

***A Wedding Band of Confederation:
Restoring Rail Passenger Service to
Ontario's North Shore and
Across Canada***



***By
Greg Gormick
for
Bruce Hyer, MP
Thunder Bay - Superior North
June 3, 2013***

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*Cover photograph of VIA's Canadian arriving at Edmonton at dawn by
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Foreword

From the time I was a small boy growing up in New England, I dreamed of living in a log cabin in “The North.” My first opportunity to realize part of that dream came in 1965; the railway helped make it happen. It was on a CN passenger train that my university friends and I travelled north to Clova, Québec, between La Tuque and Senneterre. We reveled in the fresh air, the fishing, the white water and the camaraderie. I was reborn. I was home.

Making pilgrimages to the magnificent remote regions of Canada thereafter became an annual event. Passenger trains often made that possible. When I finally moved to a point west of Armstrong in 1976, it was CN’s *Super Continental* that took me there.

In these days when our passenger trains are seemingly always threatened with abandonment, I ponder what my life would have been like without them. They were the conveyances that allowed me to explore and fall in love with Canada and Canadians. How many others can say the same? Many, I would venture.



ON THE RIGHT TRACK: MP Bruce Hyer and National Dream Renewed facilitator Greg Gormick at the November 17, 2012, town hall session at Thunder Bay’s 55 Plus Centre. Photo by Shannon Cruikshank.

It was, therefore, my pleasure to invite and sponsor the visit to Thunder Bay of Transport Action's Greg Gormick last November for the presentation of his organization's National Dream Renewed town hall workshop on the past, present and future of VIA Rail Canada.

I have never met anyone with the passion, knowledge and vision of passenger railroading that Mr. Gormick possesses. Like the more than 100 participants at the workshop, I learned from him just how far our rail passenger system has declined compared to other nations. And how VIA can be rescued, revived and recast as a vital service that will contribute immensely to the vibrancy of Canada.

Mr. Gormick paints a scene in his town hall workshop of the last departure of VIA's *Canadian* from Thunder Bay on January 16, 1990. He was aboard that train, while I was one of the hundreds of North Shore residents standing on the platform, saddened and frustrated by this retrograde action by the Mulroney government. Like Mr. Gormick, I have remained determined to see this proud and symbolic train's return. The North Shore needs it now more than ever.

At my request, Mr. Gormick has produced this insightful report on the potential of VIA and the means to tap it. Part of his vision for VIA includes restoration of *The Canadian* on the spectacular CP North Shore line, through Thunder Bay and on to the West. As I said at the workshop, it will be my pleasure to work with the residents of this riding – and elsewhere – to make it a reality. This report is an important signpost along that path for all of us.

For me, Canada's passenger trains have always been much like Humphrey Bogart's Maltese falcon: the stuff dreams are made of. We must ensure they continue to be so for Canadians and visitors alike, today and into the future. The time has come for all of us to get aboard the campaign to make that happen.

Bruce Hyer, MP
Thunder Bay-Superior North

Executive Summary

1.0 National Dream Renewed

At the invitation of MP Bruce Hyer (Thunder Bay - Superior North), Transport Action presented its National Dream Renewed (NDR) workshop on the future of Canadian rail passenger service in Thunder Bay on Saturday, November 17, 2012.

The Thunder Bay session drew more than 100 participants, all of whom said the region needs rail passenger service now more than ever. At all 16 workshops to date, Canadians have said rail passenger service is a mode of travel for the future.

2.0 The Rise and Fall of Canada's Passenger Trains

Thunder Bay lost its last passenger train, *The Canadian*, in January 1990 as a result of a 50 per cent slashing of VIA by the Mulroney government. The cancellation of half of the VIA route network and the tawdry treatment of our national rail passenger service before and since can be brought down to one overarching problem: the total absence of a logical, visionary rail passenger policy for Canada.

2.1 Rail Passenger Service Before VIA

Rail passenger service to Thunder Bay and the North Shore was started by Canadian Pacific (CP) in 1883. Thanks largely to CP, North Shore rail passenger service was extensive throughout the first half of the 20th century. Both CP and Canadian National (CN) invested significantly in their routes in the mid-1950s in response to the serious erosion of their passenger businesses due to federal and provincial government policies subsidizing air travel and improved highways.

Despite improvements and investments, the two railways found it tough to compete with car and air travel. In 1959, CP announced its intention to exit the passenger business and eliminated all service to the North Shore except *The Canadian*. The CN Thunder Bay services declined and were dropped, and CN was told by the government to wind down its remaining passenger system. Government transportation policy failed to include a role for passenger trains and, in fact, called for their eventual discontinuance completely. However, the public continued to speak out, calling for restored and improved service.

2.2 VIA's Breech Birth

On January 29, 1976, Minister of Transport Otto Lang announced the Liberal government was taking a new approach to rail passenger service. Unfortunately, his so-called policy statement was couched in the dangerous doublespeak that's bedeviled our rail passenger service ever since. The result was the formation of a Crown corporation to take over the CN and CP passenger services.

VIA Rail Canada was created in disjointed stages during 1977 and began taking over the trains on October 29, 1978. Initially, service was improved, but there were serious problems working away behind the scenes.

As subsequent events have proved, the Liberal rail policy unfurled in 1976 by Lang was not aimed at revival and growth. It was about containing the rail subsidy by whatever means necessary, including abandonment. With little relief, this policy has been pursued by every government since 1976.

2.3 Rail Passenger Service Under VIA

VIA was hamstrung by a lack of autonomy and investment capital. The disjointed acts and votes that launched VIA gave bureaucrats and cabinet the ultimate power, especially on funding. VIA possessed few regulatory rights ensuring it received fair treatment from CN and CP, which placed a higher priority on their own freight trains. Ridership increased sharply during VIA's early years, but investment didn't. Lacking new equipment and facilities, the cost of VIA's network of popular but aging trains increased.

The Trudeau government cut VIA by 20 per cent in 1981. The CTC's public hearing process was bypassed through an order-in-council. Responding to the public outcry, the Mulroney government appointed a blue-ribbon Rail Passenger Action Force in 1984 to develop a blueprint to "renew our National Dream."

The Action Force called for bi-level Superliner cars, new locomotives, reinstatement of cancelled routes, stable funding and a VIA management change. VIA would be answerable to the full House of Commons through legislation spelling out its rights, obligations and objectives, mirroring the successful Amtrak approach in the U.S.

None of this sat well with powerful Ottawa forces. The Action Force was abolished, their reports sealed and their recommendations ignored. VIA's budget was slashed after six trains axed by the Liberals in 1981 had been restored, making the larger system impossible to maintain without modernization.

VIA's costs ballooned. In 1989, the Mulroney government bypassed the regulatory process through an order-in-council to cut VIA by 50 per cent. On January 14, 1990, the last *Canadians* departed Toronto and Vancouver over the historic CP main line through Thunder Bay. The wedding band of Confederation was broken.

2.4 VIA Since 1990

Although cut in half, VIA didn't die. The government approved the modernization of the ex-CP stainless steel cars used on VIA's long-haul trains, including the re-routed, tri-weekly *Canadian* through Armstrong on the CN line.

A promotional campaign to sell the “new *Canadian*” worked and it continues to carry huge summer crowds, but at fares boosted by government orders, putting it out of reach of many domestic travellers.

Now, VIA is in crisis again, even though it was given \$923 million for capital investment in 2007, mainly aimed at the Quebec-Windsor Corridor. It has not gone smoothly. Although this is VIA’s largest infusion of capital, it isn’t enough to decisively modernize and improve its efficiency and cost recovery.

In 2012, the government cut \$41 million from VIA’s annual subsidy, which had been frozen at \$166 million in 1998 with no provision for inflation. On June 27, 2012, VIA announced it was trimming service across Canada. This included a reduction of the *Canadian* from tri-weekly year-round to only two departures weekly between October and April. Other services were also greatly reduced.

The latest VIA cuts are having a devastating effect on the mobility of many Canadians. The 2013-2014 Main Estimates called for a further 60 per cent reduction in VIA’s budget, inevitably leading to route discontinuances. At the last moment, VIA received an additional \$54.7 million under the latest Economic Action Plan and was rescued for another year. This is no way to run a railway.

3.0 Why Passenger Trains?

Among the reasons for public investment in passenger trains are:

- Safest form of intercity transportation
- Highest energy efficiency of all land modes
- Lowest environmental footprint of all modes
- High degree of passenger comfort
- Ease of accessibility for those with special mobility needs
- All-weather travel option
- Cost-effective, if modernized and operated properly
- Insurance against volatile and uncertain oil prices and availability
- Powerful symbols of Canadian national unity and security.

Other points in favour of public spending on passenger trains are:

- Diversion of traffic from other publicly-supported modes of transportation
- Job creation throughout a rail passenger project’s supply chain
- Ongoing jobs and economic spin-off from the operation
- High present and potential spinoffs in tourism sector
- Savings in health care costs due to diversion of traffic from less safe modes and reductions in emissions that affect the public’s health
- Savings in energy thanks to rail’s higher efficiency
- Development and economic activity around stations and other facilities.

However, successive Canadian governments have cavalierly dismissed these views. Instead, they always make rail passenger funding a matter of so-called fiscal responsibility, describing public spending on rail services as “a subsidy,” while highway and aviation funding is invariably called “an investment.”

3.1 The Economic Case for Passenger Trains

Various U.S. rail industry associations have analyzed and quantified the multiple rail investment benefits. One of the most impressive has been produced by the U.S. Department of Commerce, which calculates that every \$1 million invested in a rail passenger project generates \$3 million in economic activity.

3.2 The Environmental Case for Passenger Trains

The passenger train’s environmental credentials are stellar. A double-track railway with modern signalling can handle the passenger equivalent of a 16-lane highway. Trains offer an option no highway can: Convertibility from oil-driven diesel to electric traction, which can be derived from renewable sources.

It’s clear that passenger trains can be part of the solution to Canada’s growing environmental problems, many driven by our addiction to oil, particularly for our travel choices and the options provided to us.

4.0 North Shore Rail Challenges and Solutions

There are three major institutional and/or political roadblocks facing the renaissance of VIA and the restoration of service to Thunder Bay and the North Shore:

- A lack of federal government rail passenger policy;
- A lack of adequate and sustainable funding for VIA; and
- CP’s objections to the addition of passenger service on its lines.

All three issues are interlocked and resolvable. However, that resolution is going to have to come in each case through leadership from the federal government.

4.1 National Rail Passenger Policy

VIA faces considerable hostility from the federal civil service due to a variety of factors. They want VIA to be under their complete control, far beyond the already-strict provisions of the governing *Financial Administration Act*.

VIA itself is not well informed on many aspects of rail passenger service or even in favour of maintaining the operation nationally. The board of directors is politically appointed, short on relevant transportation expertise and wholly reliant on advice and direction from senior VIA staff, which itself has a dubious track record.

Current VIA management is undermining the national system as a result of the absence of a defined rail passenger policy. VIA's own vision is flawed.

VIA president Marc Laliberté says there is no justification for intercity passenger trains on runs in excess of 800 km or less than 160 km. He rejects the provision of short-haul VIA services around large urban centres in favour of commuter trains.

In place of constant incremental improvements to the existing VIA system, Laliberté envisions the construction of an all-new high-speed rail passenger system serving the Montreal-Ottawa-Toronto triangle, with a possible extension east to Quebec City. This idea has been rejected repeatedly over the last 30 years. Other than Toronto, Kingston, Ottawa and Montreal, all other cities would have their trains replaced by buses. Public investment in the existing infrastructure would be wasted in favour of a \$14-16 billion "greenfield" system that wouldn't carry its first passenger for 15 years.

With this intense focus on the Golden Triangle, it is little wonder that VIA chose these routes for the investment of most of the \$923 million from the current government. The project is late and over-budget, thanks largely to CN. After adding long segments of third main line to this double-track route, CN is balking at allowing additional VIA trains on certain segments of the corridor, notably Toronto-Montreal.

VIA's routes from Toronto to Ottawa and Montreal now face intensified competition from short-haul air services for the end-to-end traffic. VIA continues to chase after this business at great cost, while reducing service to intermediate cities and towns in the triangle, which don't have air or adequate bus service and strongly support VIA.

This is a prime example of how Canada has failed to adopt a logical and *national* rail passenger policy. It contrasts sharply with the policies throughout most of the industrialized world. Until this narrow, Montreal-centric thinking is replaced with an all-inclusive vision reflecting the needs of Canadians nationwide, VIA will go nowhere.

4.2 VIA's Uncertain Funding

Successive governments have failed to give VIA adequate, predictable and targeted funding. Anti-rail bureaucrats always comment on the public spending made on VIA's behalf. This must be put in perspective by considering the even larger and un-recouped amounts that have gone to highways and aviation.

Much of the money that has flowed to VIA – as approved by these critical civil servants – has been misallocated. Without adequate funding to fully modernize, VIA has consumed public funds for an inadequate, obsolete and high-cost service.

An argument used by bureaucrats, unsupportive politicians and VIA's competitors is that rail passenger service requires a subsidy. Many public services require subsidies, but they return more than their cost in public security, health, economic stimulation and social development. As well, bus lines and airlines have enjoyed hefty direct and indirect subsidies much longer than rail.

There isn't a rail passenger system in the world that operates without public investment. While certain heavily-travelled routes on other publicly-funded rail systems generate an operating profit, the entire systems do not. Not only are the unprofitable routes maintained to provide important public services, they also feed the profitable corridors. Without this feeder traffic, many profitable lines would dip into the red.

Canada is unique in funding its rail passenger from federal general revenues. VIA receives nothing from the federal fuel tax or any other dedicated revenue stream. The provinces reject the idea of contributing to VIA, seeing this as a federal responsibility.

But intra-provincial intercity transportation needs are increasing, due to the ongoing deterioration of intercity bus service. Mobility is not strictly a federal issue and it's time for the provinces to face that fact. There are numerous examples of provincial contributions to intercity passenger transportation.

A strong precedent is the current Ontario contribution of \$150 million to the restoration of Toronto-Peterborough passenger service, which will be matched by \$150 million in federal funds.

The Peterborough project mirrors U.S. funding policies, where state governments have partnered with Amtrak to expand and even restore service on 22 routes in 15 states. As well, municipalities have stepped forward to share the cost of maintaining their local Amtrak stations. This joint funding has played a major role in Amtrak's success in building regional corridors as important components of its expanding national network.

A logical Canadian starting point would be with the expensive, mandated remote trains, which do not fulfill national objectives, although they remain important regionally or locally. The relevant provincial governments should be compelled to share in their funding.

VIA's funding mechanisms and the amounts are both inadequate today, as they have always been. This must be resolved if VIA is to thrive.

4.3 VIA and Canada's Freight Railways

On all but 223 km of its 12,500-km route network, VIA is at the mercy of Canada's two largest freight railways, CN and CP; the bulk of the operation is on CN lines. VIA doesn't receive fair treatment from its principal landlord.

Until CN's 1995 privatization, there had always been a general philosophy in Ottawa that the freight railways had to adequately accommodate VIA because they had been relieved of their statutory obligation to provide passenger service. But in trying to make CN an attractive shareholder investment, the Chretien government began rewriting the legislation and agreements that had protected VIA from the freight railways.

Today, VIA is under the thumb of the freight railways, especially CN, on whose tracks it operates the bulk of its trains. The worst aspect of this one-sided relationship is contained in the 10-year train service agreement VIA was left to negotiate on its own with CN in 2007 without government assistance. This contrasts with the hands-on approach government often takes on other matters it seeks to control closely. In its first five years, CN's charges to VIA increased by 42 per cent. Those charges are going to rise another 40 per cent by 2017. Other provisions detrimental to VIA in this confidential agreement are unknown.

Dealings like this will forever stand in the way of converting VIA into an innovative and cost-effective public rail corporation. Other pieces of government legislation offer no protection for VIA in its dealings with the freight railways, leaving it at the mercy of companies with no interest in the success or failure of the rail passenger business.

This is in sharp contrast with the U.S. situation, where Amtrak has had to take a tough stand in dealing with freight railways that have, on many occasions, been as unaccommodating of its trains as the Canadian roads are of VIA. But Amtrak enjoys considerable protection in this regard and isn't reluctant to use it.

Amtrak recently brought a petition against CN before the U. S. Surface Transportation Board for sub-standard handling of its trains. As a result of this action, CN has cleaned up its act and begun delivering markedly improved service to Amtrak.

VIA management must be held partially accountable for the railway's dilemma. The current senior managers have failed to speak out, allegedly because they fear CN will retaliate by hampering the on-time performance of VIA's trains even further.

Section 152 of the *Canada Transportation Act* could begin to correct the sub-standard treatment VIA receives from the freight railways, but it has never been invoked. Until VIA management – with the full support of the federal government – holds the freight railways' feet to the fire, little will change.

4.4 The Long-Haul Issue

Any attempt to revive VIA service to the North Shore is inevitably going to come face-to-face with an argument from bureaucrats and VIA executives that trains serving routes of 800 km or more are costly and lack marketability. These arguments are specious and they need to be quashed once and for all.

Amtrak currently operates 15 long-haul, full-service trains and wants to add more. These trains are the glue that holds the entire network together, accounting for 43 per cent of all Amtrak passenger-miles and carrying passenger loads comparable to those on the short-haul corridor routes.

The most consistent argument against these trains is their high cost to accommodate the overnight riders they attract. But sleeping car passengers travel at fares higher than in the coaches and tend to travel longer distances, accounting for a disproportionately high percentage of revenue. On Amtrak, sleeping cars passengers account for 17 per cent of ridership, but 44 per cent of revenues.

This is equally true on the *Canadian*, which ranks as one of VIA's most popular trains – with one of the system's highest cost recovery ratios. Inside sources report the *Canadian* covers its costs in the peak period.

As Amtrak has demonstrated, long-haul trains are well suited to handling non-passenger traffic such as mail, express and even perishable freight, which can generate additional revenue without disrupting their primary purpose in moving passengers. These additional revenue streams can play a significant role in improving the cost recovery and effectiveness of VIA's long-haul trains. These are markets in which VIA management has never shown much interest.

Amtrak has also tapped into another long-haul concept that has proven to be a ridership and revenue winner. The *Auto Train* carries passengers and their automobiles between the U.S. Northeast and Florida, saving them the long drive south while giving them the use of their cars during their vacations.

There is no reason to believe a service modelled on Amtrak's *Auto Train* couldn't succeed on two segments of VIA's route network: Toronto-Edmonton and Toronto-Maritimes, where there is a strong demand for tourist-oriented service. An *Auto Train* service could tap these markets, especially if it was offered as part of the existing VIA trains on these routes.

4.5 VIA Northern Ontario Service Review

Northern Ontario rail passenger service has been a mess since VIA's startup. In trying to satisfy the demands of residents along the CP and CN lines, numerous operating scenarios were tried, all less than effective and very expensive.

Making a full-service transcontinental train provide local service on the CN line creates operational problems. As well, the CP route is more populous and marketable to tourists, who comprise a large segment of the *Canadian's* clientele.

The solution would be to operate a tri-weekly Sudbury-Capreol-Armstrong daylight train connecting with the re-routed *Canadian* at Sudbury. Another tri-weekly daylight train would operate from Armstrong to Winnipeg. Local service on the isolated CP Sudbury-White River line would also be required.

The logical choice for such services would be refurbished Budd rail diesel cars (RDCs). But CN has taken a stand against the use of RDCs on its lines based on alleged safety concerns. VIA, government and the regulatory authorities must deal with this issue. If it can't be resolved, other cost-effective forms of equipment should be considered.

Another potential problem is the recent takeover of CP, which put former CN president E. Hunter Harrison at CP's helm. As he proved at CN, he's no fan of passenger trains. Without the government applying regulatory pressure, Harrison will likely block attempts to put VIA's *Canadian* back on CP lines.

If this can be overcome, CP would likely force VIA to adopt a slower-than-necessary schedule comparable to the one CN has foisted on the *Canadian*. This would at least re-establish the service and be a starting point from which to build a better, faster and more efficient service in the near future.

4.6 VIA Legislation

One issue unifies all of VIA's challenges: a desperate need for legislation. In 1985, the Rail Passenger Action Force called specific legislation for VIA "absolutely necessary." Instead, the Action Force was axed and its recommendations were discarded.

