quebec-Windsor Corridor into a high-performance rail (HPR) service.

The result would be more frequencies, reduced running times, increased ridership and improved cost recovery. Better intermodal connections with local transit and feeder bus routes would help to make VIA the strong spine of the public ground transportation system from Quebec to Niagara Falls, Sarnia and Windsor.

On the routes in the Montreal-Ottawa-Toronto (M-O-T) Triangle, VIA would be able to offer a combination of express, semi-express and local services on a clock-face schedule to provide a minimum of 12 roundtrips on each route segment. There would be five VIA-owned sections totaling 251 miles in this core network, which would allow for operation at up to 110 mph with no freight conflicts. The line segments would be:

- De Beaujeu-Ottawa (69 miles)
- Ottawa-Smiths Falls (40 miles)
- Smiths Falls-Gananoque (43 miles)
- Smiths Falls-Brockville (28 miles) ; and
- Shannonville-Newcastle (71 miles)

On the remaining 272 route miles within the M-O-T Triangle, VIA-funded upgrades would expand capacity at key locations to minimize conflicts with CN freight and GO commuter trains.

The combination of the infrastructure improvements, large and small, plus the priority treatment afforded passenger trains under the *VIA Rail Canada Act* would reduce the express running times to 1:45 for Montreal-Ottawa, 3:15 for Ottawa-Toronto and 3:40 for Montreal-Toronto. The semi-express and local running times on these three route segments would also decrease significantly.

On the corridor routes on either side of the M-O-T Triangle, VIA's investment in strategic upgrading projects would also reduce running times, boost on-time performance by minimizing freight conflicts and increase frequency. Running on clock-face schedules synchronized with those on the triangle routes, there would be six roundtrips daily on the Quebec-Montreal line and the routes from Toronto to Niagara Falls, London via the North Main Line and Windsor, while the Sarnia service would be increased to four.

The extension of the Toronto-Windsor service to Detroit would attract new U.S. passengers to VIA and, through its direct connection to the Wolverine Corridor trains to Chicago, make possible a wide array of rail options for Canadians travelling to U.S. destinations. So, too, would the extension of the expanded Toronto-Niagara Falls service to the new station and border processing centre on the American side of the Whirlpool Rapids Bridge, where a direct connection would be made with Amtrak's Buffalo-Albany-New York City Empire Corridor.

With HPR levels of speed, comfort, frequency, reliability and intermodal connectivity, VIA's Quebec-Windsor Corridor would offer an economically-priced product that would be a powerful alternative to driving or flying. Furthermore, it would be a solid foundation on which to build a high-speed service in the future, if or when that massive investment can be justified.

### **10.3 Expanded National System**

The benefits of a thriving HPR corridor system would be felt far beyond its immediate catchment area. With the Quebec-Windsor Corridor's renewal complete, its capital needs would decline substantially, its operating costs would be reduced and its revenues would rise. With these large budgetary improvements in the corridor, VIA would finally be able to allocate the financial and physical resources required to expand and maintain its long-haul and regional services.

This is a necessity if Canada's rail passenger system is going to regain its relevancy on a broader geographic basis and contribute more fully to the economy and the nation's quality of life.

As Amtrak has proved with the renewal and promotion of its long-haul trains, they can deliver numerous national and regional benefits if they are equipped, operated and promoted properly. As the Canadian intercity bus industry continues to retrench, VIA's long-haul and regional trains would increasingly become public transportation lifelines for many communities. The corridor would also benefit from additional connecting traffic to and from the improved long-haul and regional trains.

### 10.3.1 Daily Transcontinental Service

As the 140 bi-level cars from the initial long-haul order arrived, they would first be assigned to the tri-weekly *Canadian*, with its Budd equipment cascaded temporarily to the *Ocean*. The next step would be increasing the *Canadian* from tri-weekly to daily over its full route. This would occur when a sufficient quantity of bi-level cars are received to form eight complete *Canadian* trainsets, plus spare cars to provide peak-season surge capacity and allow for programmed maintenance.

Re-equipping the *Canadian* must be the priority because it generates the highest costs and the most revenue of any single train in the VIA system. As well, because of its high profile in the tourist travel market, the *Canadian's* complete modernization would send a strong message domestically and worldwide about VIA's recovery.

Releasing the *Canadian's* large pool of Budd rolling stock would have the added benefit of providing the three full trainsets required to replace the Renaissance equipment on the *Ocean* on a year-round basis, improving its public utility and marketability.