The need for comprehensive and innovative VIA legislation comparable to Amtrak's remains vital. Unlike VIA, Amtrak is not subject solely to the whims of the senior executive level of the federal government. Its route network, budgets and many other details of its operation are submitted annually to various committees of Congress and the government agencies charged with oversight.

Amtrak's legislation also spells out the funding formula for new services. The Action Force's proposed legislation contained a provision to implement experimental services in addition to a basic VIA national network.

An act modelled on Amtrak's legislation can help deliver a sustainable, efficient VIA network. This is vital to the future of Canada's passenger trains and the restoration of North Shore service. Convincing government to adopt a VIA Rail Canada Act must be at the heart of efforts by citizens and their political allies.

5.0 Getting the North Shore Back on Track

The battle for a modern, sustainable and nationwide passenger service to meet the needs of Canadians now and tomorrow is far from over. It's just beginning.

The parties that should be fighting to give Canadians a proper rail passenger service are the government of the day and VIA. Unfortunately, they aren't and that leaves it to the public, their elected representatives and informed advocates to make the case for a modern and expanded VIA.

If Transport Action's National Dream Renewed (NDR) campaign and its allies are to succeed, certain steps must be taken immediately. All will require patience and perseverance.

5.1 North Shore Citizens' Committee

A North Shore citizens' committee can and should play an important role in the battle to save the current VIA system and expand it to include a re-routed *Canadian* operating on CP from the Sudbury area to Winnipeg, at the very least. Transport Action and MP Bruce Hyer are prepared to assist with the formation of such a committee.

Restoration of service on the North Shore has already been identified by Transport Action as a key component of the blue sky vision plan for VIA that will result from the NDR campaign.

5.2 North Shore VIA Petition

A petition by MP Bruce Hyer at www.ReviveSuperiorRail.ca in favour of maintaining the current VIA system, giving it the tools it has always required and expanding the network to include North Shore service has been a valuable first step for a North Shore rail passenger committee. It can and should be expanded and promoted more widely

5.3 North Shore Letter Writing Campaign

Another excellent way to make government and VIA aware there is a strong and large constituency for improved rail passenger service is through letters and emails. Such action has already been undertaken by many pro-rail Canadians elsewhere.

As well, opposition politicians should hear from you. They need encouragement if they are going to engage in what is apt to be a long campaign that will most likely stretch out to the next federal election.

5.4 Coalition of Northern Ontario Communities

Working closely with your municipal officials and local business development agencies will be mutually beneficial. The formation of a coalition of municipal governments should be advocated by the North Shore citizens' rail committee. This North Shore municipal rail committee should look east and west along the CP line to help establish the most effective coalition possible. Linking with the communities east to Sudbury and west to Winnipeg will have a positive impact on these communities, too.

5.5 Coalition of Northern Ontario MPs

What would be most useful now is the formation of a coalition of likeminded MPs all along the route from Toronto to Winnipeg (and probably beyond) who can put partisan differences aside and work in unison to bring about the rail passenger renaissance this report advocates. Independent MP Bruce Hyer is well positioned to foster the creation of such a coalition.

5.6 Parliamentary Committee Investigations

One of the best opportunities to revive our rail passenger service can be supplied by a full and unfettered investigation by these Parliamentary standing committees on transport. The reviews they instigate should be shaped by their access to information that advocates cannot obtain officially from government or VIA. Your MPs and senators are best equipped to make this happen through these committees of Parliament. Citizens – and the rail action committees they form – must urge them to do so. It has been done in the past by both the Senate and the House of Commons standing committees on transport.

5.7 Clear Signals

The fate of Canada's rail passenger system is hanging in the balance today. Misunderstood, under-funded and seemingly without a powerful champion in Ottawa, VIA still represents a useful national resource that can and should be put on the firm footing it has always required. But time is growing short. If we lose what remains of our rail passenger system, we will stand alone among the G8 group of nations.

The renaissance of Canada's passenger trains can occur if citizens, advocates, business leaders and politicians of all stripes work together. The time for a cooperatively-crafted rail passenger vision is here, both on the North Shore and across Canada.

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1.0 A National Dream Renewed

At the invitation and hosting of MP Bruce Hyer (Thunder Bay - Superior North), Transport Action presented its National Dream Renewed town hall workshop on the future of Canadian rail passenger service at Thunder Bay's 55 Plus Centre on the afternoon of Saturday, November 17, 2012.

National Dream Renewed is a nationwide campaign initiated by Transport Action Canada and its five regional affiliates in response to the VIA Rail Canada reductions that began last summer. Facilitated by Toronto transportation writer and policy adviser Greg Gormick, the educational outreach campaign will cross Canada to engage Canadians in a series of 50 workshops. Input from the workshops will help shape the production of Transport Action's blueprint for the re-establishment of VIA as a modern, sustainable and national rail service.

Transport Action is a non-profit organization whose primary purpose is research, public education and consumer advocacy. It promotes environmentally-sound transportation solutions and gets actively involved in a wide range of issues, such as public transportation, safety, accessibility, energy efficiency, environmental protection, intermodal co-operation and government regulation.

Transport Action Canada has been involved in rail passenger issues since before VIA's birth. Formed in 1976 as Transport 2000 Canada by two groups of transportation advocates in Regina and Ottawa, its prime objective was to factually promote a rail passenger revival under full government funding. The group worked closely with the CN Passenger Department in the lead-in to the creation of VIA as a stand-alone Crown corporation, which began in 1977.

Through the ensuing years, Transport Action – as the group was renamed in 2009 – has constantly attempted to educate and work with the public, the media and politicians to bring about Canada's long overdue rail passenger renaissance. Still not convinced, government has implemented major VIA cutbacks on three occasions. The latest, announced on June 27, 2012, reduced service frequency on several well-used routes, especially in southwestern Ontario and the Maritimes.

Also badly wounded was the tri-weekly *Canadian*, which was foolishly shifted from the CP North Shore route to the more northerly CN line in 1990. It has now been reduced to a paltry twice-weekly service between October and April.

It was against this setting that the lively and productive Thunder Bay session of National Dream Renewed was presented by MP Hyer, whose lengthy advocacy of the restoration of VIA service to Lake Superior's North Shore has long been applauded by Transport Action. The session drew 100 residents of Thunder Bay and the surrounding area, all of whom said they shared Hyer's view that the region needs rail passenger service now more than ever.

What was most encouraging was the range in the ages of the participants, from those who grew up in the golden era of passenger railroading to those in their early 20s, who have never been able to make use of our truncated VIA system.

This has been the case at all 16 National Dream Renewed workshops, which have been presented between Thunder Bay and Halifax; more will follow in 2013. Canadians of all ages say rail passenger rail service is a mode of travel for the future, not the past. They're not pleased by what has been done to diminish it for decades.

This report documents how this situation arose, the problems at its heart and the means by which the residents of the North Shore – in concert with like-minded Canadians across the land – can bring about a rail passenger renaissance. If we commit to that revival now, Canada can catch up economically, socially and environmentally with all the other G8 nations that have embraced and properly funded their rail passenger systems. If we don't, we will be at a competitive disadvantage in every respect.



GOLDEN DAYS IN THUNDER BAY: A long and well-patronized summertime *Canadian* sails through Neebing and into Thunder Bay on August 11, 1970. Although incurring losses in the off-peak periods, she was still the pride of the CP employees who crewed and maintained her well in those sunset years prior to her government takeover under VIA Rail Canada. Photo by Weston Langford.

2.0 The Rise and Fall of Canada's Passenger Trains

On the evening of Tuesday, January 16, 1990, a dramatic scene took place at the venerable Canadian Pacific (CP) Thunder Bay station. Amid a throng of residents – many holding candles and placards, some in tears – VIA's last eastbound *Canadian* arrived from Vancouver, Banff, Calgary, Regina, Winnipeg and all points west along the CP transcontinental main line. She was about to become the last scheduled passenger train to tread the trail of steel along the rugged North Shore; part of the route long known as the wedding band of Confederation.

The departure of that last *Canadian* for Toronto drew the curtain on nearly 104 years of continuous rail passenger service linking Thunder Bay and the North Shore with cities coast to coast. That loss has never been forgotten. As the National Dream Renewed town hall meeting of November 17, 2012, proved, there are many who still want to see it restored – some of them not even born when *The Canadian* departed for the last time.

The publicly-stated reasons by the Conservative government of Prime Minister Brian Mulroney for *The Canadian's* 1990 termination ranged from federal deficit reduction to a lack of year-round ridership to a supposed plethora of alternate forms of public transportation on the route. All were shabby excuses.

In the end, the cancellation of Thunder Bay's VIA service – and that of many other towns and cities across the nation – can be brought down to just one overarching problem: the total absence of a logical, visionary rail passenger policy for Canada. This is a problem that is far from new. To fully comprehend it, an understanding of its history is vital.



A RED LETTER DAY FOR CANADA – AND THE NORTH SHORE: The first CP transcontinental passenger train, the *Pacific Express*, pauses in Thunder Bay on its journey from Montreal to Port Moody, B.C., on June 30, 1886. (CP Archives Photo NS12756)

2.1 Rail Passenger Service Before VIA

The first scheduled passenger train into Thunder Bay (then Prince Arthur's Landing) arrived on the freshly-minted CP line from Winnipeg on July 8, 1883. In the coming years, passenger service to Thunder Bay and the North Shore would be dominated by CP, growing in frequency and luxury until the mid-1950s.

Through CP passenger service between the North Shore and Montreal was inaugurated on November 2, 1885, five days before the last spike in the complete main line was driven at Craigellachie, B.C. The first scheduled transcontinental passenger train, the *Pacific Express*, called at Thunder Bay on June 30, 1886, inaugurating a service that would last for more than a century.

A CP challenger, Canadian Northern, arrived in 1902 from Winnipeg via Rainy River, Fort Frances and Atikokan, and then built northeast to Longlac as part of its transcontinental route from Montreal and Toronto to Vancouver. It was completed far over budget and laced with public subsidies in 1915.

A third transcontinental railway, the Grand Trunk Pacific, built a branch line northwest to Sioux Lookout as a connection to the government-funded National Transcontinental segment of the new Moncton-Prince Rupert main line through northern Quebec and Ontario, which was completed in 1914.

Three transcontinental railways were at least one too many for Canada. The two CP competitors were doomed and, when both companies fell into bankruptcy, they became part of a new Crown corporation, Canadian National Railways (CN), which fully amalgamated these shattered systems in 1923.

CN built the Longlac-Nakina Cutoff in 1924 to connect the Canadian Northern and National Transcontinental lines. All through CN transcontinental passenger trains then took that route, bypassing Thunder Bay and leaving the city with three secondary lines, all hosting passenger trains.

Thanks to CP, North Shore rail passenger service was extensive throughout the first half of the 20th century. It peaked in the mid-1950s as a result of the CP passenger modernization program begun in the late 1940s. By CP's own admission, this was later than desired, but that was simply because it had to make a priority of rehabilitating its war-worn infrastructure, motive power and freight rolling stock first. The situation was similar at CN.

In 1953, CP electrified the transportation world when it announced its purchase of 173 stainless steel passenger cars from the Budd Company of Philadelphia at a cost of \$40 million; the replacement cost today would be more than half-a-billion dollars. This equipment was principally for the creation of an all-new, dieselized streamliner, *The Canadian*, for the Montreal/Toronto-Vancouver route.



None But the Best for Canada

The Canadian Pacific's new transcontinental train, "The Canadian", leaves daily from Montreal, Toronto and Vancouver. It is the most modern and beautiful train ever built . . . with dome cars from which to view Canada's magnificent and varied scenery on the longest dome ride in the world.

The car you ride in, dome or otherwise, is constructed of many-times-stronger stainless steel. And it is equipped with

Budd disc brakes that make stops velvet smooth, and barely whisper down long mountain grades.

For years, the Canadian Pacific has made a practice of studying the quality and performance of passenger equipment on all the world's great trains. Out of these searching studies have come the ideas that provide for your travel enjoyment in "The Canadian". And also the decision to have these trains built by Budd.

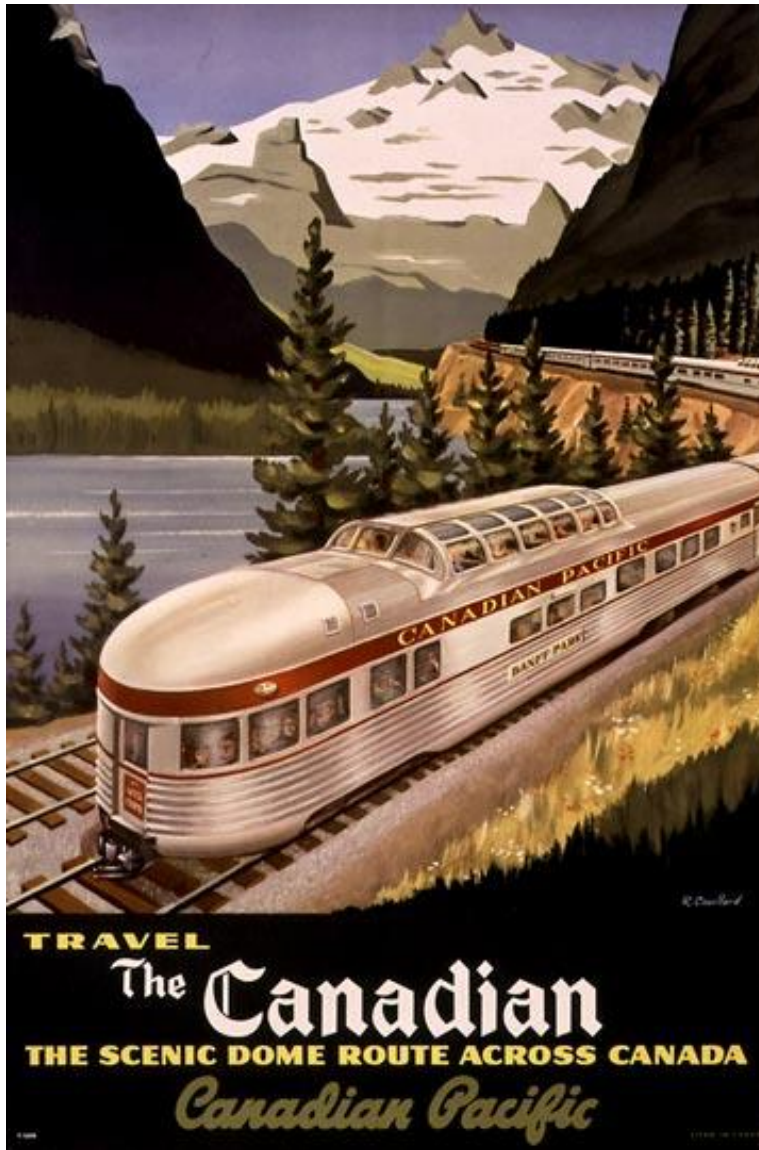


Philadelphia

Detroit

Gary

Enough Budd equipment was ordered to partially re-equip other trains, including CP's previous transcontinental flagship, the *Dominion*, which continued to run in tandem with the new, dome-equipped streamliner. As well, the company purchased what would ultimately be a fleet of 55 self-propelled Budd rail diesel cars (RDCs) for use on various routes across Canada.



CN also invested in new equipment, though it opted for a 359-car fleet of more utilitarian rolling stock. But the objectives of the two railways were identical: Reduce operating costs and increase the attractiveness of rail travel in order to beat the growing auto and air competition.

On April 24, 1955, CP launched *The Canadian* as Canada's first and only dome-car-equipped streamliner. The same day, CN dispatched its competing train, the *Super Continental*, on its more northerly route through Armstrong to Winnipeg, Edmonton, Jasper and Vancouver. Both were popular, but *The Canadian* easily took the crown as the finest and most talked about train in Canada, the equal of the best U.S. streamliners.

In addition to *The Canadian* and the *Dominion*, there were other trains operating daily on portions of the CP transcontinental main line from Montreal and Toronto to Vancouver, including a Thunder Bay-Sudbury service operated with Budd RDCs for local traffic. As well, CN provided passenger service on the three routes from Thunder Bay to Longlac, Sioux Lookout and Winnipeg via Atikokan.

These sincere and costly initiatives by both railways were responses to the serious erosion of their passenger businesses immediately after the end of World War II. The diversion of traffic from the passenger trains was a direct result of government policies and funding. The federal government spent heavily on new airports, support services and Crown-owned Trans-Canada Airlines (TCA), which ate into the long-haul rail business. As well, the Liberal government of Prime Minister Mackenzie King – at the urging of Thunder Bay MP and cabinet minister C.D. Howe – diverted much of the lucrative mail traffic from CP and CN passenger trains to TCA's planes to prop up the struggling airline.

Provincial funding of massive highway construction programs wounded the railways' short-haul passenger market. The feds joined them through the *Trans-Canada Highway Act* of 1949, participating in the construction of a complete two-lane highway system from coast to coast, paralleling the main railway lines.

The two levels of government unwittingly got Canadians hooked on the junk foods of transportation. Road and air travel looked tasty, but they came with huge financial, social and environmental costs that became apparent decades later, after these subsidized competitors almost decimated the passenger trains.



SHOW TIME: Passengers pose and little boys gawk as the svelte and powerful diesel-electric locomotives hauling *The Canadian* are serviced during the westbound streamliner's station stop in Fort William on April 19, 1958. Photo from the Roger Boisvert Collection.

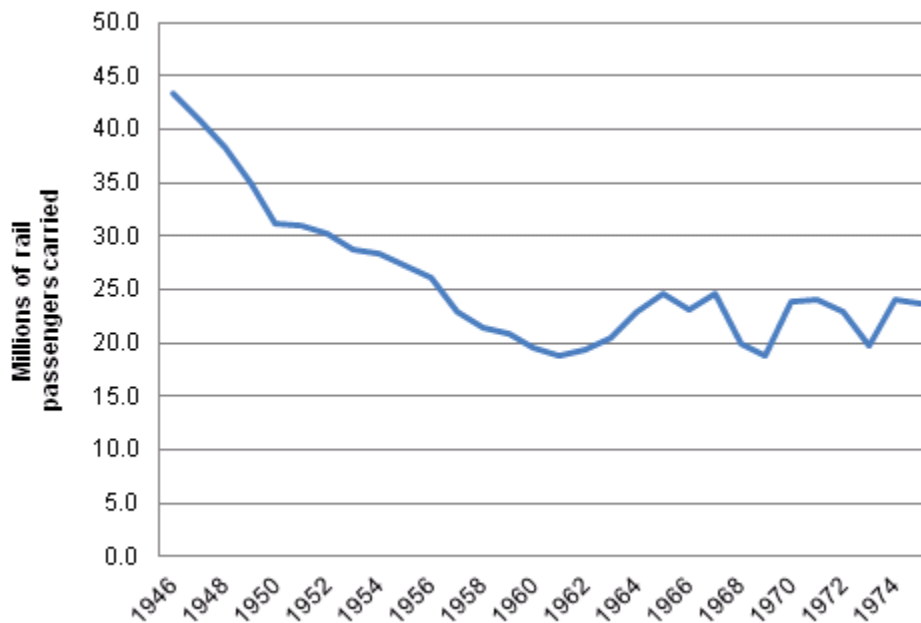
Despite their numerous improvements and investments, the two railways found it tough to compete with car and air travel. Neither level of government insisted on full cost recovery from road and air users, providing massive (and often hidden) subsidies. Privately-held CP and publicly-owned CN both had to cover passenger losses from freight revenues; government provided no passenger subsidies. CP contemplated buying more Budd equipment to fully modernize its entire system, but the losses soon became serious and the plans were cancelled.

In 1959, CP announced its intention to exit the passenger service, calling it “a step that’s taken very reluctantly, very slowly and very regretfully” (see Attachment A). The result for Thunder Bay and the North Shore was the loss of all CP service except *The Canadian*. The three CN Thunder Bay passenger services lost ridership and frequency declined until they were all eventually abandoned.

At CN, the situation was especially daunting financially because of its many light density routes and its larger network. But its public perception as a provider of socially-relevant services meant it couldn’t just walk away from the passenger business. After analyzing the experience of other railways around the world, CN’s visionary passenger team concluded trains could thrive under certain conditions on a core network of main line routes. CN president Donald Gordon gave them the green light to experiment in order to boost ridership and revenues, while cutting costs – and public criticism.