With the upgrading of the *Canadian* with bi-level rolling stock, 12 Budd cars would continue to operate in its consist tri-weekly. These are the eight Chateau-series sleeping cars and four Park-series sleeper-lounge-dome-observation cars VIA rebuilt at a cost of more than \$20 million for the 2014 launch of its premium-priced Prestige Class service. By purchasing a suitable number of bi-level transition cars, which allow single-level and bi-level cars to be coupled together to provide passenger access between them, the Budd Prestige Class cars would operate on the tail end of the re-equipped *Canadian*.

As more bi-level long-haul cars arrived, the *Ocean* would be progressively re-equipped, followed by the *Chaleur* and the Winnipeg-Churchill and Jasper Prince Rupert trains. As well, the tri-weekly *Chaleur* would be increased to daily when it was re-equipped.

As for motive power, the long-haul trains would continue to operate with units from VIA's existing fleet until all the corridor trains were repowered with the new Chargers. Following that, the balance of the first 70-unit Charger order would be deployed in long-haul service.

With the *Canadian*, *Ocean* and *Chaleur* re-equipped and operated daily, and the Winnipeg-Churchill and Jasper Prince Rupert trains upgraded with bi-level cars, VIA would have a highly effective national system from the Atlantic to the Pacific to Hudson Bay. This would serve as the strong foundation for more network expansion at a justifiable cost between 2020 and 2025.

### 10.3.2 Winnipeg-Calgary-Banff

With the *Canadian* re-established on its original CP routing between Toronto and Winnipeg, and a connecting daylight service launched on the CP Winnipeg-Regina line, extending service further west would be the next step in rebuilding VIA's long-haul network.

Although there have been numerous public and political calls to restore service over the entire CP transcontinental line to Vancouver since it was dropped in 1990, a full route revival would be complex and costly at this time. The CP route becomes constrained west of Golden, B.C., where a heavy volume of westbound export coal traffic from the East Kootenay Region flows on to the line, adding to the traffic to and from points east. Inserting a daily passenger service into this mix would require major capacity expansion investments, all of which would have to be borne by VIA.

However, after implementing the new Winnipeg-Regina service during the second phase of VIA's recovery, extending it as far as Banff would still deliver major intercity and tourism-related travel benefits along a large portion of the former route to Vancouver. It would enlarge VIA's catchment area by more than 1.3 million and reconnect Calgary – the largest Canadian city devoid of rail passenger service – to the national network.

Operating as a section of the *Canadian*, with through cars to and from Toronto via Winnipeg, this service would replace one of the two Winnipeg-Regina daylight trains on that segment of the route. The westbound departure from Winnipeg would be in the morning, following the *Canadian's* arrival from Toronto, with an arrival early the next morning in Calgary and in Banff by mid-morning. The eastbound train would depart Banff in the early evening, make a late evening call at Calgary and arrive in Winnipeg the next evening, where it would connect with the eastbound *Canadian* from Vancouver.

CP's main line between Regina and Banff is in excellent condition, equipped with a CTC rail traffic control system, numerous sidings of 10,000 feet or longer, and some double-track sections. It is capable of providing for passenger operation at up to 70 mph. Some track and signal modifications would be required at Moose Jaw, Swift Current, Medicine Hat and Calgary to enable the VIA trains to clear the CP freight traffic during station stops. Space for VIA facilities at Moose Jaw, Swift Current and Medicine Hat would be leased from CP, which continues to use all or part of these stations for its own purposes.

The former VIA Calgary station facility, which was located in a leased space in a commercial building on 9th Avenue SE, was released and reconfigured for other purposes following the 1990 cuts. A small replacement facility would need to be constructed east of the former site, preferably near 9th Avenue SE and Macleod Trail SE, which is within a short walk of Calgary Transit's CTrain LRT service at City Hall Station.

At Banff, the new service would make use of the historic station building, which is owned by CP and leased to a local heritage property management firm. It now serves as the Banff Visitor Centre and as a terminal for the Rocky Mountaineer's seasonal tourist trains and various bus services. The Banff wye track, northeast of the station, would need to be extended to make possible the turning of the VIA trains during their layover.

The new service would be operated with bi-level rolling stock and would require the exercising of an option on the original 140-car order. Including the through coaches and sleepers handled in the *Canadian* between Toronto and Winnipeg, and the "local" cars solely for Winnipeg-Banff operation, this would require a minimum of 30 bi-levels, at a cost of approximately \$150 million. Infrastructure costs are estimated at \$50 million, including CP plant modifications, the new Calgary station and the Banff layover facilities.

### **10.3.3 Montreal-Sherbrooke-Portland**

The 2014 *Maine State Rail Plan* calls for an analysis of passenger service between Montreal and Portland by way of Sherbrooke. The interest in restoring service on this 295-mile corridor flows partially from a 2009 Conference of Northeast Governors (CONEG) vision plan, which identified it as a follow-up to the extension of the state-supported Amtrak Boston-Portland-Brunswick *Downeaster* corridor to Lewiston/Auburn, Maine. Based on market surveys, the Maine Department of Transportation estimates a Montreal-Portland service would attract 600,000 passengers annually.

The *Maine State Rail Plan* identifies Montreal-Portland passenger service as a long-range project that would not be undertaken until after 2020, with other intra-state rail projects taking priority, including the *Downeaster* Lewiston/Auburn extension. With the participation of VIA, this project could be advanced in conjunction with Amtrak and the State of Maine; its implementation is contingent on such a joint funding approach.

From VIA's perspective, this route would be an extension of its Montreal-Sherbrooke service. It would operate south of Sherbrooke by way of Island Pond, Vermont, and Berlin, New Hampshire, to Danville Junction, Maine, on the former CN line now owned by the St. Lawrence & Atlantic Railroad (SL&A). South of Danville Junction, it would operate on a Pan Am Railways line segment that would be upgraded for the proposed *Downeaster* extension to Auburn/Lewiston.

This route would require upgrading of the SL&A infrastructure from Sherbrooke to Danville Junction to provide a maximum permissible passenger speed of 60 mph. The infrastructure upgrading for the *Downeaster* Portland-Lewiston/Auburn extension has been estimated at a minimum of \$1 million per mile; similar costs are assumed for the Sherbrooke-Danville Junction line segment. As well, a border processing facility will be required at the Stanhope, Quebec/Norton, Vermont crossing.



Service would consist of two daily roundtrips, with morning and afternoon departures from Montreal and Portland, and a running time of approximately seven hours. These trains would be integrated into the Montreal-Sherbrooke schedule to maintain four roundtrips on that segment of the route.

The type and ownership of the required equipment would have to be decided by VIA, Amtrak and the State of Maine. One option would be for VIA to initially provide the two trainsets as part of its contribution to the project. Another option would be for VIA and Amtrak to provide one trainset each. In all cases, push-pull trainsets offering baggage, coach and café service would be required.

#### **10.3.4 Toronto-Peterborough**

For seven years, there has been a politically-driven effort to restore passenger service on the 76-mile Toronto-Peterborough route, but it has been fraught with controversy and delays. The project began as a component of a \$6.2-billion Building Canada infrastructure agreement between the federal and Ontario governments in 2008. At federal insistence, this project was included and Ontario grudgingly agreed to match a federal contribution of \$150 million, giving it a \$300-million budget.

The Peterborough service was cut from the VIA system by one federal government in 1982, restored by another in 1985 and cancelled again in 1990. In 1982 and 1990, attempts by the federal government to get GO Transit to assume the route were rebuffed by Ontario on the grounds that this was an intercity service and, therefore, not a provincial responsibility.

What was lost right at the start of the latest restoration effort was a proper view of the mixed market it would serve. Its advocates have visualized it largely as a commuter service, when it really needed to be implemented as a hybrid catering to multiple travel needs. In that context, its logical operator should be VIA. Suggestions that provincially-owned Metrolinx take responsibility were not well received, especially since that agency is grappling with larger and more pressing GO commuter rail projects.

Another sticking point has been the unwillingness of its advocates to face some serious costing issues. The origin of the \$300-million capital estimate used as the basis of the 2008 intergovernmental agreement is unknown, but it was clearly inadequate. A 2010 provincially-funded study revealed the cost could be anywhere from \$541 million to \$1.5 billion.

Furthermore, the intergovernmental funding agreement was predicated on the false belief that this service would not require an operating subsidy. The same consulting study concluded it would and pegged it at \$21-25 million.

Various operating scenarios tested as part of the provincial consulting study determined a Toronto-Peterborough service could attract 3,000 passengers daily. However, the demand modelling was based on two weekday-only, commuter-oriented frequencies. Weekend operation was arbitrarily rejected based on the poor ridership generated by GO's seasonal weekend service from Toronto to Niagara Falls.