CANADIAN RAIL PASSENGER RIDERSHIP: 1946-1975



First, CN implemented an innovative pricing scheme to stimulate ridership in off-peak, low-demand periods, when its trains ran with light loads. Known as the Red, White and Blue Plan, it boosted ridership and increased revenue. Next, CN refurbished much of its fleet and improved many aspects of its operation to provide a faster, more attractive and convenient service. The improvements worked, giving CN's passenger service a modern image that lured riders aboard, many of whom had not travelled by train for years.

The federal government was unconvinced and unwilling to make the investments to take the passenger service to the next plateau. CP was allowed to discontinue more trains and CN was ordered to minimize investment and eliminate many more of its trains. This was sanctioned under the new *National Transportation Act* of 1967. The government at least paid the railways for 80 per cent of their losses on trains deemed temporarily necessary after public hearings by the Canadian Transport Commission (CTC).

The federal government clearly wanted the passenger trains to die and the new legislation was designed to make it happen. The only politician who ever admitted this was Jack Pickersgill, former minister of transport and first president of the CTC. In a 1986 interview with the author of this report, he said:

“We laid down in the *National Transportation Act* a program for getting rid of passenger service. It wasn't just to reduce it. It was eventually to get rid of it. Now, we didn't do it as fast as I would've liked because there was an appeal to the cabinet from all our decisions, and I just felt that we should try not to be reversed, if possible. Therefore, it was better to go more gradually.”



THE PEOPLE’S RAILWAY RENEWED: CN’s passenger program reversed the decline in rail ridership in the 1960s with improved service and innovative pricing. Here, the *Morning Rapido* shows off CN’s bold new passenger image as it departs Toronto for Montreal on August 13, 1970. Photo by Weston Langford.

Inevitably, the ridership decline CN had reversed soon resumed. As the network of remaining CN and CP passenger trains contracted and the government sought to eliminate the 80 per cent phase-out subsidy, the public spoke out. At CTC hearings and in letters to newspapers, Canadians voiced their support for restored and expanded rail service.

The formation of Amtrak by the U.S. government in 1971 to revive the country’s remaining passenger trains provided compelling proof to many that Canada was heading in the wrong direction. The oil shortages and price increases wrought by the OPEC embargo of 1973-1974 further demonstrated the risk in placing far too much faith in cars and planes, which are less fuel efficient than trains and subject to extreme cost increases through their high fuel consumption.

During the 1974 federal election campaign, Liberal Prime Minister Pierre Trudeau promised he would instigate a rail passenger revival if re-elected. He was. But precious little happened, even as many Canadians and opposition party members reminded him of his bold campaign promise.

2.2 VIA’s Breech Birth

Shortly after 3 p.m. on the afternoon of January 29, 1976, the Hon. Otto Lang, Minister of Transport in the Trudeau government, rose in the House of Commons to make an announcement of national importance. Building on what he called “the major elements of our transportation policy” of the previous June, Lang proceeded to tell his parliamentary colleagues he was launching a new era in Canadian rail passenger transportation.

Alas, the reality was somewhat less than the lofty rhetoric. Although the beast had not yet been conceived, let alone named, Lang was laying the foundation for VIA Rail Canada. But what a foundation. His pronouncement was couched in the dangerous doublespeak that's bedeviled our rail passenger system ever since.

True, there were some goodies in Lang's basket that might cause the uninitiated to believe a rail passenger revival was in the offing. Among the bonbons he flung out were the promise of new Bombardier Light, Rapid, Comfortable (LRC) trains for use on the Quebec-Windsor Corridor, as well as in eastern and western Canada. The former happened in 1981; the latter never did. There was also a promise of a so-called "high-speed demonstration project" using the LRCs on the Montreal-Quebec and Toronto-Windsor routes. This didn't happen.

After foisting most of the blame on railway management for the situation, Lang talked about eliminating "over 2,000 miles of routes where CN and CP duplicate services" and "better service, but in a narrower range of areas." Lang also said one of the recommendations "by some" was "the total elimination of rail passenger services and, therefore, the losses currently incurred."

As subsequent events have proved, the Liberal rail policy unfurled in 1976 by Lang was not aimed at revival and growth. It was about containing the rail subsidy by whatever means necessary, including abandonment. With occasional relief, this policy has been pursued by every government since 1976. It is why Canada trails every other G8 nation in the provision of modern rail passenger service.



NORTH SHORE LANDMARK: Nearly 17 years before the federal government deprived travellers of the scenic wonders of the North Shore, the westbound *Canadian* threaded the fabled Mink Tunnel in May 1973. Famed for its rugged beauty, CP builder Sir William Cornelius Van Horne called the route "200 miles of engineering impossibilities." Photo by D'Arcy Furlonger.



EAST IS EAST AND WEST IS WEST: But neither received their promised LRC trains. With the original, problem-plagued locomotives replaced by more robust diesels, the LRCs are the backbone of VIA's Quebec-Windsor Corridor, but they desperately need rebuilding or replacement. Photo by Ray Farand.

2.3 Rail Passenger Service Under VIA

VIA began taking over the CP and CN services on October 29, 1978, when it assumed full responsibility for the western transcontinental trains. *The Canadian* was continued and its fares were brought down from the former CP levels, which had risen above CN's throughout the 1960s and '70s. More rolling stock was assigned to handle the increased ridership resulting from the lower fares and expanded marketing.

However, there were serious problems working away behind the scenes. The end result would eventually be disastrous for *The Canadian*, Thunder Bay, the North Shore and hundreds of other communities across Canada.

VIA was hamstrung at the start by a lack of autonomy and investment capital. The disjointed acts and votes that launched VIA gave bureaucrats and cabinet the ultimate power, especially on funding. VIA possessed few regulatory rights to ensure it received fair treatment financially and operationally from CN and CP, which placed a higher priority on their own freight trains. Ridership increased sharply during VIA's early years, but investment didn't. Lacking new equipment and facilities, the cost of VIA's network of popular but aging trains increased.

After Parliament recessed for the summer of 1981, the Trudeau government announced it was cutting VIA by 20 per cent, effective November 14. The CTC's public hearing process was bypassed through an order-in-council, denying Canadians the opportunity to formally oppose the cuts.

The *Super Continental* on the CN line was replaced with a series of local trains over portions of its route, including Capreol-Armstrong-Winnipeg. *The Canadian* through Thunder Bay remained as the sole western transcontinental train. It continued to be popular and well used, but it became less reliable and more expensive to operate due to its aging equipment.

The Conservative government of Brian Mulroney promised to change this. Responding to the public outcry over the Liberal's 1981 service cuts, VIA was a major plank in the 1984 Conservative platform. Following the election, Minister of Transport Don Mazankowski appointed the blue-ribbon Rail Passenger Action Force, which was led by former Alberta Deputy Premier Dr. Hugh Horner and included the few knowledgeable and pro-rail analysts and economists in the civil service. Mazankowski charged the team with the development of a blueprint to "renew our National Dream."

The Action Force created a plan breathtaking in its depth and detail. They advocated the complete modernization of VIA physically, financially and managerially. It would have fully renewed VIA and set it up for higher ridership, revenue and cost recovery. *The Canadian* and other long-haul trains would be re-equipped with the double-deck Superliner cars that revived Amtrak's comparable trains. New locomotives, the reinstatement of routes cancelled by the Liberals, stable funding and a change-out of VIA management were part of the grand plan.



PASSENGER TRAIN SAVIOURS: The arrival of the first of 424 bi-level Superliner cars radically improved the economics and attractiveness of Amtrak's long-haul trains. Canada's Rail Passenger Action Force recommended the purchase of 214 from Bombardier for VIA, but their advice was ignored.

Most significantly, VIA would receive comprehensive legislation spelling out its rights, obligations and objectives. It would have become answerable to the entire House of Commons, not just the Minister of Transport and cabinet. This would have mirrored the successful Amtrak approach.

None of this sat well with powerful Ottawa forces. High-ranking Transport, Finance and Treasury Board bureaucrats, in concert with air and bus industry lobbyists, set out to derail this rail revival. They won. The Action Force was abolished, their reports sealed, and their recommendations ignored. VIA's budget was slashed after six trains axed by the Liberals in 1981 had been restored, making the larger system impossible to maintain without modernization.

In his last report to Mazankowski, Action Force chairman Horner wrote:

“Obviously, we bring the Action Force to a close with much unfinished business. Due to circumstances beyond our control, we have not been able to see most of our recommendations through to implementation. As pointed out above, you will have to depend upon Department officials to monitor and implement our recommendations, with the assistance of the [VIA] Board of Directors. In future, the Department is going to have to deal with the VIA programme in a much more effective and positive manner.”

With the Action Force's recommendations unheeded, VIA's costs continued to balloon. As a result, the Mulroney government waited until the House of Commons recessed in the summer of 1989 to announce a 50 per cent VIA cut. Once again, the regulatory process was bypassed through an order-in-council. Among the casualties was *The Canadian* over the CP main line to Vancouver by way of Thunder Bay. The wedding band of Confederation was to be broken.

On January 14, 1990, the last westbound *Canadian* departed Toronto Union Station bound for Vancouver over the CP main line, pausing the next afternoon at Thunder Bay. The next evening, the last eastbound *Canadian* – the one-time pride of the Canadian Pacific empire and perhaps the entire nation – made her final call at Thunder Bay and the North Shore. When she arrived at Toronto Union Station on the night of January 17, an era passed.

2.4 VIA Since 1990

Although cut in half, VIA didn't die, thanks largely to the intervention of three influential Mulroney caucus members: Flora Macdonald, Elsie Wayne and former Prime Minister Joe Clark. Unfortunately, this enlightened trio couldn't convince their caucus colleagues that *The Canadian* through Thunder Bay was required. It was cut from daily to tri-weekly and re-routed to the CN line through Armstrong. The government said this would protect a remote area not served by alternate forms of public transport. This service would have been better provided with self-propelled Budd RDCs or other more appropriate equipment.



THE THREE LIVES OF THE CANADIAN: VIA Vancouver Maintenance Centre employees – both from long-serving railway families – proudly display the tail end drumhead signs documenting the train’s corporate heritage since its birth on April 24, 1955. Photo by James A. Brown.

On the positive side, the Mulroney government approved funding to modernize the ex-CP stainless steel cars used on the remaining long-haul trains, including the re-routed *Canadian*. Long overdue, this project boosted reliability and reduced operating costs, thanks largely to the head end power system for heating, cooling and lighting the passenger cars (see Attachment B).

As well, VIA began a promotional campaign to sell the “new *Canadian*” – without the capitalization of the article in its name. It worked. The *Canadian* once again carried huge summer crowds, but at fares boosted by government orders, putting it out of reach of many domestic travellers during the peak season.

For a short time, it seemed the “real *Canadian*” might reappear on its original CP route through Thunder Bay. When David Collenette was appointed minister of transport for the Liberal government of Prime Minister Jean Chretien in 1997, VIA finally had a pro-rail guardian willing to fight for passenger investment. One of the projects Collenette initiated was restoration of VIA service on some or all of the CP line. The revived train would alternate with service on the CN line.



AN EMPRESS REBORN: Before its head end power rebuilding program, the *Canadian's* locomotives had to haul old, boiler-equipped generator units to supply the train's obsolete steam heating system. Shown here in 2012, the modernized (and lengthy) *Canadian* dispenses with the weight, fuel and financial penalties of those extra units. Costs are down and reliability is up. Photos by Andy Cassidy.



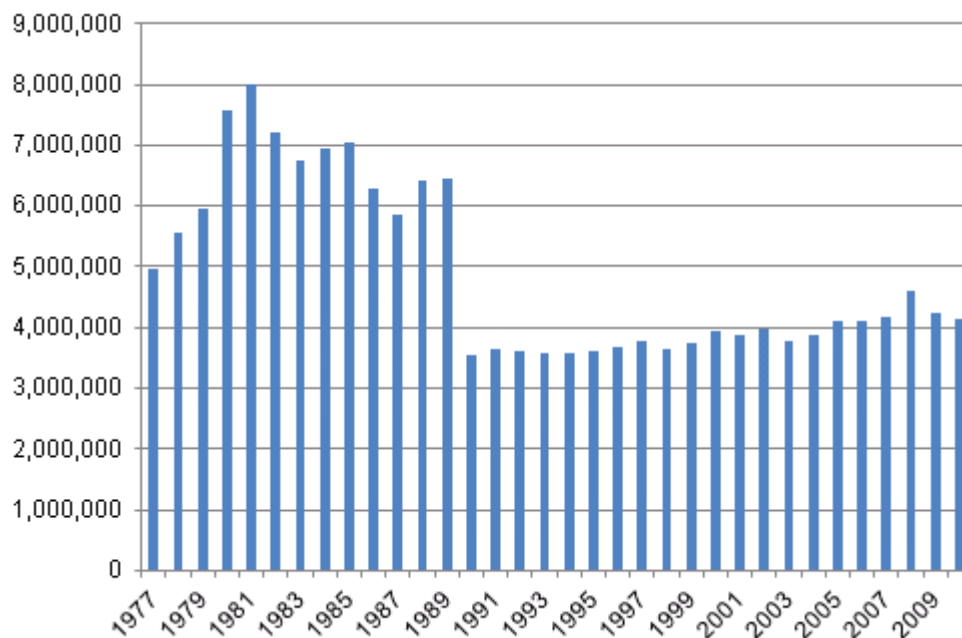
CP management was open to this suggestion. The company was embarking on a capacity expansion project on its transcontinental main line and was willing to consider the restoration of the *Canadian* on its former route if VIA paid for passenger-specific infrastructure upgrades, necessitated by the alteration of CP's physical plant after the train's re-routing in 1990. There'd be economies of scale by doing it as part of CP's expansion project. But the project wouldn't come cheap and it was not a high priority for Collenette, who had many other battles to fight to get VIA functioning better, especially in central Canada.

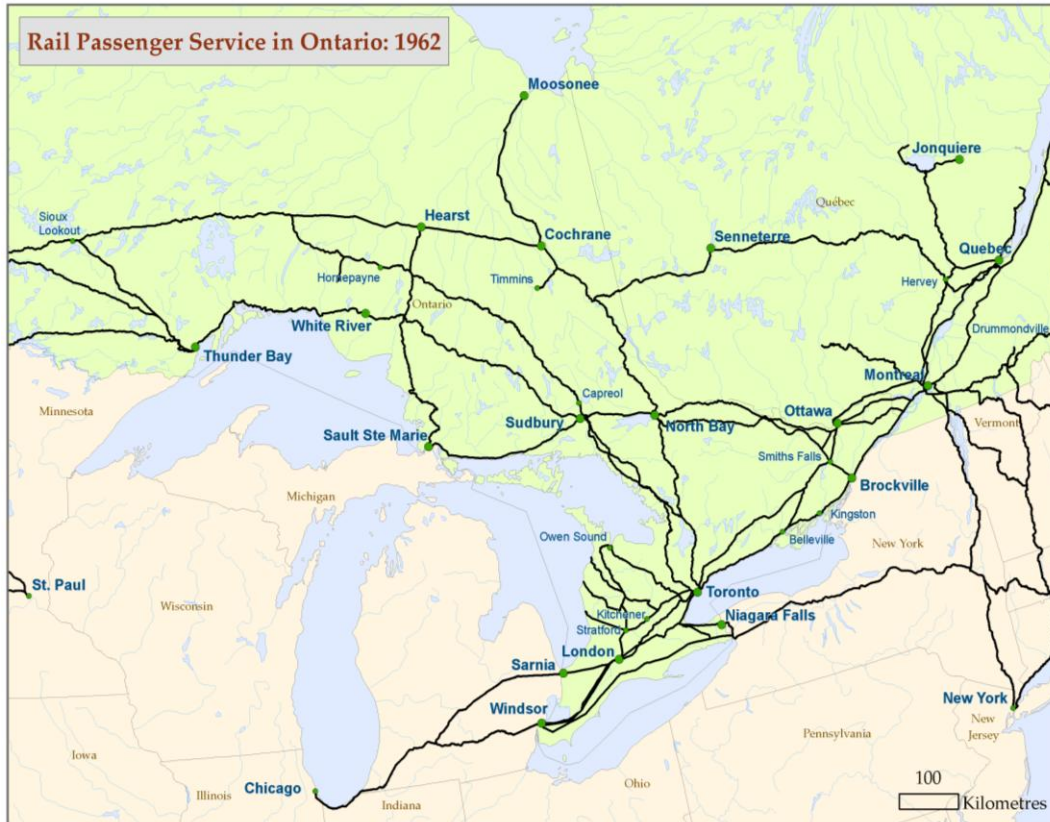
Collenette stepped down as transport minister in the 2004 transition to Liberal Prime Minister Paul Martin's government and the project died. No one in Martin's government took up the cause. In fact, the Liberals once again became anti-VIA, harking back to Martin's former ownership of one of the country's largest bus lines and his outspoken criticism of continued rail passenger service.

Now, VIA is in turmoil again, but it is an odd situation. There are powerful cabinet ministers who are pro-rail, including Minister of Finance Jim Flaherty and Minister of Foreign Affairs John Baird. It is thanks largely to them that VIA was given \$923 million in 2007 for a five-year capital investment program. The funding has mainly been targeted at the Quebec-Windsor Corridor and fleet renewal. These projects have not all gone smoothly, for a variety of reasons.

Furthermore, although this is the largest one-time infusion of capital money ever received by VIA, it still isn't enough to decisively modernize the railway and dramatically improve its efficiency and cost recovery.

CANADIAN RAIL PASSENGER RIDERSHIP: 1977-2010





Maps by Matthew Buchanan.

As part of a 2012 government-wide budget reduction, the Harper government cut \$41 million from VIA's annual operating grant, which was frozen at \$166 million in 1998 with no provision for inflation. On June 27, 2012, VIA announced it was trimming service across Canada. This included a reduction of the *Canadian* from tri-weekly year-round to only two departures weekly between October and April. Other services were also greatly reduced.

VIA president Marc Laliberté denied the reductions resulted from the government's budget cut. He described the corporation's actions as "the next phase of its modernization project" and "rightsizing" based on market demand.

These latest VIA cuts are having a devastating effect on the mobility of many Canadians who can least afford to have their travel options reduced. The human face of this nationwide tragedy was accurately captured by *Toronto Star* transportation reporter Tess Kalinowski in her article of March 17, 2013. (See http://www.thestar.com/news/gta/2013/03/17/via_rail_cuts_strand_smalltown_travelers.html)

Early in 2013, it appeared VIA was once again in a potentially fatal position. This was pointed out by MP Bruce Hyer in his statement to the House of Commons and his press release of February 28, 2013 (see Attachment C).

The Main Estimates for 2013-2014, presaging the Federal Budget, called for a reduction in VIA's funding to \$187.8 million for both operations and capital improvements. The VIA national system as it now exists couldn't withstand such a steep funding cut on top of the three-year reduction brought down in 2012; route eliminations would be inevitable.

But when the Federal Budget was unveiled by pro-rail Minister of Finance Jim Flaherty on March 21, it included \$54.7 million for VIA operations under the latest Economic Action Plan. No core budget was indicated and no one within VIA or the government could say if this funding was in place of or in addition to the \$187.8 million in the Main Estimates. A rail-friendly Conservative MP eventually confirmed that VIA would receive a total of \$242.5 million in 2013 and the national system would be maintained for at least another year.

This demonstrates just how slender is the thread by which VIA's future hangs. The 2013 budget will keep it going, but not decisively fix it. It is uncertain how much longer VIA can survive without the essential physical, financial and legislative tools it has always required but never received. It has been allowed to ebb along for so long that the cost of reviving it may provide the perfect "out" for any government that doesn't understand the long-term payback that will flow from the required investment.

This is no way to run a railway.



IN KINDER, GENTLER TIMES: When CP proudly dispatched *The Canadian's* first two cars on a cross-country tour in the summer of 1954, Canadians believed a new era in rail travel was dawning. The new Budd rolling stock was a crowd pleaser at every stop across the CP system, including Toronto's Canadian National Exhibition (above) and the CP Sudbury station (below). Today, many Canadians are hoping for the same rail passenger renewal that CP promoted back in the mid-1950s, although the outcome is far from certain. Photos from the Greg Gormick Collection.



3.0 Why Passenger Trains?

With these daunting challenges, it's not unusual for Canadian rail passenger advocates to be asked why they continue to fight for a larger and better network of passenger trains across the country. As well, there are still naysayers who question public investment in rail service, although their voices are growing fainter as the evidence in favour of passenger trains grows in all the other G8 nations.