The full infrastructure requirements, and the total capital and operating costs, need to be refined and updated to allow the next federal government and VIA to decide if relaunching the Toronto-Peterborough service – with or without further provincial participation – is justifiable, especially when compared with other pressing VIA financial needs. Among the variables to be assessed are the recent changes in CP's freight operations that may reduce the cost of some elements of the project. The failure of the Ontario consulting study to assess ridership on the basis of more than just a morning-in/afternoon-out weekday commuter operation is also problematic.

If the Toronto-Peterborough service restoration proceeds under VIA, it would provide four roundtrips daily with a running time of approximately two hours. This would make long-distance commuting and same-day return trips possible in both directions, and conveniently connect with other VIA routes at Toronto Union Station.

Initially using Budd or LRC equipment, the Toronto-Peterborough service would require two three-car trainsets consisting of a locomotive, a baggage car equipped with bike racks, two to three coaches and a second locomotive or cab car. There are no turning facilities at Peterborough or Toronto Union Station, so push-pull operation would be essential.

### **10.3.5 Toronto-North Bay-Kapuskasing**

Public transportation across Northern Ontario has been in serious decline since the VIA cuts of 1990 and this is accelerating. Intercity bus service has been reduced on several occasions and what remains has proved inadequate, especially for those with medical conditions and mobility challenges.

The 2012 elimination of the provincially-funded Ontario Northland Transportation Commission (ONTC) Toronto-North Bay-Cochrane passenger train, the *Northlander*, worsened the situation for residents of Northeastern Ontario. Air service is limited and expensive, and winter weather conditions frequently disrupt all air and road travel. This situation also undermines public and private sector efforts to attract tourists from outside the region.

As detailed previously, *The VIA 1-4-10 Plan* includes three early measures to assist in reversing the decline in public transportation in Northern Ontario, which are:

- Re-routing the *Canadian* to the CP Sudbury-Winnipeg main line and increasing it to daily upon the arrival of the new bi-level equipment;
- Locally-focused replacement services on the CN Sudbury-Winnipeg route; and
- Implementing a twice-daily Toronto-North Bay daytime service.

The next step would be reviving the overnight Toronto-North Bay-Kapuskasing train, formerly known as the *Northland*, which was jointly operated by VIA and ONTC prior to the 1990 VIA cuts. This would be undertaken in conjunction with ONTC and the funding requirements shared by the federal and Ontario governments. For the purposes of this plan, it is assumed the provincial government will see the value in supporting this federal initiative to improve mobility for Northern Ontarians.

The new overnight service would operate on the same CN-owned route as the Toronto-North Bay day trains, continuing north to Cochrane on the ONTC Temagami, Ramore and Devonshire subdivisions, then west on ONTC's former CN Kapuskasing Subdivision. The ONTC infrastructure is adequate for 60-mph passenger service and freight traffic is moderate.

The passenger facilities that until 2012 served the *Northlander* would be used at North Bay, Cochrane and the intermediate station stops, which would include:

- Temagami
- Cobalt;
- New Liskeard;
- Englehart;
- Swastika; and
- Matheson.

A shelter and a short platform would be required at Smooth Rock Falls and a portion of the Kapuskasing station, which now houses the town's economic development department and tourism bureau, would be leased to serve the new overnight train.

Operating on a schedule similar to that of the discontinued *Northland*, the new service would have a running time of approximately 14 hours over a 551-mile route. The northbound departure from Toronto Union Station would be at approximately 9 p.m., with arrival in Cochrane at 9 a.m. and Kapuskasing at 11 a.m. As in the past, a shuttle bus or van service could be operated from Kapuskasing to Hearst, 60 miles to the west, with a return service in the late afternoon to connect with the southbound train. The departure from Kapuskasing would be at 7 p.m. and Cochrane at 9 p.m., with arrival at Toronto Union Station at 9 a.m.

This service would require two sets of Budd single-level equipment initially. Each would consist of a baggage car, two coaches, one or more sleepers and a café-lounge car, which would provide beverages and snacks throughout the night and light breakfast selections in the morning.

### **10.3.6 Sudbury-Sault Ste. Marie**

A further enhancement of Northern Ontario's now-deficient public transportation system would be provided by a new Sudbury-Sault Ste. Marie service, which would have a total population catchment area of approximately 250,000. It is a route with strong tourism potential that is now served by a single roundtrip Greyhound bus frequency.