As part of the National Dream Renewed town hall workshop presentation, the following reasons are cited for public investment in passenger trains:

- Safest form of intercity transportation
- Highest energy efficiency of all land modes
- Lowest environmental footprint of all modes
- High degree of passenger comfort
- Ease of accessibility for those with special mobility needs
- All-weather travel option, often operating safely and reliably at times when the other modes are delayed or shut down
- Cost-effective, if modernized and operated properly
- Insurance against volatile and uncertain oil prices and availability
- Powerful symbols of Canadian national unity and security.

The benefits of public investment in rail passenger projects have been broadly catalogued by numerous public and private agencies in other countries. Among the points they cite in favour of public spending on passenger trains are:

- Diversion of traffic from other publicly-supported modes of transportation, such as highways, making investments in capacity expansion unnecessary
- Job creation throughout the project's supply chain during the construction or equipment manufacturing phases
- Ongoing jobs and economic spin-off from the operation itself and its consumption of purchased supplies and services
- Large present and potential spinoff benefits for tourism sector
- Savings in health care costs due to traffic diversion from less safe modes, such as the highways, and reductions in emissions affecting public's health
- Savings in national energy costs, given the higher energy efficiency and reduced fuel requirements of rail
- Residential and/or commercial development and economic activity created in the areas surrounding the stations and other facilities.

In its April 2009 *Vision for High-Speed Passenger Rail in America*, the U.S. government broadly outlined the benefits of public investment in both conventional and high-speed rail passenger service:

- Ensure safe and efficient transportation choices
- Promote the safest possible movement of goods and people, and optimize the use of existing and new transportation infrastructure
- Build a foundation for economic competitiveness
- Lay the groundwork for near-term and ongoing economic growth by facilitating efficient movement of people and goods, while renewing critical domestic manufacturing and supply industries
- Promote energy efficiency and environmental quality
- Reinforce efforts to foster energy independence and renewable energy, and reduce pollutants and greenhouse gas emissions
- Support interconnected, livable communities
- Improve quality of life in local communities by promoting affordable, convenient and sustainable housing, energy and transportation options.

However, successive Canadian governments have cavalierly dismissed these views. Instead, they always make rail passenger funding a matter of so-called fiscal responsibility, describing public spending on rail services as “a subsidy,” while highway and aviation funding is invariably called “an investment.”



COST-EFFECTIVE GRIDLOCK BUSTER: The four-track railway line on the right can carry the equivalent of one hour’s worth of the six-lane highway on the left – plus 26 additional lanes of traffic. Still, Canadian governments typically describe spending on highways and aviation facilities as “investments,” while railway improvement and expansion funding is called “subsidization.” GO Transit photo by Tim Hudson.

3.1 The Economic Case for Passenger Trains

Various rail industry associations have analyzed and quantified the multiple rail investment benefits through a series of calculators, arriving at general economic impact figures. In the U.S. – where competitive transportation, demographic and geographic conditions most closely resemble those in Canada – the following conclusions have been reached:

Association of American Railroads (AAR)

- Every \$1 million of investment in rail infrastructure generates \$3 million in economic activity, according to U.S. Department of Commerce data.
- Each \$1 million of investment in rail infrastructure to expand capacity creates an estimated 20 jobs.
- Railways invest 40 cents out of every revenue dollar right back into the rail network, more than twice the rate of other industries.

States for Passenger Rail (S4PR)

- \$1 million spent on passenger rail projects creates 30 new jobs.
- Rail stations are active catalysts for economic growth with many being developed into mixed-use properties that include offices and retail.

American Public Transportation Association (APTA)

- \$1 million invested in public transportation generates \$4 million in economic returns.
- \$1 million in public transportation supports and creates 36 jobs.
- \$1 million in capital investment in public transportation yields \$3 million in increased business sales.
- \$1 million in operating investment yields \$3.2 million in increased business sales.

In March, 2013, Amtrak president Joseph Boardman reported that the U.S. passenger carrier had reached 88 per cent cost recovery in 2012 and, for every dollar of public funding it had received since 2010, it had generated three dollars of economic stimulus.

One of the numerous working examples in the U.S. that demonstrates the impact of rail passenger investment and operation is Maine's *Downeaster*, linking Boston with Portland and Brunswick. It is funded jointly by the federal government through Amtrak and the State of Maine. The *Downeaster* is managed by the Northern New England Passenger Rail Authority, a public agency created in 1995 by the Maine State Legislature.

Before its launch in 2001, the route hadn't had passenger service for 25 years – two years longer than the gap in VIA service to Lake Superior's North Shore.

A 2008 study of the impact of the *Downeaster* found:

- Ridership rose 32% in 2006, 5% in 2007 and 20% in 2008.
- On the connecting Rockland Branch, ridership rose 26% in 2007.
- In Old Orchard Beach, two hotels and a \$20 million residential and retail complex have been constructed within two blocks of the station.
- In Saco, developers have broken ground on a \$110 million conversion of an old mill property by the station into a retail, office and residential complex.
- A 30-acre site next to the Portland station is for sale for \$12 million for mixed housing and commercial development.
- In Brunswick, developers are seeking planning board approval for a \$30 million hotel, retail, office and residential complex that is projected to create 200 jobs and \$500,000 in annual tax revenues.



Photo by Brad Noyes.

Downeaster ridership continues strong even in today's weakened travel market. In FY 2010, it set ridership and revenue records with increases of 3.9% and 3.3% respectively. Ridership is expected to increase by another 36,000 annually as a result of the 2012 inauguration of the 30-mile extension to Brunswick.

In promoting his plan for a restoration of Toronto-Peterborough passenger service, Conservative MP Dean Del Mastro issued a report that leaned heavily on the *Downeaster's* positive economic impact. It was titled *This Train Means Business*.

Trains do, indeed, mean business, but not just economically.

3.2 The Environmental Case for Passenger Trains

A recent poll by GlobeScan Radar of 23,000 respondents in 22 countries indicates a drop in public interest in environmental issues due to the rise in personal economic concerns. Sadly, the environment issue ride waves of public interest, but it will come back. When it does, the environmental case in favour of a greater reliance on rail will once again become an issue of importance.

Unfortunately, VIA and Canada's railway industry in general have done a poor job quantifying and promoting their own environmental scorecard. Data on the well-known advantages of passenger diversion from road and air to rail in Canada is skimpy, at best. This should be compared with Amtrak, which watches its environmental progress closely and makes much of reporting it.

Nonetheless, the environmental credentials of the passenger train are stellar. In promoting its commuter rail passenger service in the Greater Toronto Area (GTA), provincially-funded GO Transit points out:

“One 10-car GO Train carries about the same number of people as 1,400 cars.... In just one hour on a typical weekday morning, some 45,000 passengers arrive at Toronto's Union Station by GO Train. If all those people drove instead of taking transit, the GTA would need to build four more Gardiner Expressways and four new Don Valley Parkways to accommodate that amount of traffic.”

A double-track railway line with a modern signalling system can handle the passenger and freight equivalent of 16 lanes of traffic on one of those so-called “super highways.” The land take alone to create this highway capacity would be staggering, ripping a jagged wound in any urban area.

The rail corridors already exist and can generally accommodate additional tracks with no additional land take. As well, capacity can be boosted further with the modern, computer-driven rail traffic control systems now available off the shelf from established manufacturers, including some Canadian firms.

Although it is unlikely to occur in Canada under present economic conditions, a railway line offers something no highway can: Convertibility from oil-driven diesel power to electric traction, which can be derived from an extensive list of renewable sources, including hydro, geo-thermal, tidal, wind and solar.

If an Olympic Gold Medal existed in transportation, electric railroading would win it – but Canada wouldn't even qualify to enter the competition. Introduced on the Baltimore & Ohio Railroad in 1895, electric trains are unbeatable by other modes of land transport in speed, power, efficiency and environmental impact. Electricity powers the 300-km/hour passenger trains of Europe and Japan, propels the world's heaviest freight trains in South Africa, and, from Manhattan to Munich to Mumbai, moves millions of rail commuters daily.



ENVIRONMENTAL OLYMPIAN: Transportation's environmental gold medal holder is electric railroading, as exemplified by this Amtrak Northeast Corridor train. With their adaptability to electric propulsion, passenger trains are the only form of intercity transportation that can be immunized from fluctuations in oil prices and availability. Photo by Joseph Barillari.

In Canada, 0.2 per cent of our railway system is electrified: only Montreal's 32-kilometre commuter line under Mount Royal. The U.S. total is somewhat better at one per cent, mostly on Amtrak's Boston-Washington corridor and some heavily used commuter lines on the eastern seaboard and in Chicago.

Nonetheless, even modern Canadian passenger and freight locomotives – which actually are diesels generating electricity that is sent to the traction motors on the axles – have become much more energy efficient in recent years. They deliver numerous environmental advantages over other forms of intercity transportation, especially the car and short-haul commercial aircraft. If VIA has gotten one thing right in recent years, it's one of the slogans it employs: "A green choice."

Although the circumstances are slightly different in the U.S., thanks to Amtrak's electrified operations on the Northeast Corridor and more efficient fleet, some idea of the environmental benefits of modern passenger railroading can be gleaned from the data compiled by the National Association of Railroad Passengers. In terms of energy efficiency alone, the organization points out:

- Airlines consume 20 per cent more energy per passenger mile than Amtrak; cars consume 27 per cent more energy per passenger mile than Amtrak. Amtrak consumes 2,435 British Thermal Units (BTUs) per passenger-mile to airlines' 2,826, and automobiles' 3,538. The highway showing would be even worse if light trucks, commonly used as personal vehicles, were included.
- In 2007, 2.8 billion gallons of fuel was wasted solely due to highway congestion in 85 urban areas across America.
- Improvements spurred by passenger rail demand have helped increase freight rail mobility. Freight rail has a fuel consumption rate 11.5 times more energy efficient than trucks. A single intermodal freight train can take up to 280 trucks off the highways. Without rail as an option, freight shippers would have to put 50 million additional trucks on the roadways.
- Technological advances make new passenger and freight equipment more and more energy efficient. Fuel efficiency on freight locomotives is 75 per cent improved since 1980.... [T]hanks to improved operating practices and higher load factors, energy efficiency is steadily improving, enabling Amtrak to exceed its commitment to reducing carbon dioxide emissions as a Chicago Climate Exchange member. The Chicago Climate Exchange is a global marketplace in which members who beat their emission reduction targets can sell credits to members who are not meeting targets.

U.S. MODAL ENERGY EFFICIENCY PER PASSENGER-MILE



While controversial, a carbon tax on transport would dramatically change the fortunes of Canada's passenger trains by coaxing travellers to reform their habits through their wallets. It would compel those who use the modes that emit the highest amounts of carbon to pay the full cost of doing so. As travellers who produce the lowest amount of carbon and, therefore, contribute the least to global warming, rail passengers would pay the lowest taxes.

There is every reason to believe the modal shift to rail that would occur as a result of a carbon tax would have a large and positive effect on VIA's ridership and its bottom line. Rail passenger and freight service, as well as urban transit, would enjoy a renaissance of unparalleled dimensions.

It is clear passenger trains can be part of the solution to Canada's growing environmental problems, many driven by our addiction to oil, particularly for transportation purposes. As the Bombardier website on rail-based transportation accurately states, "The climate is right for trains."

MODE	ENERGY INTENSITY (BTU/PASSENGER MILE)
Transit buses	4,160
Personal trucks	4,008
Commercial aviation	3,587
Cars	3,549
Light and heavy rail transit	3,228
Intercity rail passenger	2,935
Commuter rail	2,751
Motorcycles	2,049
Vanpool	1,401

MODE	BTUs (TRILLIONS)	SHARE (%)
Cars	9,255	32.3
Light trucks	6,989	24.4
Medium/heavy trucks	5,142	17.9
Air	2,217	7.7
Off-highway vehicles	2,203	7.6
Marine	1,032	3.6
Pipeline	960	3.3
Rail freight and passenger	626	2.1
Buses	187	0.6

Source: U.S. Department of Energy Transportation Energy Data Book: Edition 25

4.0 North Shore Rail Challenges and Solutions

With the demonstrated benefits of increased dependency on passenger trains, one would think the case in favour of restoring service to Thunder Bay and the North Shore would be self-evident. The required rail line is in place, modern passenger equipment is available and the public has repeatedly demonstrated its desire to see it happen. Physically, such a project faces few challenges.

This situation is not unique to this region. The dream of restored rail passenger service is shared by many like-minded Canadians from the Atlantic to the Pacific who have watched their trains being hacked away over the last half-century.

But there are three major institutional and/or political roadblocks facing the restoration of VIA service to Thunder Bay and the North Shore:

- A lack of federal government rail passenger policy;
- A lack of adequate and sustainable funding for VIA; and
- A flawed relationship between VIA and the freight railways.

All three issues are interlocked and resolvable. However, that resolution is going to have to come in each case through leadership from the federal government.

4.1 National Rail Passenger Policy

There's an easy way to describe Canada's rail passenger policy: non-existent. Despite those rosy words from Liberal Minister of Transport Otto Lang back at the dawn of VIA in 1976, the only unstated policy that is readily apparent seems to be one based on the determination of successive federal governments to kill our remaining passenger trains as quickly as politically possible.

Today, the situation has grown confusing for Canadian rail passenger advocates because of the unclear position of the current government of Prime Minister Stephen Harper. In common with so many other governments of the past, it would seem this government is disinterested in the continuation of a national and sustainable rail passenger system. But looks can be deceiving.

On October 11, 2007, then Minister of Transport Lawrence Cannon and Minister of Finance Jim Flaherty announced a \$516 million capital investment plan for VIA. Two years later, this was expanded under the government's Economic Action Plan with \$407 million in additional funds (see Attachment D).

At \$923 million, this is the largest infusion of much-needed capital that VIA has ever received. This is still inadequate for complete renewal, yet VIA has never had the courage to say so. Only the Rail Passenger Action Force was willing to tell a previous government exactly what was required to fully modernize VIA in order to boost its performance, ridership, revenues and cost recovery.

Can Canadians expect such a sea change at VIA and the resolution of this problem that has hindered any meaningful advancement for nearly 40 years? The answer rests in the personalities involved. This is all to the good when it comes to discussing the ways and means of reviving VIA and then pushing for its overdue expansion, including restoration of service to the North Shore.

There were three good reasons for VIA's initial (if inadequate) injection of capital funds beginning in 2007: former transport minister Lawrence Cannon, Minister of Finance Jim Flaherty and then environment minister John Baird. All support rail passenger service and urban transit. Other Conservatives are also passenger trains boosters, including Peterborough MP Dean Del Mastro, who chairs the House of Commons All-Party Rail Caucus, and Yellowhead MP Rob Merrifield, who served as minister of state for transport from 2008 to 2011.

Even with Cannon gone as a result of his electoral defeat in 2011, this remains a formidable team of rail supporters. But well meaning as they may be, there is still no indication as to how informed they may be. The senior civil servants hostile to VIA, along with VIA's own managers, have frequently misled and misinformed these politicians.



TRAIN-FRIENDLY CONSERVATIVE: Peterborough MP Dean Del Mastro (far left) proves some members of the current government fully support rail passenger investment. In the company of the author of this report (far right), Del Mastro is seen in 2010 inspecting the route of the \$300 million Toronto-Peterborough passenger service he is working to launch. Photo by Randy Marsh.

This civil service hostility is due to a variety of factors. However, the one that drives them hardest is their traditional desire for professional advancement. This is not new. At the conclusion of the Rail Passenger Action Force's attempts to cure VIA back in 1984-1985, some team members wrote up their impressions of the whole exercise just before the Mulroney government swept them out of power and sealed their papers. One of those summary documents provides insight into the relentless undermining of rail passenger service by the senior civil servants:

"We wanted VIA to have a positive, innovative mandate with minimal interference by Ottawa (this, of course, would first require the installation of adequate management) and potent powers vis-à-vis CN and CP.... Federal officials, led by senior Transport bureaucrats, are totally against this approach. They want VIA to be under their complete control, far beyond the already-strict provisions of the governing *Financial Administration Act*. The concept of installing good management, giving it the required powers and budget, and then holding it accountable for reaching approved goals is completely alien to the Ottawa mentality....

"Finance and Treasury Board ... earn their points today by short-term cuts in government spending and the VIA programme has always been an inviting target. There is no incentive for these financial bureaucrats to permit spending now to modernize VIA in order to achieve long-term reductions of the deficit."

In its report, *Towards a Modern and Innovative VIA Rail Canada*, the Action Force commented on a favourite tactic employed by the civil service to delay VIA investment: consulting studies. The Action Force pointed out the interminable reports demanded of VIA "may have resulted from an insatiable appetite on the part of Federal officials for studies, evaluations, reports and data – as if information with the name of a financial/management firm is to be accepted, while information prepared by VIA is not. 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 of this must change in the future if VIA is to become the type of innovative, action-oriented company we believe is essential."

This situation has only grown worse since 1985 and, quite bluntly, the bureaucrats are not to be trusted in advising those who will determine VIA's fate.

Today, VIA itself is not necessarily well informed or even in favour of maintaining the operation nationally. As has always been the case, the board of directors is politically appointed. The current board is long on political connections and short on relevant transportation expertise. It is and always has been badly in need of reform through the insertion of directors who have knowledge of and enthusiasm for a publicly-owned rail passenger service.

But board reform would still not be enough to get VIA back on track. The directors are reliant on VIA staff for information and advice on which they base their decisions. VIA's judgment and performance have proved faulty over the last three years, the mishandling of many projects under the \$923 million capital program being the proof. Public funding has been misallocated and Canada still doesn't have a national passenger service to adequately meet its needs – not even in the central Canadian corridor, where most of the recent capital was invested.

It's only necessary to cite one example of how current VIA management is part of the undermining of the national system as a result of the complete absence of a national rail passenger policy. This concerns what is now being referred to as "VIA's Golden Triangle." Since the early 1980s, VIA management has been mesmerized by the Quebec-Windsor Corridor. To be fair, this is the most populous region of Canada and it generates the most rail passenger ridership. But it has become VIA's focus to the point of obsession.

In the aftermath of the cuts announced on June 27, 2012, VIA's president Marc Laliberté embarked on a series of "feel good" appearances before various business groups, mainly in central Canada. According to Laliberté – who had no rail passenger experience prior to his VIA appointment in late 2009 – there is no justification for passenger trains on runs in excess of 800 km or less than 160 km. These trips, he says, should be made by other modes of transportation.

Laliberté also rejects the provision of short-haul VIA services around large urban centres in favour of commuter trains. While there is some route overlap, VIA and the commuter systems provide entirely different types of services. One does not replace the other. The two should work in partnership to fill different market niches and complement each other, as they do in major centres around the world.



HIGH-SPEED DREAMS: For 30 years, VIA and government commissions have spent millions of public dollars studying without resolution the construction of a Canadian version of foreign high-speed passenger system, such as the German ICE (left) or the French TGV (right). Photo by Stefan Wohlfahrt.

Furthermore, Laliberté envisions the construction of an all-new, electrified high-speed rail (HSR) system serving the Montreal-Ottawa-Toronto triangle, with a possible extension to Quebec City. This idea has been studied and rejected on numerous occasions over the last 30 years. HSR is a worthwhile long-term objective, but it's premature in Canada.

The approach in every other country that has constructed HSR is best described as incremental. As traffic, speed and frequency built on the existing lines and they reached a point where further physical improvements were not possible or advisable, then the new, dedicated HSR line segments were built.

Canada is decades away from this point on even its busiest passenger routes in central Canada. VIA's previous president, Paul Côté, recognized this and the corporation pursued an incremental corridor rail strategy from 2002 until his departure in late 2009. The plan, titled *VIAFast*, was endorsed by Minister of Transport David Collenette, rejected by the Liberal government of Prime Minister Paul Martin and has since gone by the wayside.

Chris Taylor, the New York-based deputy director of high-speed rail for AECOM, has suggested it would be preferable to resist the HSR dream and think more realistically under a concept he calls high-performance rail (HPR):

“HPR is an approach that delivers an appropriate rail system for each market, and measures that system in terms of ride quality, frequency, reliability, safety, on-time performance, amenities, station environments, local transit and airport connectivity, and, yes, speed. Using these criteria collectively puts rail in a new light. Rather than being a foreign, elitist, or extravagant expense, it becomes an attractive, effective, and affordable transportation alternative. Passenger rail can thus be transformed from an abstract indulgence to an urgent local priority....

“Speed is compelling. But it is not always the best criterion. In truth, most transportation modes actually ‘sell’ performance. Airlines never talk about how fast their planes fly, but they are expert at selling performance—legroom, in-flight movies, airport lounges, and so forth. We must bring that perspective to passenger rail by promoting HPR. By taking a holistic approach to rail, by shrewdly and fairly apportioning limited funds, the Federal Railroad Administration is, in effect, advocating high-performance rail.”

This is not the case with the most recent Canadian HSR study, which was leaked to the press in October, 2011 (see Attachment E). Commissioned by the federal, Ontario and Quebec governments at a cost of \$3.4 million, it re-plowed ground covered by a \$6 million Ontario-Quebec government study in 1995, which flowed from a 1991 interprovincial study that consumed another \$6 million.

The 2011 HSR study recommended 200 or 300 km/hour service linking Toronto, Ottawa, Montreal and Quebec, with nothing for southwestern Ontario or across the border to connect with the expanding Amtrak system. Intermediate cities along the truncated HSR corridor would have their trains replaced by buses. Much of the public investment made in the existing infrastructure would be wasted in favour of an all-new Quebec-Toronto “greenfield” system costing \$14 billion to \$16 billion that wouldn’t carry its first passenger for 15 years.

With this intense focus on the Golden Triangle, it is little wonder VIA chose these routes for the investment of a large portion of the \$923 million from the current government. But the project is late, over budget and incomplete, thanks largely to CN, which owns most of the infrastructure and insisted on being in total control of the VIA-funded projects. Even after adding long segments of third main line to this double-track route, CN is balking at allowing additional VIA trains on certain segments of the corridor, notably Toronto-Montreal.

This matter was brought to the attention of the Auditor General of Canada by Transport Action. The request for an investigation was acknowledged, but no commitment was received. On the other hand, every Crown agency undergoes a thorough investigation by the Auditor General on a five-year cycle. This is VIA’s year for a full audit.

VIA’s Golden Triangle now faces increased competition from short-haul air services for the end-to-end traffic. VIA continues to focus on this highly-competitive end of the business, but has reduced service to intermediate points, which don’t have air or adequate bus service and have always supported VIA heavily. The projected ridership and revenue increases VIA used to justify the capital investment haven’t materialized.



YOUR TAX DOLLARS AT WORK: The upgrading of VIA’s Toronto-Montreal route with strategic triple-tracking and grade separations like this one near Gananoque, Ontario, is impressive and useful. But the \$340 million (or more) budget has been entrusted to CN, which will charge VIA to use this new taxpayer-funded infrastructure under a contract the government won’t make public. Photos by Ray Farand.

This is a prime example of how Canada has failed to adopt a logical *national* rail passenger policy. It's not even a logical *corridor* rail policy. It contrasts sharply with the policies throughout most of the industrialized world, including the U.S. Until this narrow and ill-informed thinking is replaced with an all-inclusive rail passenger vision reflecting the needs of Canadians nationwide, VIA will go nowhere. Such a vision by government must be at the core of any attempt to give Canada the rail passenger system – indeed, the national public transportation system – it requires and will support.

4.2 VIA's Uncertain Funding

With a national rail passenger policy in place, the next requirement is funding to make it real. Providing adequate, predictable and strategic VIA funding has been a major failing from the start.

In building their case against VIA, senior bureaucrats always comment on the large amounts of public spending made on its behalf. There is no doubt VIA has consumed a significant quantity of public funds throughout its 36-year history, although one must put it in perspective by considering the even larger and un-recouped amounts that have gone to highways and aviation.

What VIA's opponents never discuss is the manner in which that public money has been spent and who must bear responsibility for it. The absence of a rail passenger policy is at the heart of this problem. So is government's failure to invest in the modernization of every aspect of VIA to make it a much more competitive, efficient and cost-effective provider of public transportation.

This, too, was a prime concern of the Mulroney government's Rail Passenger Action Force in 1984-1985. In their final report, the team members said, "We remain convinced that, whatever the budget finally provided to VIA, the only way to stop the drain of government funds to VIA is to modernize the corporation. In fact, the only alternative is to shut it down completely."

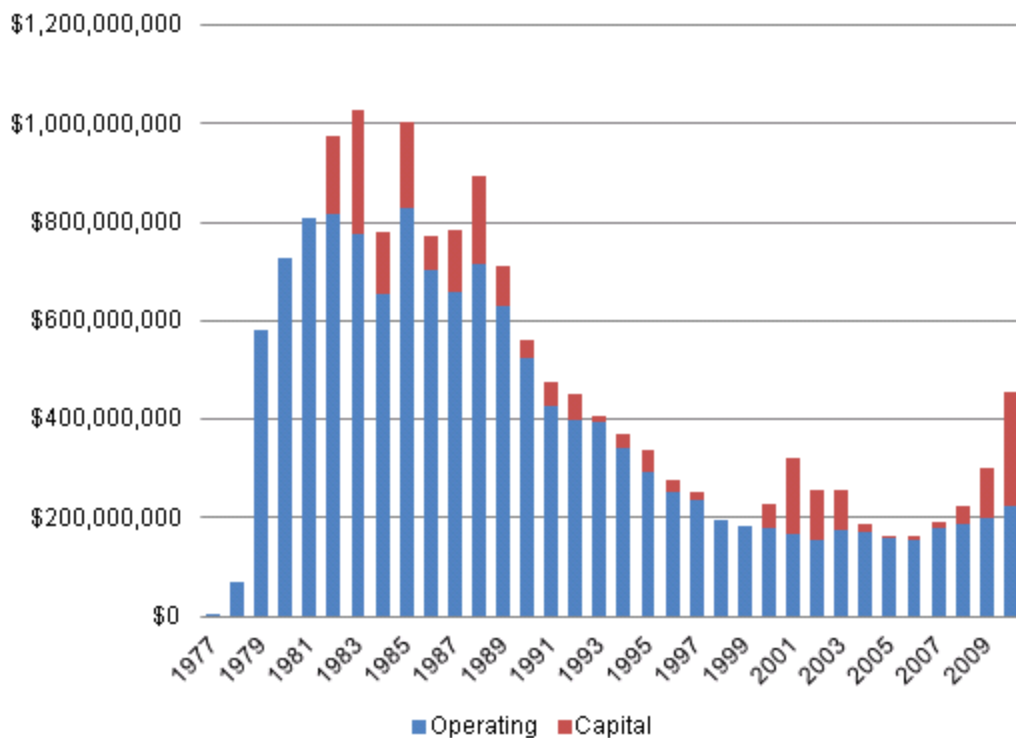
This and other warnings were not heeded. Without adequate funding to bring about the modernization envisioned by the Action Force, VIA has wandered on for a further 28 years, consuming public funds to maintain an inadequate, high-cost service. Then, as now, it requires strategic funding to be converted into a competitive, cost-effective and financially defensible transportation provider.

One of the arguments used by bureaucrats and VIA's competitors is that this entails an ongoing subsidy, as if that's necessarily a bad thing. Ponder the other services that require subsidies and don't fully recoup their direct costs. These include all other modes of transport, medical care, emergency services, the military, education, parks, libraries, government ministries and even Parliament itself. But these subsidized public services return much more than their out-of-pocket costs in public security, health, economic stimulation and social development. Why should rail passenger service be viewed any differently?

As for VIA's competitors, they have little to complain about. Bus companies and airlines have enjoyed hefty subsidies much longer than the rail passenger service. These have been direct and indirect, some quite hidden from public scrutiny.

VIA's competitors can crow all they want about how governments have increased the user fees for the public facilities and services that enable their businesses to exist, but those fees still don't cover the full costs. As well, the long and historic subsidies to aviation and road transportation are still at work through the infrastructural foundation built over a period of more than half-a-century.

VIA RAIL CANADA FUNDING: 1977-2010



What also needs to be established is the fact that there isn't a rail passenger system in the world that operates without public investment. It was the erosion of the profitability of passenger trains through a failure to recoup all of the costs of publicly-funded highways and aviation systems that drove the privately-owned railways out of this business. The situation hasn't changed since then.

While certain heavily-travelled routes on other publicly-funded rail systems in some countries do generate an operating profit, the complete systems do not. Not only are the unprofitable routes maintained to provide important public services, they also feed the profitable corridors. Without this feeder traffic, many profitable lines would dip into the red. This was best said by Amtrak president David Gunn, now living in retirement in Cape Breton.

In his April 10, 2003, testimony before the U.S. House Committee on Appropriations, Subcommittee on Transportation, Treasury and Independent Agencies, Gunn gave Congress the cold, hard facts about passenger train profitability in the face of subsidized competition. Said Gunn:

“Myth #1 – Amtrak can be profitable. No national rail passenger system in the world is profitable. Without public subsidy, there will be no passenger rail transportation systems in the U.S.

“Myth #2 – The private sector is dying to take over our services. Remember why we were formed. We are what is left of a once privately run enterprise....”

What Gunn said about Amtrak is equally true of VIA. It’s time for politicians and bureaucrats to get over the fiction of Canadian rail passenger profitability and approach the issue logically. What is required is a degree of real-world political maturity that has been sadly lacking throughout VIA’s existence.

Then, there is the issue of funding sources. Canada is unique in drawing its rail passenger funding from only one source, namely the general revenues of the federal government. VIA receives nothing directly from the federal fuel tax or any other dedicated revenue stream.

Furthermore, the provinces have consistently rejected the idea they should contribute to the funding of VIA, portraying it as a solely federal responsibility. Their stance has always been that they have helped support urban transit and the highway system while the federal government traditionally has not, although this is not quite true.

The validity of the argument about areas of exclusive federal-provincial responsibility is evaporating now that the federal government is making more-frequent contributions to major urban transit projects. Federal funds also go into certain provincial highway projects.

More importantly, intra-provincial intercity transportation needs are increasing. The ongoing deterioration of intercity bus service on the provincially-owned highway systems has contributed significantly to the decline in intra-provincial mobility. Mobility is not strictly a federal issue, and it’s time for the provinces to face that fact. Two of them have done so in the past.

Until 2004, British Columbia paid for the passenger service on its publicly-owned northern development railway, BC Rail. The North Vancouver-Prince George service was axed in the lead-up to the privatization of the railway.



PROVINCIAL PRECEDENT SETTER: Not only is the federal Conservative government investing \$150 million in the revival of the Toronto-Peterborough passenger trains, it has also convinced the Government of Ontario to contribute an equal amount – putting an end to the myth that provincial governments have no precedent for intercity passenger investment. Photo by David Onadera.

Similarly, Ontario cut its Toronto-Cochrane *Northlander* in 2012 in preparation for the privatization of the Ontario Northland Transportation Commission (ONTC). Previously, Ontario had subsidized a wide range of ONTC rail passenger services. It is still supporting its Cochrane-Moosonee *Polar Bear Express*, as well as ONTC buses connecting Toronto with numerous points in the North.

Ontario also briefly covered a portion of the cost of an additional Toronto-London VIA service geared to the weekday commuter market beginning in 1991. Therefore, it's not accurate for the provinces to say there is no precedent for provincial funding of intercity rail passenger service.

Another precedent in favour of provincial investment in intercity passenger trains is being set right now. Following his first election win in 2006, Conservative MP Dean Del Mastro promoted the restoration of passenger service from Toronto to his riding of Peterborough. This train was cut by the Liberals in 1982, restored by the Conservatives in 1985 and then cut by the same government in 1990.

In fighting for the restoration of this service, Del Mastro has been greatly aided by pro-rail Minister of Finance Jim Flaherty. The route slices through the north end of his Oshawa riding. Flaherty and Del Mastro secured \$150 million in federal funds and convinced Ontario to contribute an equal amount.

The Peterborough project will require the complete rebuilding of the deteriorated CP freight line to passenger standards from the east side of Toronto to Peterborough. As a result, the province is now involved in a rail passenger project that is far more than just a GO-style commuter service. VIA is one of the potential operators.

The 122.4-km Peterborough project mirrors U.S. funding policies, where state governments have played a major role in partnership with Amtrak in expanding and even restoring intercity services. Under these cost-sharing agreements, a series of useful and well-used trains have been added progressively to the national network on 22 routes in 15 states. As well, municipalities have stepped forward to share the cost of maintaining their local Amtrak stations.

This joint funding has played a major role in Amtrak's success in building regional corridors as important feeders to its national network. While it would no doubt be a major battle to get the provinces to participate in the funding of VIA, the alternative may be that several regions outside the Quebec-Windsor Corridor will wind up bereft of VIA service or any form of public transportation if the provinces don't come to the table.

A logical starting point would be the mandated remote trains that weigh heavily on VIA's finances. At the time of the 1990 service cuts, nine VIA routes were declared protected because they serve areas with few or no other transportation options. Of the nine, one has been dropped because CN abandoned the line and another has been transferred to First Nations management with a federal subsidy. The other seven routes remain VIA's responsibility.

Quite simply, most of these routes do not fulfill national objectives, even though they remain important on a regional or local basis. What's more, they're expensive, costing about \$50 million annually and, by virtue of the lightly populated areas they traverse, generating few passengers and little revenue. The remote services eat up nearly one-third of VIA's scrawny federal operating grant.

There is no reason why the provincial governments shouldn't be compelled to share in funding these remote trains. Because the provinces have failed to provide year-round highways to these areas, they are regional and local lifelines.

Not that anyone would advocate building new roads in the environmentally-sensitive and lightly-populated areas served by these trains, but the provinces would do well to contemplate the enormous costs they would incur if the trains were discontinued and they had to fill the gaps through highway construction.

This funding issue must be resolved if VIA is to thrive. The funding mechanisms and amounts are inadequate, as they have been throughout VIA's troubled life.



SECOND CLASS CANADIAN: VIA's *Canadian* cools its heels in the siding – “in the hole” in railway terminology – as a CN freight train races by on the main line. The *Canadian's* on-time performance is regularly made a shambles by CN shoving it aside for its own freight trains. Photo by Steve Bradley.

4.3 VIA and Canada's Freight Railways

VIA operates 497 trains weekly over a 12,500-km route network. On all but 223 km of this system, it is at the mercy of Canada's two largest freight railways, CN and CP; the bulk of the operation is on CN lines. To say that VIA doesn't receive fair treatment from its principal landlord is an understatement.

Since CN's 1995 privatization, its managers have made no bones about their desire to see VIA roll over and die. At the Canadian Political Science Association conference at Ottawa's Carleton University on May 14, 2009, author Malcolm G. Bird delivered his paper, *Where is VIA Going?* In it, he pointed out:

“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.”

Until the Chretien government prepared CN for privatization, there had always been a general philosophy in Ottawa that the freight railways had to adequately accommodate VIA because they had been relieved of their statutory obligation to directly provide passenger service. This also created a mechanism to compensate them more fully for the track time, capacity, infrastructure maintenance and other services required by the passenger trains.

But in trying to make CN an attractive investment, the Chretien government began rewriting the legislation and agreements that had somewhat protected VIA from the freight railways. The view was that CN should be as unencumbered as possible by public obligations, becoming a pure freight railway with no need to accommodate passenger trains except under terms it set itself – if at all.

The worst aspect of this one-sided relationship is the 10-year train service agreement VIA was left to negotiate on its own with CN in 2007, although a CN executive now says it was signed in 2009; even the date seems to be secret. The federal government provided no assistance or legislative clout in the negotiations.

As a result, VIA is paying CN on a scale that is sliding upwards at a frightening pace. In its first five years, CN's charges to VIA increased by 42 per cent and are going to rise another 40 per cent before the contract expires. What other provisions detrimental to VIA are contained in the agreement are unknown. It cannot be obtained under Freedom of Information because its release would supposedly be harmful to the parties involved.

This is an agreement dealing with the spending of public funds on behalf of the people of Canada. To allow the negotiations to have occurred as if they affected two private corporations was detrimental to the public interest. Dealings like this will forever prevent VIA from becoming a cost-effective public rail corporation.

In the U.S., Amtrak has had to take a tough stand with the freight railways. But Amtrak enjoys considerable protection in this regard. One of the railways that felt Amtrak's clout is CN. Amtrak operates on four segments of the CN network and it was not pleased with the service it received, especially on its Chicago-New Orleans route, served by the legendary *City of New Orleans*.

Some have labeled CN the least co-operative of all seven North American Class I railways. As a result, Amtrak brought a petition against CN before the U. S. Surface Transportation Board (STB) requesting "the initiation of an investigation of substandard performance." In the petition, Amtrak stated:

"Amtrak's passenger service has long been hindered by the choices and actions of CN. The performance of Amtrak trains operating over CN's rail lines has consistently fallen short of both the standards developed pursuant to Section 207 of the *Passenger Rail Investment and Improvement Act* and the performance of Amtrak trains on every other Class I host railroad in the country.

“These performance deficiencies have been caused, in large part, by (1) CN’s pattern and practice of prioritizing freight trains over Amtrak passenger trains, in violation of Amtrak’s statutory preference rights, and (2) CN’s failure to implement and/or enforce operational procedures that would minimize delays to Amtrak passenger trains.

“Changes in CN’s practices and operations would significantly improve Amtrak’s on-time performance and reduce CN-responsible delays to Amtrak trains. But despite repeated reasonable requests from Amtrak, CN has failed to acknowledge its responsibilities to Amtrak and has refused to adopt measures necessary to satisfy the standards developed pursuant to Section 207.”



BELOVED IN SONG: But not necessarily at CN. Amtrak’s legendary *City of New Orleans* is the principal passenger train that took the hit in recent years from the railway’s failure to give Amtrak priority over its freight trains, as required by federal legislation. Thanks to that legislation, CN has mended its ways.

This is not the first time Amtrak has been subjected to inferior service by the freight railways, including CN. Amtrak has taken action against several railways throughout its 42-year history. This is a right contained in its legislation.

The Amtrak legislation is powerful enough that a recalcitrant freight railway will often be convinced to mend its ways voluntarily and without resort to the STB arbitration process. Although CN went to the wall on this latest Amtrak grievance, it eventually capitulated.

CN's current president, Claude Mongeau, has spent considerable time repairing the damage his predecessor did to the railway's relationship with freight shippers, the public and politicians. It appears he did the same with Amtrak. CN has become more accommodating of Amtrak recently and the on-time performance of its trains on CN lines – most notably the *City of New Orleans* – has improved markedly, much to CN's credit and Amtrak's relief.

Even without 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 on behalf of the Canadians who fund and ride VIA's trains. Not a word of complaint has been uttered by VIA, allegedly because its managers fear that if they speak out, CN will retaliate by hampering the on-time performance of VIA's trains even further.

Still, VIA does have some clout, which it has never exercised. While current federal legislation offers little protection for VIA, there is one clause in the *Canada Transportation Act* that could begin to correct the sub-standard performance and financial treatment it receives from the freight railways. This is Section 152 of the Act (see Attachment F). VIA does, in fact, have the right to challenge the service delivered and the fees charged by the freight railways. Yet, it has never invoked this clause in the Act to defend itself against CN, although it has been used against two short line freight railways.

Until VIA management – with full government support – holds the freight railways' feet to the fire, little will change. The corporation must be put on a firmer regulatory footing vis-à-vis the freight railways upon which it depends, out of necessity, for the bulk of its routes. If not, VIA will never soar operationally or financially. This can and must be cured by the current government.

4.4 The Long-Haul Issue

Any attempt to revive VIA service to the North Shore is inevitably going to come face-to-face with an argument that has long been used to undercut the case for trains such as a re-routed *Canadian*. Trains serving routes of 800 km. or more are invariably denigrated by bureaucrats and even VIA executives because of their allegedly high costs and low market share. These arguments are specious and they need to be quashed once and for all (see Attachment G).

In the U.S., Amtrak currently operates 15 long-haul, full-service trains and is searching for the means to extend one, increase the frequency of two others and add at least two more new routes. While the spectacular growth at Amtrak in recent years has been on short-haul corridors around the nation, the long-haul trains are the glue that holds the entire network together. They account for 43 per cent of all Amtrak passenger-miles and carry passenger loads comparable to those on the short-haul corridor routes.