This daily roundtrip service would operate in conjunction with the re-routed and daily *Canadian*, providing a timed, cross-platform connection in Sudbury to make Toronto-Sault Ste. Marie rail journeys possible for the first time in nearly 40 years. As well, it would have considerable tourist potential that is not being tapped by the single Greyhound bus frequency now provided.

From Sudbury to the Soo, operation would be on the Huron Central Railway (HCRY) Webbwood Subdivision, which branches off the CP Cartier Subdivision just west of the municipally-owned former CP station. This is a single-track line that is generally only capable of supporting a passenger speed of 30 mph and upgrading of the existing infrastructure would be required to allow for 60-mph passenger service. Based on the upgrading of similar lines in the U.S. and previous, publicly-funded rehabilitation work on the HCRY, it is estimated this would require an investment of \$20 million. A factor in favour of such an investment is that it would also improve the HCRY freight service, which has a significant regional economic impact.

New passenger shelters and short platforms would be required at the intermediate station stops, which would include:

- Walden/Whitefish;
- McKerrow/Espanola;
- Serpent River;
- Blind River; and
- Thessalon.

A useful adjunct to the rail service would be a van or bus shuttle route linking the Serpent River station with the regional service, tourism and retirement community of Elliot Lake, which is 18 miles north of the railway via Highway 108. This could be accomplished in conjunction with the City of Elliot Lake's transit service.

In Sault Ste. Marie, the service would operate through an upgraded connection from the HCRY line to CN's Soo Subdivision to access the downtown Algoma Central station on

Bay Street, which serves the seasonal Agawa Canyon Tour Train and the Sault Ste. Marie-Hearst remote train.

With a four-hour running time, the Sault Ste. Marie train would depart Sudbury at approximately 8 a.m., after connecting with the westbound *Canadian*, and arrive in the Soo at noon. The eastbound departure would be at 7 p.m., with an arrival in Sudbury at 11 p.m. to make the connection with the eastbound *Canadian* for Toronto.

This service would require one set of Budd equipment, consisting of a baggage car, two to three coaches (one modified to provide a takeout snack and refreshment service) and a second locomotive or cab car for push-pull operation.

Based on its ridership and cost recovery, it might be advisable to expand the single-train service to provide a second daily frequency that would make day-return trips to Sudbury possible. This would originate in Sault Ste. Marie in the early morning and return from Sudbury in the late afternoon or early evening. This would require a second trainset.

### **10.3.7 Winnipeg-Minneapolis/St. Paul**

Rail passenger service has been absent from the 500-mile Winnipeg-Minneapolis/St. Paul route for nearly 50 years. Although there is considerable travel in this corridor, most of it is done by car and some by air; no bus service is currently provided.

The reinstitution of service on this route is included in the 2015 *Minnesota Draft State Rail Plan* as a long-range project that would follow other improvements the state is now advancing on an incremental basis. Amtrak also examined it as part of a 2012 review of its Chicago-St. Paul-Seattle/Portland *Empire Builder*. As a first step, Amtrak considered adding a Winnipeg-Grand Forks, North Dakota, feeder bus connection to the *Empire Builder*. The drawback is that the connections in Grand Forks would be made at 1 a.m. southbound and 5 a.m. northbound. This Amtrak Thruway bus option has not been pursued.

Reviving the Winnipeg-Twin Cities route would have benefits on both sides of the border. For Canadians, it would provide a useful link with the Twin Cities and a connection to numerous points in the U.S. Midwest via Chicago. The Amtrak study noted that American travellers would benefit from a connection to Winnipeg because it would “provide our customers with the opportunity to connect from the *Empire Builder* to two of VIA Rail’s major long-distance routes (the *Canadian* and the Churchill service) for multiple western itineraries.”

Launching this service would have to be a joint project involving VIA, the Government of Canada, Amtrak and the State of Minnesota, as is the case with the other new cross-border services proposed as part of *The VIA 1-4-10 Plan*. The capital and operating costs

would be assumed by the various parties on a basis proportionate to the benefits realized by each.

The new service would operate from Winnipeg Union Station to the Emerson, Manitoba/Noyes, Minnesota, border crossing on CN's Letellier Subdivision. It handles a moderate level of freight traffic and it is capable of 60-mph passenger operation with some modifications. South of the border crossing, the new service would operate to Grand Forks, North Dakota, on a Burlington Northern Santa Fe (BNSF) line that is currently freight-only and can accommodate passenger operation at 60 mph.