In Canada, five trains fit into the long-haul category:

<i>Canadian</i>	Toronto-Vancouver	4,466 km
<i>Ocean</i>	Montreal-Halifax	1,346 km
<i>Chaleur</i>	Montreal-Gaspé	1,047 km
<i>Hudson Bay</i>	Winnipeg-Churchill	1,697 km
<i>Skeena</i>	Jasper-Prince Rupert	1,160 km

The most consistent argument used against these trains is their high cost due to the sleeping, dining and lounge cars required to accommodate the overnight riders they attract. There is no doubt the addition of these services and the higher crewing levels increase costs. But that's only half the story.

Sleeping car passengers travel at fares higher than those riding in the coaches and tend to travel longer distances, accounting for a disproportionately high percentage of a long-haul train's revenue. On Amtrak, sleeping cars passengers account for 17 per cent of ridership, but 44 per cent of revenues.

This is equally true on the *Canadian*, which had its fares boosted tremendously by the Mulroney government in the wake of the 1990 VIA cuts. Some believe this was an attempt to kill it once and for all. It didn't work. VIA's *Canadian* ranks as one of its most popular trains and it covers its costs in the peak period.



THE CANADIAN CONNECTION: VIA's *Canadian* not only connects Toronto, Winnipeg and Vancouver, it is also a vital link for small towns and remote tourist destinations. On its 4,466-km run, the *Canadian* serves 71 communities, many lacking any other public transportation. Photo by James A. Brown.

While many today are mesmerized by the admirable success of high-speed trains operating on densely-populated, short-haul corridors around the world, this is no reason to imagine long-haul trains aren't necessary. They can play a role just as vital as those fast corridor trains. It's a matter of "horses for courses."

In its excellent backgrounder on the many benefits of Amtrak's long-haul trains, the National Association of Railroad Passengers (NARP) notes:

"Long distance train routes form the foundation of the national passenger train network. Their unique capabilities allow them to connect congested urban areas and bring economically viable mobility to rural areas and small towns, many of which are becoming more isolated from major cities as regional airline and intercity bus service disappears.

"Long distance routes can serve short, medium and long distance markets in ways other modes cannot. The longer the route, the more origin and destination combinations it can serve. A long distance corridor joins many cities and small towns in a linear network. Each stop is linked to every other stop.

"Long distance trains generate high volumes and load factors by:

- Providing a single seat ride in many overlapping city pair markets; and
- Combining many small markets to generate economic volumes.

"Long distance routes are ... connected and overlapping corridors. Moreover, the utility of individual routes grows exponentially when they become part of an integrated system that provides easy transfers to trains on other routes, feeder buses, local transit systems and airports. Such connectivity serves more people, generates greater revenue, drives economies of scale and improves mobility."

A prime example is the Chicago-Los Angeles *Southwest Chief* on the fabled Santa Fe route. The train carries 355,000 passengers annually or 466 per departure. It also serves 35 intermediate markets with little or no other public transportation. While the *Southwest Chief* draws three-quarters of its traffic from the large cities at either end of its route, the intermediate towns are at the heart of its success and underscore its true public utility. NARP reports:

- 8 per cent of passengers travel the entire distance from Chicago to L.A.;
- 64 per cent travel between one end point city and intermediate points;
- 28 per cent travel between intermediate cities; and
- 19 per cent travel between city pairs where ridership is so small that only trains with multiple intermediate stops could serve them economically.

As far as is known, VIA has never undertaken a similar analysis of the *Canadian* to understand and improve its public utility, revenues, ridership and cost recovery. Nor has the corporation looked at specialized revenue-boosting techniques employed elsewhere.



ALONG THE SANTA FE TRAIL: Amtrak's *Southwest Chief* skims along the fabled Santa Fe main line through the spectacular high desert country of New Mexico. The 35 intermediate cities and towns on its run from Chicago to Los Angeles generate the largest portion of its ridership.

Long-haul trains such as VIA's *Canadian* and the *Ocean* (Montreal-Halifax) are also suited to handling non-passenger traffic generating additional revenue. Amtrak handles some mail, express and even perishable freight on its long-haul trains without disrupting their primary purpose of moving passengers.

These additional revenue streams, which come with little additional cost, can improve the cost recovery and effectiveness of VIA's long-haul trains. These are markets in which VIA management has never shown much interest.

Amtrak has also tapped into another long-haul concept that has proven to be a ridership and revenue winner, and has been a component of the European rail passenger system for decades.

In the early 1970s, a U.S. businessman conceived of a train to carry passengers and their automobiles between the Northeast and Florida, saving them the long drive south while giving them the use of their cars during their vacations. It was launched in 1971 as the *Auto-Train*, operating between suburban Washington, D.C., and Orlando. Ironically, the auto carriers were acquired from CN.

The *Auto-Train* enjoyed considerable success on its original route, and a second service was added from the Chicago area to Orlando. But the business was poorly managed, the expansion was ill advised, and it ultimately went bankrupt.

Amtrak restarted the Washington-Orlando service in 1983 and it has thrived. The *Auto Train* under Amtrak (without the hyphen) has been fully modernized with Superliner rolling stock and newer, more efficient auto carriers. Each train can now accommodate 370 automobiles and their occupants.

Amtrak estimates the *Auto Train* emits about half the greenhouse gasses (GHGs) that would be emitted if all the cars it handles were on the highways. The annual GHG reduction thanks to the *Auto Train* is equivalent to:

- Taking 3,478 cars off the road annually;
- Offsetting the annual use of 478,300 gasoline-powered lawnmowers;
- Offsetting the annual use of 791,245 propane barbeque tanks; and
- The carbon sequestered by 4,316 acres of pine or fir forest.

There is no reason to believe a service modelled on Amtrak's *Auto Train* couldn't succeed in Canada on two segments of VIA's route network: Toronto-Edmonton and Toronto to Moncton or Campbellton, which are tourist gateways to the Maritimes. While the market likely isn't large enough for a dedicated *Auto Train*, the demand could be handled and developed through the addition of auto carriers to the existing consists of the *Canadian* and the *Ocean*. In fact, CN offered this type of service briefly in the 1970s between Toronto and Edmonton on its *Super Continental*.

This and other innovative approaches to increasing the ridership, revenue and appeal of the *Canadian* are long overdue. An investigation of these concepts should be components of any study of the future of VIA's long-haul trains.



LEAVE THE DRIVING TO US: Linking the U.S. Northeast and Florida, Amtrak's daily *Auto Train* has lured vacationers off the crowded Interstate highways for three decades. A similar service, operated as a component of VIA's *Canadian*, could do the same for those bound for western Canadian vacation spots, while also improving VIA's bottom line. Photo courtesy of Metro Jacksonville.

4.5 VIA Northern Ontario Service Review

Part of the problem in any attempt to restart VIA service along the CP main line is the fact that service throughout northern Ontario has been a mess since the dawn of VIA. In trying to satisfy demand along both the CP and CN routes, numerous operating scenarios were tried. All proved ineffective and expensive.

Running a full-service transcontinental train over the CN line from the Sudbury area to Winnipeg makes absolutely no sense. The CP route is more populous and marketable to tourists, who comprise a large segment of the *Canadian's* clientele. In trying to serve the legitimate needs of the communities along the CN line, operational headaches are created by routing the *Canadian* over this line.

Stretching to 25 or more cars during the peak seasons, the *Canadian* is often forced to make multiple stops at smaller communities to board or disembark passengers in the coaches and sleeping cars at opposite ends of the train due to the short platforms at numerous stops. This contributes to the *Canadian's* slow schedule and poor timekeeping, and drives up fuel consumption.

Demand on the CN line is not being well met by a train whose principal function is the provision of long-haul transcontinental service with a schedule geared to that role. What is needed is a service that meets the local needs of passengers on the CN route, while also making a direct connection at Sudbury with the service south to Toronto on the *Canadian*.

When VIA was cut by 20 per cent in 1981, the two-route transcontinental service was reduced to the daily *Canadian* on CP and the CN route was served by a tri-weekly Capreol-Winnipeg train. It was linked with the *Canadian* at Sudbury with an unpopular bus connection and called on many towns at inconvenient hours.

Local service on the Sudbury-White River section of the CP main line – which is a protected remote route by virtue of a lack of a parallel all-weather highway from west of Cartier to White River – was provided by a separate train using self-propelled Budd rail diesel car (RDC) equipment. This service remains today.

The logical equipment choice for all three remote trains is refurbished Budd RDCs, which were operated extensively by CN, CP and VIA for decades and known popularly as Dayliners or Railiners. Where passenger demand requires less than four cars, RDCs are more cost-effective than locomotive-hauled trains, partially because they operate under union agreements requiring fewer crew members. RDCs also have high acceleration and braking rates, making them perfect for runs with frequent stops.

As well, RDCs come in various configurations combining passenger and baggage spaces. Those with high or all-baggage capacity are perfectly suited for remote services, which must accommodate not just passengers, but also their provisions, camping gear, canoes, propane tanks and other bulky belongings.



THRIFTY, FAST AND EFFECTIVE: Remanufactured Budd RDCs are the logical choice for the delivery of improved and more cost-effective service on the CN route now used for VIA's *Canadian* between Capreol, Armstrong and Winnipeg. Photo by James A. Brown.

Unfortunately, CN has taken a stand against the use of this equipment on its lines based on alleged safety concerns relating to the inability of the RDCs to reliably “trip” signal and grade crossing protection circuits.

This argument on CN's part strikes many rail industry insiders as odd. Prior to VIA, CN owned one of the world's largest RDC fleets. Under public ownership, CN had no problem with VIA operating an even larger RDC fleet on its tracks. What's more, CP allows RDCs on the Sudbury-White River portion of its main line; VIA is now receiving three fully remanufactured cars from Industrial Rail Services of Moncton, New Brunswick, for that route and three more for the temporarily-suspended Vancouver Island Dayliner service (see Attachment H).

VIA, government and the regulatory authorities must deal with this issue, which has prevented the use of the thrifty RDCs by VIA elsewhere on CN lines. If it can't be resolved, other cost-effective forms of equipment should be considered.

Re-routing the *Canadian* back to the North Shore is going to come with the justifiable demands of residents along the CN line for continued and, hopefully, more effective VIA service. A review needs to be undertaken to find a solution that addresses the joint issues of operating costs and public utility.

One potential roadblock to North Shore passenger service restoration surfaced in 2012, when U.S. investor Bill Ackman gained control of CP and appointed former CN president E. Hunter Harrison to CP's helm. CN's tough passenger policy was at least partially due to Harrison. He says passenger trains don't pay enough for line access and they complicate freight operations.

While CP was mildly pro-passenger under its two previous presidents, there is no indication yet of the stance Harrison will take. Without the federal government applying the proper regulatory influence on the company, it would be easy to predict that Harrison would not welcome an attempt to put VIA's *Canadian* back on any portion of the CP transcontinental main line.

Even if the federal government commits to service restoration on the North Shore, it's logical to expect that CP would demand a VIA schedule similar to the



RDC—Car with a Future for Canada's Future

The Canadian Pacific—world's greatest travel system—has just bought four Budd stainless steel RDCs. (The letters RDC stand for Rail Diesel Car.)

The cars were bought because of their proved ability to reduce costs, improve service and attract traffic. But also with an eye to Canada's growth, which presages an increase in the need for transportation as Canada's vast mineral, oil and natural resources are developed.

Operating experience with RDC usually reveals potentialities not originally envisioned. Nobody has yet found their limit, though RDC is now operating in a searching range of services in Australia, Cuba and Saudi Arabia, as well as on our own country's leading railroads. The Budd Company, Philadelphia, Detroit, Gary.

Automobile and Truck Bodies and Wheels, Railway Passenger Cars and Plows

Budd

PIONEERS IN BETTER TRANSPORTATION

one now in effect on CN. The *Canadian's* schedule has been stretched out by CN to the extent that it now takes 19 hours longer for the train to make the Toronto-Vancouver run than it did when CP and CN inaugurated their new diesel-powered transcontinental trains in 1955 (see Attachment I).

There is no doubt that passenger trains can create operational challenges for freight railways. Because of their higher speeds, passenger trains consume three to four times the track capacity of the slower freights.



RECYCLABLE: For six decades, Budd RDCs have been serving Canadians. Except for the rolling stock used on *The Canadian* and the *Montreal-Saint John Atlantic Limited*, they were eventually the only passenger cars on the CP intercity system, as typified by this 1956-built RDC holding down a Montreal-Ottawa assignment at Hull, Quebec, in the waning days of CP's passenger service. Today, RDCs re-minted in Moncton, New Brunswick, are serving VIA's Sudbury-White River remote route, as shown below at Sudbury on May 11, 2013. Photos by Kevin Day (above) and Doug Rickaby (below).



In over-compensating for this speed difference, CN forces the *Canadian* to flow in unison with its slower freights, which often exceed siding lengths. As a result, the *Canadian* regularly goes into the sidings to give CN's over-length freight trains priority and its timekeeping still suffers despite its excessively long end-to-end and point-to-point scheduling.

The CP and CN transcontinental freight operating plans are similar and a re-routed *Canadian* would likely have to adhere to the less-than-ideal schedule on which it now operates on CN line. This would at least be a starting point in re-establishing what would still be a useful – if somewhat slow – service. The adoption of a proper, faster schedule would require the federal government to provide some informed and positive direction to VIA and CP, such as Amtrak routinely enjoys from the U.S. government

4.6 VIA Legislation

There is one issue that unifies all the challenges discussed above: VIA's desperate need for legislation. Securing it was a key objective of the Mulroney government's Rail Passenger Action Force of 1984-1985. In their landmark report, *Towards a Modern and Innovative VIA Rail Canada*, they wrote:

“The Action Force believes that an act specifically dealing with VIA, and with other railways providing passenger train services, is absolutely necessary.... In our view, the principal aim of the Act should be to provide an institutional framework which will permit VIA and the other railway companies to fulfill their respective obligations in support of the provision of rail passenger services.

“To accomplish this goal, the Act should define and separate the responsibilities of VIA and the other railway companies (CN and CP), introduce improved arrangements for the negotiation of agreements, and provide for an independent binding arbitration process for resolving differences of opinion and interest which may arise between VIA and the other railway companies....

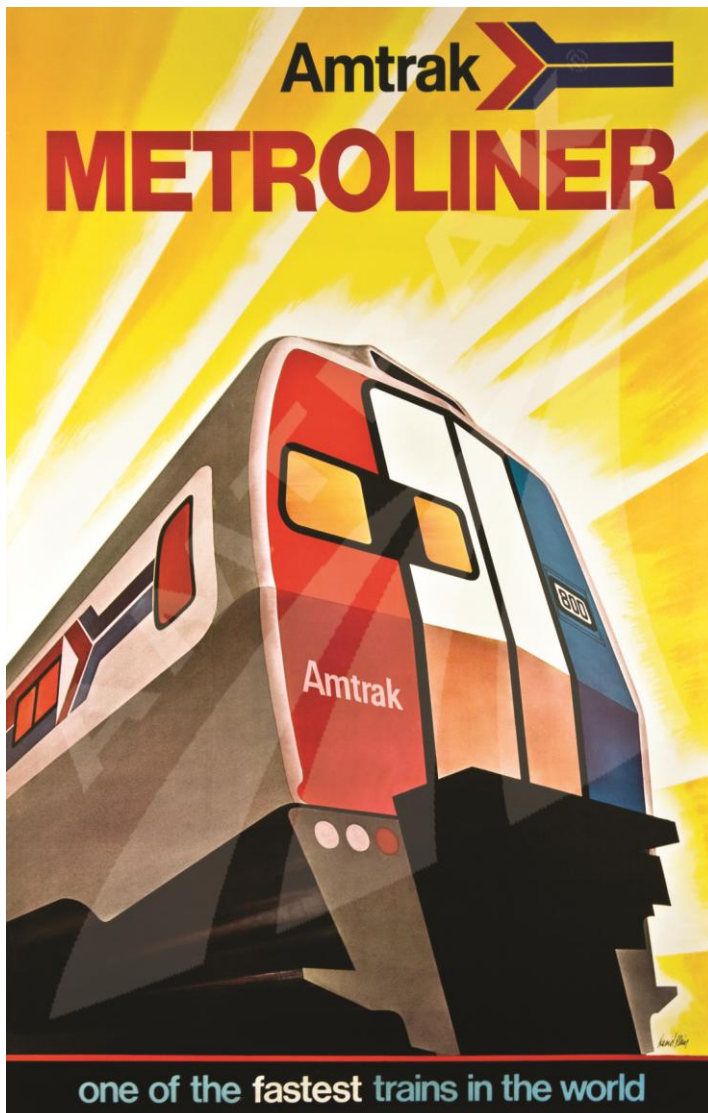
“We do have one overriding concern. We believe that the powers and arrangements applying to VIA through the amended *Financial Administration Act* (FAA) give the Government sufficient means of holding VIA fully accountable as it attempts to fulfill its mandate.... The natural tendency of public officials charged with overseeing VIA may be to demand more and more controls, and more and more reports, thereby preventing VIA from becoming the action-oriented corporation it must become. This tendency should be resisted as much as possible.”

When the Action Force was swept from power, its legislative recommendations were perverted by the very civil servants from whom they had been attempting to shield VIA. Legislation was tabled in the House of Commons in 1986 and 2003.

The first set impossibly high performance targets, which would have triggered an abandonment process for each portion of VIA's national network within a few years of enactment. The second version was nothing but meaningless platitudes. Thankfully, these flawed acts died when Parliament was prorogued.

Nonetheless, the need for comprehensive and innovative VIA legislation remains vital. One need only look southward to see what is required and how it can be done. More than anything else, it is legislation that has enabled Amtrak to survive under hostile administrations. Now, it is thriving thanks to President Barack Obama, who has made rail passenger investment and improvement one of the cornerstones of his transportation policy. But had that legislation not been in place during those long periods when previous presidents called for an end to Amtrak, there would be no U.S. rail passenger service to expand and improve.

On May 1, 1971, Amtrak took over the bulk of the remaining network of passenger trains that had become a financial burden on the freight railways. It was created



for many of the same reasons that spawned VIA and faced similar problems early in life. But there the similarities end. Amtrak may be a public corporation entrusted with the operation of the nation's passenger trains, but it is a very different from VIA.

The main reason for the dramatic difference between the two publicly-owned railways is legislation. The *Rail Passenger Service Act* of 1970 that created Amtrak is far more specific than VIA's high-flying rhetoric VIA.

Unlike VIA, Amtrak is not subject solely to the whims of the senior executive level of the government. Its route network, budgets and many other details of its operation are submitted annually to the committees of Congress and the government agencies charged with oversight. The end result is negotiated between the various parties.

No single entity of government has the power to unilaterally cut off funding and hamstring Amtrak. This saved the corporation repeatedly when budget-slashing administrations have wanted to do it in.

There is no equivalent VIA Rail Canada Act to spell out its mandate, rights and obligations, as well as establishing clear lines of reporting to the House of Commons, not the cabinet and the Prime Minister's Office.

Instead, VIA was born by a string of half-measures that really were political expedencies. A partial list of this hodge-podge includes:

- | | |
|-------------------|---|
| January 12, 1977 | VIA Rail Canada Inc. incorporated under the <i>Canada Corporations Act</i> as a subsidiary of CN, to be operated at arm's length with its accounts kept separate. |
| February 28, 1977 | By order-in-council, the cabinet approves the use of a "non-compromised CN subsidiary" to own VIA. The board will include members from Transport Canada, CN and CP. |
| March 29, 1977 | With no debate in Parliament, VIA gains legal status as a rail operator under the <i>Railway Act</i> through a one-dollar appropriation in the federal budget. |
| April 1, 1978 | VIA becomes a stand-alone Crown corporation by order-in-council. |

This dog's breakfast of decisions, orders and acts has given cabinet total control over VIA, which would not occur under Amtrak's comprehensive legislation.

Furthermore, Amtrak's legislation spells out the funding formula for new services outside its basic national network. This brought the state governments into the funding picture, as discussed previously in this report.

As well, the Amtrak reauthorization legislation, the *Passenger Rail Investment and Improvement Act* (PRIIA) of 2008, contains provisions for launching new services as additions to its basic network. Under PRIIA, Amtrak has already delivered reports to Congress on the requirements for re-establishing two routes comparable to Toronto-Thunder Bay-Winnipeg. If VIA were funded and operated under an act similar to Amtrak's, North Shore service could be implemented under the provisions of this legislation.