From Grand Forks to St. Paul Union Station, the Winnipeg-Twin Cities train would be coupled to the tail end of the *Empire Builder*, which would minimize operating costs and eliminate the need for any capacity expansion investment in the BNSF infrastructure. As well, station facilities are in place at four intermediate communities.

With a 12-hour running time, the new service would depart Winnipeg at 8 p.m. and arrive in Grand Forks around midnight, with arrival in St. Paul at 8 a.m. Northbound, the departure from St. Paul would be at approximately 10 p.m. and arrival would be in Winnipeg at 10 a.m.

There are various options available for the provision of the equipment required for this service. When the jointly-operated *International* served the now-discontinued Toronto-Chicago route, it was operated at one point with one VIA trainset and one from Amtrak. Later, Amtrak bi-level rolling stock was used, but hauled by VIA locomotives. Another approach is taken with the Toronto-New York City *Maple Leaf*, which operates strictly with Amtrak trainsets.

The preferred option for the Winnipeg-Twin Cities service would be the assignment of bi-level Superliner rolling stock from Amtrak's fleet, which would be factored into the division of costs and revenues between VIA and Amtrak. This would require two trainsets consisting of a coach-baggage car, a coach-café car and a sleeper. A single locomotive would be adequate for the Winnipeg-Grand Forks portion of the route, hauling the southbound train in the evening and returning with the northbound train in the morning. This motive power could be provided by either VIA or Amtrak.

Another option is through-routing the Winnipeg train's equipment east of St. Paul on the *Empire Builder*, instead of terminating and turning it there. This would provide one-seat service to and from Chicago, dispensing with the need for passengers to change cars in St. Paul. Based on the *Empire Builder's* schedule and its equipment cycle, this would require one additional set of rolling stock.

## 11.0 A Passenger Railway for Canada's Future

Any plan calling for a publicly-funded capital investment of \$5 billion will no doubt be viewed skeptically by those who don't appreciate the value of a modern, nationwide rail passenger system. That's understandable when one considers the extent to which VIA has been allowed to slide by successive governments over a span of nearly 40 years. There are no easy or inexpensive solutions.

The questions that need to be asked today are the same ones Minister of Transport David Collenette placed before the House of Commons Standing Committee on Transport in 1998:

“What is the role of passenger rail service in Canada? Do we need a national passenger rail service? Will there be a greater need for passenger rail service in the future? Can Canada afford passenger rail? Can Canada afford not to have passenger rail?”

VIA's future is very much in doubt because these questions have never been answered and acted upon by government. As a result, it has never had the legislation, the funding or even the mandate to do more than just survive from crisis to crisis.

The measures proposed in *The VIA 1-4-10 Plan* aren't revolutionary. All the techniques and technologies outlined here have been employed by other publicly-funded rail passenger systems in facing comparable challenges. But this plan cannot supply the one element that is now and always has been required, which is political commitment.

As was accurately stated in VIA's own 1989 review of its future options, “The role of passenger rail must be decided in the context of a larger public transportation policy and in the even larger social and economic policies of the national government. Because of this, ultimate decision-making rests with the Government of Canada.”

The benefits of reviving VIA are easy to calculate. The capital investment detailed in *The VIA 1-4-10 Plan* would generate as much as \$20 billion in direct economic stimulus, supporting thousands of Canadian manufacturing and construction jobs throughout the recovery phase.

Investing in VIA would also be prudent given the high cost of maintaining the current, outdated system. The renewal of the fleet would pay for itself in less than 10 years through the large operating savings it would produce. Beyond that 10-year period, a revived VIA would contribute on an ongoing basis to the economic, environmental and social vibrancy of the nation. Its impact on mobility and productivity would be large, especially in the Quebec-Windsor Corridor, where it would compare favourably with investments in the other modes.

What also must be considered is the fact that every single G-7 nation with which Canada competes has fully recognized the benefits of modern rail passenger service and is investing accordingly. So, too, are emerging global powerhouses, such as China and India. As U.S. Secretary of Transportation Anthony Foxx recently said regarding his country's ambitious rail passenger improvement program, "This is not a vision whose time has come, but a vision that is long overdue."

Whether Canada will be part of this enlightened worldwide embrace of modern rail passenger service is a decision to be made by the new government. Until then, VIA's fate hangs in the balance. And the clock is ticking.