The Action Force's proposed act would have made this possible. It provided for experimental services in addition to a basic national network, all of which would have been subject to approval by Parliament as a whole. The new services would have operated under clear and fair performance guidelines:



NORTH SHORE TEASER: At the Thunder Bay National Dream Renewed town hall workshop, several participants spoke of the yearning they've felt when they've witnessed the sporadic re-routing of VIA's *Canadian* over the CP main line. Thanks to a blockage on its current CN route, VIA #1 was photographed crossing the Little Pic River at Middleton on August 23, 1995. Photo from the Greg Gormick Collection.

- “The Minister [of Transport] would apply three basic criteria to judge the success of each experimental service: traffic carried, hopefully on a ‘passenger-mile per train-mile’ (PM/TM) basis; on-time performance; and revenue-to-cost ratio.
- “The PM/TM and revenue-to-cost criteria should be set at realistic levels, based where possible on an average of actual carryings of similar VIA trains. The on-time performance measure would act as a check or encouragement to VIA to provide good service.
- “VIA should establish and chair an advisory group for each service, hold regular meetings of this group, and submit progress reports ... to the Minister and Advisory Group during the experimental period.
- “At the end of the experimental period, which perhaps should be two years, VIA would evaluate the results, prepare a report, and submit it to the Minister, along with VIA’s recommendation as to whether the service should become part of the Basic Network.

- The report and recommendation should be made public to elicit response before a decision is made.
- “The Minister would pass along VIA’s recommendation to Parliament as part of the Basic Network, indicating whether he was in support. Parliament would have the final word.”

This procedure makes eminent sense. For it to be implemented, VIA still needs legislation covering its basic network and every other aspect of its very existence. The delivery of a basic, sustainable and properly-funded network – and the appointment of management equipped to carry out this task – is vital to the future of Canada’s passenger trains and any hope of restored North Shore service.

Convincing the current government to finally adopt a VIA Rail Canada Act must be at the heart of any efforts by citizens and their political allies – on the North Shore and across the country.



BACK TO THE FUTURE?: VIA’s *Canadian* was still plying the CP main line daily when the westbound streamliner was snapped crossing the Nipigon River and the now-abandoned CN Kinghorn Subdivision on May 30, 1989. Whether VIA will become a vital element in the North Shore’s intercity transportation system in the future rests partially on the actions taken today by concerned citizens and their elected representatives. Photo from the Greg Gormick Collection.

5.0 Getting the North Shore Back on Track

The battle for a modern, sustainable and nationwide rail passenger service to meet the needs of Canadians now and into the future is far from over. In fact, it's just beginning.

While this federal government's long-term intentions aren't yet known, opposition party voices are being heard. One of the leaders is MP Bruce Hyer. His longstanding advocacy of the restoration of North Shore service, his statements in the House of Commons about the ongoing VIA funding and management problems (see Attachments B and K), his hosting of the National Dream Renewed (NDR) town hall workshop and his commissioning of this report are five examples of his dedication to improved rail passenger service.

But one MP alone cannot win the battle. What must accompany this political initiative by Hyer and a few other enthusiastic MPs is a public campaign based on the objective of reinvigorating VIA. It must be tempered by an understanding of passenger railroading and the physical, financial and political conditions required.

The best hope for a new, realizable vision for VIA starts with informed advocates working with citizens and politicians who share their viewpoint. Transport Action, through its NDR campaign, is such a group. Quite simply, it is the only group. There is no other organization that has ever focused on the rail passenger issue so consistently and over such a long period.

The party that should be the ultimate rail passenger advocate is VIA itself. But the corporation has always been so shackled by government, it has never been allowed to speak in its own best interests, even when it has occasionally been blessed with managers well versed in rail passenger issues. Therefore, the future of VIA is now partially in the hands of those outside the corporation and beyond the inner sanctum of the current government.

If Transport Action's NDR campaign and its allies are going to succeed, then certain steps must be taken immediately. All will require patience and perseverance.

5.1 North Shore Citizens' Committee

As a result of the NDR town hall workshops presented between Halifax and Thunder Bay in 2012, two groups of attendees came forward to mount local campaigns to save and restore their VIA service. The first of these committees was formed in northern New Brunswick by likeminded citizens along the route of the *Ocean* from Tidehead to Moncton, which, coincidentally, is also known as the North Shore. Another group is now coalescing in a number of southwestern Ontario communities.

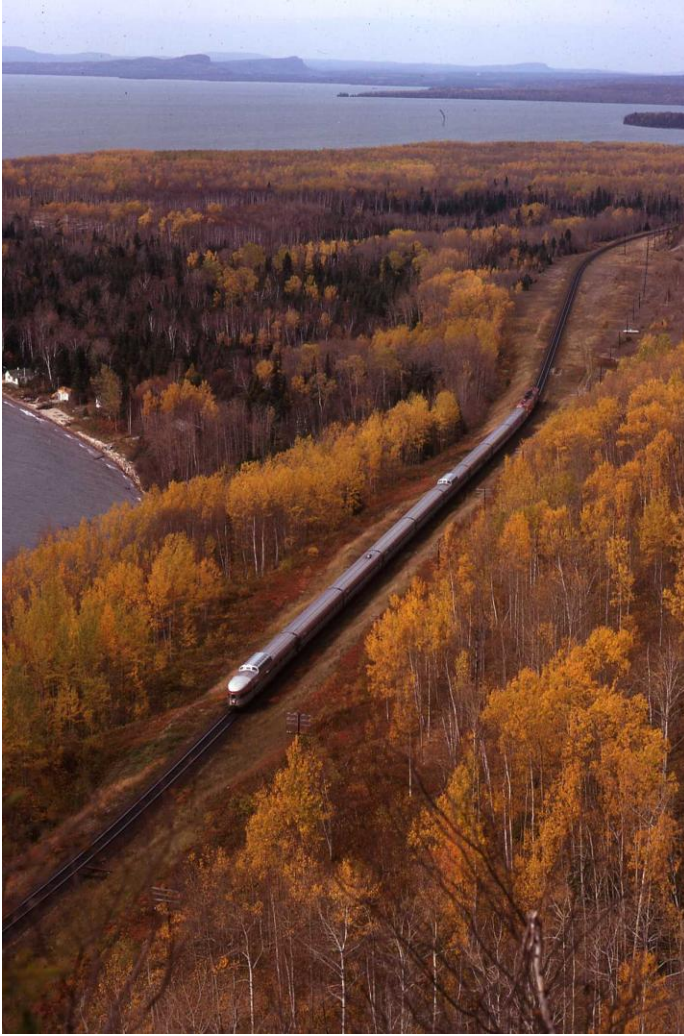


Photo by D'Arcy Furlonger.

At the Thunder Bay NDR session, a number of participants inquired about the possibility of taking similar action along the North Shore. This will be key to winning the current fight for VIA as a national system and one that will restore North Shore service. As with the two other citizens' committees, one on the North Shore will be able to draw on the resources of the main NDR committee.

The restoration of VIA service on the CP line along the North Shore, through Thunder Bay and on to western Canada, will be a component of the blue sky vision plan the NDR project will ultimately produce. This was discussed by Transport Action members at their first NDR workshop at Toronto's Ryerson University on May 26, 2012. Transport Action is committed to this service restoration.

It is hoped this report will provide a North Shore committee with data and logical arguments that can be used as a starting point. Additional information on organizing a committee may be found in the new Transport Action Ontario handbook, *A Citizen's Guide to Sustainable Transportation Advocacy*. Another resource is the NDR website, which is being updated regularly. It may be accessed at <http://nationaldreamrenewed.com>

Should concerned citizens in Thunder Bay and along the North Shore decide to organize their own rail passenger committee, they will unquestionably have the support of MP Hyer. In fact, at the NDR Thunder Bay workshop, he said he was ready to supply any assistance he can.

The NDR committee is eager to play a coordinating role alongside MP Hyer and the citizens of Thunder Bay and the North Shore in any action you chose to take.

5.2 North Shore VIA Petition

A steady and phased presentation of petitions on VIA in the House of Commons is an excellent way to remind MPs of all parties that Canadians are greatly concerned. Governments rarely undertake projects and programs unless they know there is an important public constituency for them. Petitions can be one way of reminding the government and opposition MPs that such a constituency exists on the North Shore and elsewhere.

The petition by MP Bruce Hyer at www.ReviveSuperiorRail.ca is a good start, but it should be broadened and promoted more widely. Understandably, it is geared to North Shore rail passenger restoration. However, there can be no revival if there is no VIA – and VIA's future is far from assured today.

It is suggested the petition also contain points relating to the urgent need for:

- VIA funding at a steady and assured level;
- VIA legislation;
- VIA board and staff renewal; and
- Adoption of a national rail passenger policy.

The revision of the petition and an aggressive campaign to gather signatures locally should be one of the first tasks of a North Shore rail passenger committee. The committee should seek input from MP Bruce Hyer and his staff, who will be able to help revise it and present it in terms acceptable to the clerk of the House of Commons.



5.3 North Shore Letter/Email Campaign

Another excellent way to make government and VIA aware there is a strong and large constituency for improved rail passenger service is through letters and emails. Such action has already been undertaken by many pro-rail Canadians in other parts of the country.

Letters and/or emails should be sent to all of the following:

Paul G. Smith
Chairman
VIA Rail Canada
3 Place Ville Marie
Montreal, Quebec
H3B 2C9
paul_smith@viarail.ca

Marc Laliberté
President and CEO
VIA Rail Canada
3 Place Ville Marie
Montreal, Quebec
H3B 2C9
marc_laliberte@viarail.ca

Hon. Denis Lebel
Minister of Transport
House of Commons
Ottawa, Ontario
K1A 0A6
denis.lebel@parl.gc.ca

Hon. Steven Fletcher
Minister of State for Transport
House of Commons
Ottawa, Ontario
K1A 0A6
steven.fletcher@parl.gc.ca

Be polite in your communiqués, but ensure the recipients are aware of your very real concerns about the future of VIA. And don't take "no" for an answer. If the initial response doesn't satisfy you, contact these elected and public officials for clarification.

As well, opposition politicians should hear from you. They need encouragement if they are going to engage in what is apt to be a long campaign that will most likely stretch out to the next federal election.

Bruce Hyer, MP
Room 926
Confederation Building
House of Commons
Ottawa, Ontario
K1A 0A6
bruce.hyer@parl.gc.ca

Elizabeth May, MP
Leader
Green Party of Canada
House of Commons
Ottawa, Ontario
K1A 0A6
elizabeth.may@parl.gc.ca

Olivia Chow, MP
NDP Transport Critic
House of Commons
Ottawa, Ontario
K1A 0A6
olivia.chow@parl.gc.ca

Hon. Denis Coderre, MP
Liberal Transport Critic
House of Commons
Ottawa, Ontario
K1A 0A6
denis.coderre@parl.gc.ca

5.4 Coalition of Northern Ontario Communities

If there is one level of government acutely aware of the impact of VIA service reductions, it's the municipalities. Elected municipal and regional officials witness firsthand what service cuts do to their communities. The same may be said for regional economic development and tourism agencies.

Many NDR town hall workshops have been hosted by mayors, regional chairs and business-related civic agencies. In each instance, what came after the NDR town hall workshops was a closer working relationship on the VIA issue among civic officials and economic development agencies. Those along the North Shore need to do the same.

A North Shore municipal rail action committee should look east and west along the CP line to help establish the most effective coalition possible. Linking with the communities east to Sudbury and west to Winnipeg will have a positive impact on these communities, too.

The second NDR town hall workshop was presented on September 13, 2012, under the auspices of Greater Sudbury Councillor Dave Kilgour. He is likely to be a willing and enthusiastic member of any municipal coalition aimed at restoring service along the CP line and improving the Capreol-Winnipeg remote service.

Working closely with your municipal officials and local business development agencies will be mutually beneficial.



PARTNERS IN PROGRESS: If there are two northern Ontario cities linked by the need for proper rail passenger service, they are Thunder Bay and Sudbury. In this August 12, 1970, shot at Sudbury, the two communities were still firmly connected by CP's daily *Canadian*, which had arrived from the west and was being marshalled into separate sections for Montreal and Toronto. Photo by Weston Langford.

5.5 Coalition of Northern Ontario MPs

While MP Bruce Hyer leads the pack, there are other local MPs who want to revive VIA and the North Shore service. That's all to the good. Public advocates will require all the assistance they can get in Ottawa, where VIA's fate will be ultimately be decided. Working in a non-partisan basis will be highly effective.

One point that needs to be made repeatedly is there are a handful of Conservative MPs who are also truly concerned about the future of VIA. Some of them have been identified in this report. A few others have attended the NDR town hall



Photo from the Greg Gormick Collection.

workshops, spoken in favour of renewing our rail passenger system and are now working behind the scenes within their own party to make it happen. Their support is going to be important.

What would be most useful now is the formation of a coalition of likeminded MPs all along the route from Toronto to Winnipeg (and perhaps even further west on the CP transcontinental line to Vancouver) who can put their partisan differences aside and work in unison to bring about the rail passenger revival advocated by this report. MP Bruce Hyer is well positioned to help with the formation of this coalition.

Once this MP coalition is formed, there is a major task it should undertake. The time has long passed for the provincial governments to sit on the sidelines while our rail passenger system withers in parallel with our intercity bus service. MPs should press their provincial counterparts to open a discussion on provincial funding for VIA. As has been discussed in this report, the partnerships between the federal and state governments in the U.S. have been central to Amtrak's growth and success.

5.6 Parliamentary Committee Investigations

For budgetary reasons, opposition MPs are short on the very specialized skills and staff required to thoroughly investigate and correct VIA's problems. The job needs to be done by others with the necessary resources and the power to compel full data disclosure. This would be the standing transport committees of the Senate and the House of Commons.

One of the best opportunities to revive our rail passenger service can be supplied by a full and unfettered investigation by these Parliamentary committees. The reviews they instigate should be comprehensive and shaped by their access to information that advocates cannot obtain officially from government or VIA.



THE ROUTE OF SCENIC GRANDEUR: Nothing has dimmed that slogan since CP first employed it to describe its transcontinental route nearly a century ago – except you can't experience it by passenger train, unless VIA's *Canadian* is re-routed due to a CN snafu. Such was the case on August 23, 1995, when VIA #1 heeled to the big curve at Middleton. Photo from the Greg Gormick Collection.

Especially important in any investigations undertaken by the standing committees will be a full review of VIA's remote services and the steps necessary to launch new or experimental services.

Your MPs and senators are best equipped to make this happen through these committees of Parliament. Citizens – and the rail action committees they form – must urge them to do so. It has been done in the past by both the Senate and the House of Commons, which have produced some highly useful investigative reports. Such action is required again today if Canada is going to have a modern and sustainable rail passenger system.

5.7 Clear Signals

The fate of Canada's rail passenger system is hanging in the balance today. Misunderstood, under-funded and seemingly without a powerful champion in Ottawa, VIA still represents a useful national resource that can and should be put on the firm footing it has always required. But time is growing short. If we lose what remains of our once extensive rail passenger system, we will stand alone among the G8 group of nations.

With certain concerned MPs of all political stripes showing an interest in the matter, the time is ripe for VIA's definitive correction. Public encouragement of their efforts will be vital. As the NDR town hall workshops demonstrated, this is an issue of concern to a wide range of Canadians, including many business community leaders.

The importance of a balanced transportation policy that includes rail passenger service has guided other nations that are our competitors. Canada needs to catch up with their enlightened national policies. As a *Richmond Times-Dispatch* newspaper editorial in favour of expanded U.S. rail passenger service said recently, "Transportation is destiny."

Nations succeed or fail based on, among other things, the mobility of their citizens and the opportunities provided by that mobility. A properly-funded and well-managed VIA can play a large role in strengthening Canada economically, environmentally and socially.

Canada will not soar without a sustainable transportation system that makes the best use of all modes, including passenger trains.

Those who hold VIA's fate in their hands would do well to ponder the advice of Andy Byford, CEO of the Toronto Transit Commission (TTC). In his March 28, 2013, speech to the Toronto Railway Club, he spoke of his plan for the transformation of the beleaguered TTC into an effective, customer-oriented and sustainable public transportation system.

First, he called for de-politicization. Those charged with delivering a vital public transportation service daily can't be diverted by political expediencies and agendas. Their focus must be the operation of a safe, efficient and customer-driven service providing maximum utility at the lowest cost to the public.

Next, there must be budgetary certainty. Transportation systems cannot live with funding that's turned on and off like a faucet. This invariably occurs due to political whims and re-election needs, which should have no bearing on budget planning. At the very least, a capital-intensive business such as a public transportation system requires the stability of a 10-year budget plan.

Then, said Byford, with those two fundamentals resolved, there are three essential elements within any transportation system that must be transformed: the mindset of its people, their processes and the publicly-owned assets.

Byford's vision applies as much to VIA as the TTC. This course must be steered if Canada is to have an effective, efficient national rail passenger service. It can only happen if passengers, advocates, business leaders and politicians of all stripes work together. The time for a cooperatively-crafted rail passenger vision is here, both on the North Shore and across Canada.



A WINDOW ON SUPERIOR: In a postcard-like scene captured thousands of times over, *The Canadian* is glimpsed through a sleeping car window as she coiled herself around the North Shore and through the Mink Tunnel on August 21, 1970. Photo by Wendy Langford.

Attachment A

CANADIAN PACIFIC RAILWAY MOMENTUM, WINTER 2005

Buck Crump's Silver Streamliner

Momentum correspondent **Greg Gormick** draws upon conversations with CPR's retired chairman about his fervor for the diesel locomotive and the famous train he launched 50 years ago.

Fifty years ago, the CPR revolutionized rail travel in Canada with the launch of what turned out to be the last built-from-scratch streamliner on this continent, *The Canadian*.

Although the stainless steel, dome-equipped beauty was the work of thousands of CPR and supply industry employees, it really owed its existence to one man: N.R. "Buck" Crump. His godfather-like role in the birth and baptism of the train began in 1944 when, as a newly appointed vice-president, he oversaw the work of a committee evaluating equipment needs in the postwar era. And he wasn't pleased with what he saw at first.

"The CPR mechanical men were fine and very competent fellows," Crump told me during an interview in 1983. "But they were still in love with steam engines and coaches that were basically Canadian versions of what they'd seen on *The Royal Scot* when it was brought over from Britain for a tour in the 1930s. I knew we needed something totally different if we were going to compete with flashy new cars and airplanes."

What Crump wanted was, above all, diesel power. And after a few trips to the U.S., he also wanted the Budd Company's revolutionary stainless steel passenger cars. Years later, Crump could recall in detail the reconnaissance missions he made on such great streamliners as the *Empire State Express*, *Super Chief* and the Burlington Route's fleet of sleek *Zephyrs*.

The train that impressed him most was the Chicago-Oakland domeliner, the *California Zephyr*, which was accurately billed at its creation in 1949 as "the most talked about train in America." It became the CPR's inspiration, but with a Canadian accent.

Recalled Crump, "We had Budd's complete cooperation in the design and construction of the equipment. We insisted on maximum Canadian content, too. They were quite happy to buy nearly half of the components from Canadian firms and have them shipped to their Philadelphia plant for installation."

When the news of the CPR's decision to spend \$40 million for a stable of 173 cars hit the press, it set the railway's image ablaze. The CPR was viewed as leading Canadian transportation into a bold, new age. Not only would the new rolling stock and complementary diesel power be used to create a whole new transcontinental train, but enough would be bought to incrementally improve several others. It was, said Crump, only the beginning of a top-to-bottom overhaul of the CPR's passenger fleet; modern trains for a modern Canada.

For two years, the Canadian public and the worldwide travel industry were fed a steady diet of articles and events in anticipation of the train's launch. Enthusiasm surged through the CPR ranks and suggestions came flying forth. One that flew higher than the rest came from an eager employee in the paymaster's office named Omer Lavallée. Destined to eventually become the CPR corporate archivist, young Omer provided lists of names for the new cars to reflect the prestige of "the world's greatest travel system," Canada's natural beauty and its bilingual heritage.

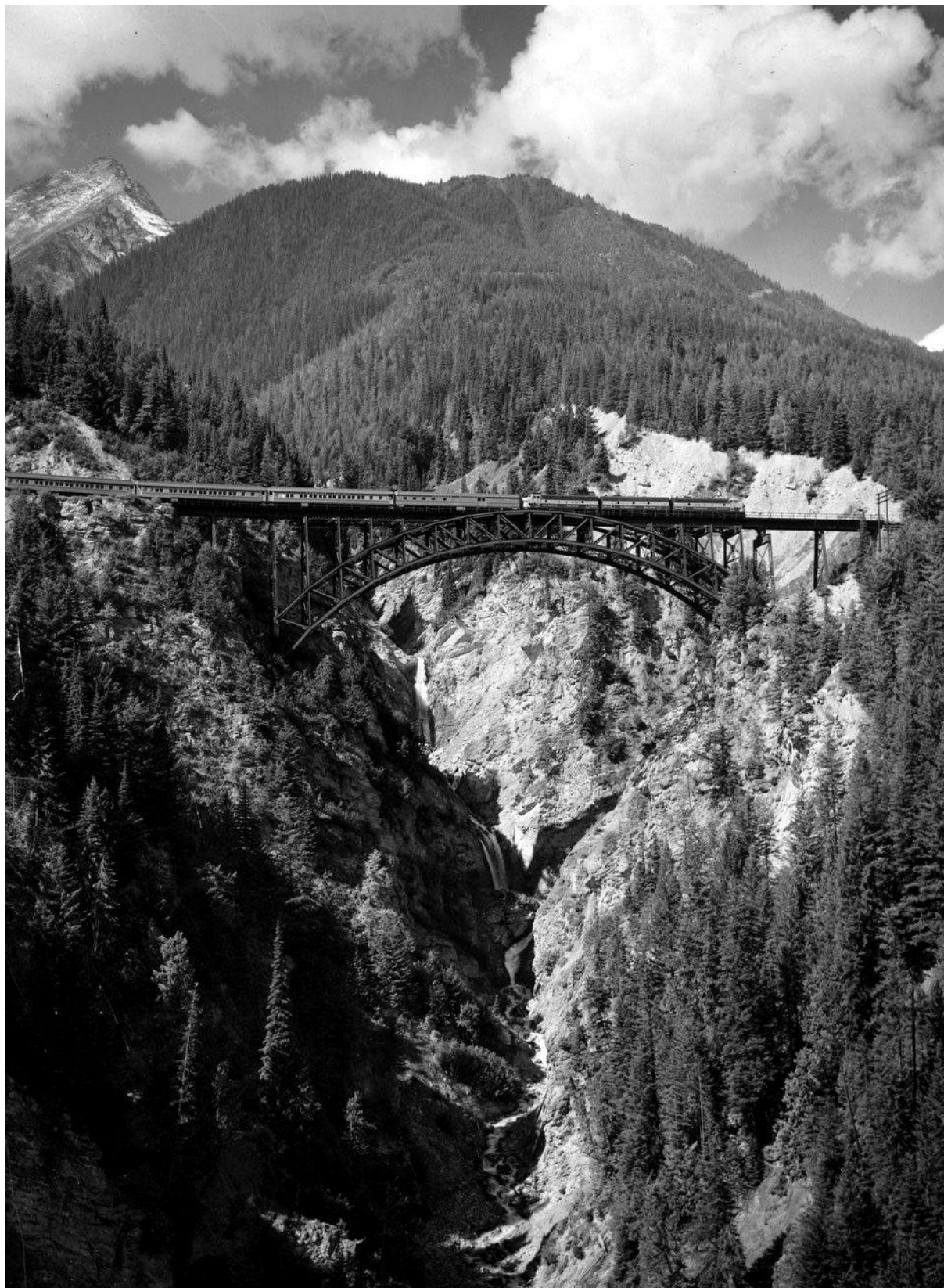
Thanks to Omer, the dining room cars (never diners!) were named for CPR hotels and their restaurants. The sleepers became either Chateaux or Manors. The gracefully tapered, dome-topped sleeper-lounge-observation cars that gave each *Canadian* an elegant ending were bestowed not only with the names of national and provincial parks, but also murals painted by members of the prestigious Royal Canadian Academy.

Far from public view, intense activity preceded the first "sailings" of the sassy streamliner. One hush-hush project was the operation of a test train to see how much time could be shaved off the 87-hour Montreal-Vancouver schedule of the flagship *Dominion*. The test train – identified in coded, secret telegraph messages as "pithy unconciliatory" – made it in 71 hours. Many operating personnel felt it could do even better if pushed.

Crump, however, rejected the pursuit of more speed. As he told me, "After travelling at 100 mph on some of those American name trains, I thought it would be better if passengers had their soup in the bowls rather than in their laps."



THE LAST LAP OF THE FIRST RUN: The first eastbound *Canadian* from Vancouver sprints south through Weston, Ontario, heading for an on-time arrival at Toronto Union Station on April 27, 1955. Exactly one week later, the man responsible for the creation of what would be North America's last built-from-scratch streamliner reached the top rung of the CP executive ladder: N.R. "Buck" Crump was president. Photo by A.H. Brown.



Canadian Pacific Photo by Nicholas Morant.

On April 24, 1955, Crump's pride and joy made its bow in Montreal, Toronto and Vancouver. And no one was ever a prouder father. *The Canadian* was an instant hit and was booked solid that summer. Stainless steel, domes, diesels and the CPR soon became as synonymous with Canada as maple leaves and red-coated Mounties. Icing on Crump's cake came 10 days later, when he was appointed president of the railway he joined as a labourer 35 years before.

But heartbreak was brewing under the surface. The federal and provincial governments were stuffing money into highways and air facilities like turkeys being fattened for Thanksgiving. In common with all North American railways, the CPR's passenger trains – even *The Canadian* – were soon drowning in deficits. It was no contest.

“What it came down to was this,” Crump told me years later. “I misjudged the market and the extent to which the government was going to subsidize the other modes of travel. *The Canadian*, along with the White Empress transatlantic steamships and the Budd rail diesel cars [for short haul routes], were the worst investments I ever made.”

The plan to buy more stainless steel cars was quietly shelved, the most unprofitable trains were pruned from the timetable and the deathwatch began. Crump told the media it was a step taken “very reluctantly, very slowly and very regretfully.” He went on to say he still believed *The Canadian* would continue to run for many more years. And run well.

As Crump said, “At least in my time with the CPR, there was never any slackening of the standards on *The Canadian*. I think it was, for a time, the finest intercity passenger train in North America, maybe even the world.”

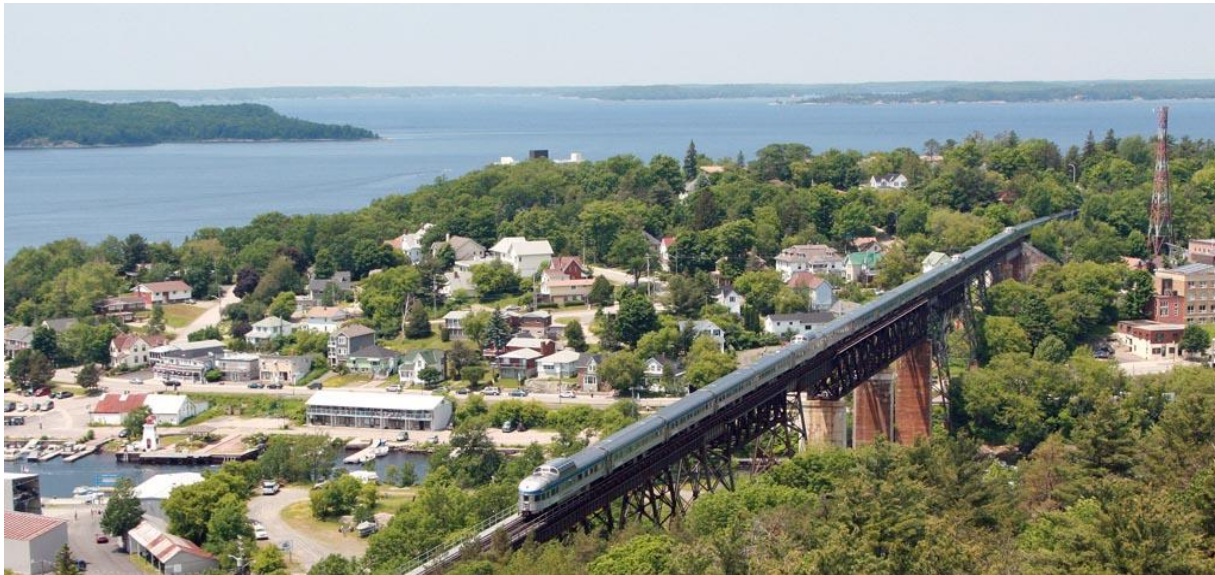
Long after it had slipped into the red and Crump had been elevated to chairman, he rode *The Canadian* regularly, always with the keen eye for detail that was a hallmark of his reign over the CPR. Retired CPR (and later VIA Rail Canada) dining car steward Joe Kratochvil remembers once having to tell Crump that a certain dish had been recently removed from the menu as a cost-saving measure. As Joe remembers, “Mr. Crump frowned and said, ‘We’ll see about that.’ On my next run, I found that selection had been put back on the menu.”



NORTH SHORE BOUND: Doing the job she was born to do, *The Canadian* streaks across the Alberta prairie headed for Thunder Bay and eastern Canada on May 28, 1969. Like the residents of Ontario's North Shore, many western Canadians want to see VIA service restored to their communities, too. Photo by Weston Langford.

Appropriately, Crump and his wife, Stella, sailed off to his retirement in Calgary in 1972 aboard his business car, *Laurentian*, which was tucked into the consist of *The Canadian*. Six years later, the train was transferred to the government's newly-formed VIA for continued operation under full subsidy. Even then, Crump maintained an interest in "his train" and was always glad to talk about it. Although he tried to convince interviewers he was an unsentimental businessman and the train's time had passed, he could be easily provoked into defending it.

During one of our last conversations, I told him about a plan to re-equip VIA's *Canadian* with the same double-deck Superliner cars used on many Amtrak long-haul trains. He chuckled and said, "I guess the economist in me should agree, but they're so damn ugly compared to those Budd cars. If the country can afford it, I think we should keep *The Canadian* just the way it is, provided there's going to be any transcontinental service. I'm not betting on it."



BURNISHING HER "HOME RAILS": During its centennial year, the towering CP Parry Sound trestle rumbles to the thunder of VIA's westbound *Canadian* on June 21, 2008. This is one of two line segments where the streamliner briefly returns to the original CP route on her transcontinental voyage. Photo by James A. Brown.

As with so many things, Crump was right. The government not only dropped the idea of re-equipping *The Canadian*, but it dropped *The Canadian*. When VIA was slashed by half in 1990, the train's Budd equipment and its name were shifted to serve on the CN main line, thereby missing Thunder Bay, Regina, Calgary and Banff, not to mention the scenic wonders of the North Shore of Lake Superior and "the CPR Rockies." Beautifully refurbished and impeccably operated by VIA – but diverted and reduced to three-day-a-week service – the train remains incredibly popular; the last of the great streamliners. But removed from the CPR route for which it was built, many purists feel it is *The Canadian* in name only.

In an eerie coincidence, Crump died only three weeks before his beloved streamliner. Riding the last *Canadian* over the CPR route eastbound from Winnipeg, I heard endless stories about him from the many senior CPR personnel still working the train. All agreed it was fitting that both Buck Crump and his train should depart so close together.

© 2005 by Greg Gormick

Attachment B



VIA Rail Canada to boost famed transcontinental train's accessibility and appeal

MONTREAL, October 30, 2009 – VIA Rail Canada today announced a \$19.5 million program for the reconfiguration of 12 of the stylish stainless steel passenger cars used on its western transcontinental train, the Canadian, to increase its accessibility and market appeal. The work is being funded from the \$407 million allocated for passenger rail improvements under the Government of Canada's Economic Action Plan.

"It gives me great pleasure to announce the complete redesign and rebuilding of these cars," said VIA President and Chief Executive Officer, Paul Côté.

The contract for the rebuilding of VIA's eight Chateau sleeping cars and four Park sleeper-dome-lounge cars has been awarded to Avalon Rail, Inc., of Milwaukee, Wisconsin. Avalon Rail specializes in remanufacturing passenger rolling stock of all types. The company will use various Canadian engineering, design and supply firms for a portion of the project. The cars will be delivered in 2011.

Mr. Côté added, "Avalon Rail was selected for this demanding work through a competitive bidding process based on numerous factors. These included price, craftsmanship, a detailed knowledge of the equipment to be rebuilt and on-time completion of previous projects."

"We are honoured to undertake this work for VIA," said June Garland, president of Avalon Rail. "The Canadian is a living legend, offering thousands of travellers from around the world the ultimate in safe, stylish and sustainable rail travel every year for more than a half-century. I can think of no better showcase for the skills of Avalon's dedicated craftspeople."

The work involved in the modernization and major upgrading of this classic rolling stock is extensive. The eight Chateau sleeping cars will be reconfigured with an all-new arrangement of six upscale cabins designed to accommodate up to three passengers each.

Each sleeping cabin will be completely self-contained and will include an en-suite washroom plus a separate shower. The new cabins will also feature wood paneling, sofa seating, a widescreen television and controls to enable passengers to raise or lower the beds whenever they desire.

This elegant new design has been selected to enable VIA's Canadian to attract the growing clientele for more upscale travel experiences.

This program will also substantially increase the train's accessibility for travellers with special needs. The four existing Park car bedrooms will be replaced by two large upscale cabins. One will be identical to those in the rebuilt Chateau sleeping cars. The other will be an extra-large, fully-accessible cabin. It will provide separate, fully-accessible washroom and shower facilities. Each Park car will also feature an onboard wheelchair lift.

ABOUT AVALON RAIL, INC.

Based in Milwaukee, Wisconsin, Avalon Rail is renowned for the excellence of its highly-specialized remanufacturing of vintage and contemporary passenger rail rolling stock. The firm's skilled craftspeople have extensive experience in renewing the sturdy and durable equipment produced from the 1930s to the 1980s by the Budd Company, the originator of stainless steel passenger rail cars.

ABOUT VIA RAIL CANADA

As Canada's national rail passenger service, VIA Rail Canada's mandate is to provide efficient, environmentally sustainable and cost-effective passenger transportation, both in Canada's business corridor and in remote and rural regions of the country.

Every week, VIA operates 503 intercity, transcontinental and regional trains linking 450 communities across its 12,500-kilometre route network. The demand for VIA services is growing as travellers increasingly turn to train travel as a safe, hassle-free and environmentally responsible alternative to congested roads and airports.

BACKGROUNDER:

VIA'S BUDD STAINLESS STEEL FLEET

The 174 cars in VIA's stainless steel fleet were primarily built for Canadian Pacific (CP) in 1954-1955 by the Budd Company of Philadelphia, the world's leading manufacturer of stainless steel rolling stock. These elegant and robust cars were used to create CP's Canadian, the last all-new train of the Art Moderne-influenced Streamlined Era. VIA bought this distinctive and durable rolling stock when it took over the operation of the former CP services in 1978.

Between 1990 and 1993, VIA completely rebuilt the CP cars, as well as some additional Budd equipment acquired from the U.S. The cars were stripped to their shells and fully remanufactured for greater efficiency and passenger comfort at a fraction of the cost of new and unproven equipment. New interiors and a head end power (HEP) system were installed to eliminate the obsolete steam and battery-generator systems that previously provided lighting, heating and air conditioning.

This \$200 million project not only renewed the cars for another 15-20 years of productive service on the Canadian and other long-haul and remote trains, but reduced operating costs by more than \$20 million annually. A subsequent HEP 2 program applied the same modernization techniques and systems to 33 Budd stainless steel cars for use in the Quebec-Windsor Corridor.

As far back as the 1950s, Budd proudly proclaimed that not one piece of its rolling stock had ever been retired because it had worn out. More than half-a-century later, VIA's Budd fleet reinforces that accurate claim.



Photo by Steve Bradley.

Attachment C



Bruce Hyer

Member of Parliament
Thunder Bay - Superior North

Communiqué

FOR IMMEDIATE RELEASE
February 28, 2013

VIA RAIL BUDGET TO BE SLASHED IN HALF

Estimates introduced in House of Commons show 62% reduction from 2011-2012

OTTAWA — Budget Estimates tabled in Parliament by the Harper Government show a drastic budget reduction in the country's passenger rail operator, cuts that will inevitably impact passenger rail service coast to coast.

"The United States, China, Japan, and Europe are all investing heavily in passenger rail, but Canada is going backwards," said Thunder Bay-Superior North MP Bruce Hyer in the House of Commons. "The Conservatives seem determined to kill VIA Rail, chopping more than 60% of VIA's budget in the last 2 years. Reckless cuts that deep will cause a train wreck for service across Canada."

"What services will be slashed as a result of these drastic cuts?" asked Hyer in question period. "Will the last remaining trans-Canada service be further reduced?"

The Canadian, the country's only cross-Canada route (Toronto to Vancouver) which travels through Thunder Bay-Superior North, was cut in 2012 from three trains weekly to two from October to April each year. *The Ocean* (VIA's Montreal to Halifax route) was reduced from six times weekly to three at the same time, cutting VIA service to Atlantic Canada in half. Passenger rail supporters fear that this month's announced cuts, some of the deepest ever in VIA's history, will cause further cancellations.

"The government's proposed reduction in the already-meagre VIA budget is a sure way to kill Canada's remaining passenger trains," said Greg Gormick, Project Facilitator for Transport Action's *National Dream Renewed* campaign. "Starved of capital, buffeted by political antipathy and undermined by bureaucratic hostility, VIA has been mistreated for all of the 36 years since a previous government created it to supposedly restore and expand what could and should be our most efficient, environmentally-friendly form of intercity transportation."

Hyer hosted a Thunder Bay Town Hall on passenger rail with Gormick in November, with over 100 residents attending.

"This stands in stark contrast with all the other G8 countries, which are all investing in a massive renaissance of rail passenger service," added Gormick. "As a result, Canada will be at an economic, social and environmental disadvantage. This is no way to run a railway - or a sustainable and competitive nation."

-30-

For more information:

Andy Blair (Office of Bruce Hyer, MP): 613-996-4792 or HyerB8@parl.gc.ca

Main Estimates 2013-2014: <http://www.tbs-sct.gc.ca/est-pre/20132014/me-bpd/sopa-rsap-eng.pdf>

Attachment D

THE TORONTO STAR, MONDAY, OCTOBER 15, 2007

Canada's endless rerun of the National Dream

GREG GORMICK

Either there's an election in the air or Prime Minister Stephen Harper's crew has actually caught the sustainable transportation fever – or both.

Whatever the reason, the result was the announcement on Thursday of nearly \$700 million in new funding for Canada's under-funded national rail passenger system, VIA Rail.

At the ceremony at Union Station, Transport Minister Lawrence Cannon described trains as “a more humane way to travel.” He and Finance Minister Jim Flaherty also highlighted some of the benefits of modern passenger trains: Lower energy consumption than cars and planes, reduced emissions and high levels of comfort, convenience, accessibility and safety.

They were correct on all counts. Although the details are sketchy pending negotiations with CN, the principal owner of the routes over which VIA operates in the Quebec-Windsor Corridor, it appears to be a logical and incredibly thrifty plan. These fresh funds will refurbish existing locomotives and cars, upgrade stations, eliminate a number of bottlenecks that have frequently resulted in CN freight trains getting priority over VIA and, ultimately, lead to travel time reductions and frequency increases throughout the corridor.

As a long-time proponent of improved rail passenger service, far be it from me to look this gift (iron) horse in the mouth. But my 30-plus years of rail and transit advocacy have taught me to not believe the politicians until the cheques are signed, the shovels are in the ground and the trains are on the tracks.

In 1974, the headlines screamed, “Trudeau promises millions for trains.” Three years later, VIA was formed to relieve the freight railways of the passenger business and supposedly upgrade it. The millions did flow, but slowly. There was never enough to do what had been promised; highways and air facilities still got the bulk of our tax dollars. With aging equipment, VIA's costs rose and the government used that as a good reason to trash 20 per cent of the national system in 1981. They never delivered the new trains promised for daytime intercity service in the Atlantic provinces or across the Prairies.

Three years after that, Brian Mulroney's Tory team swept to victory and one of the planks in their campaign platform was a promise to “renew our National Dream” with new equipment for VIA. Once elected, the Mulroney team declared it too expensive and then hacked away half of VIA.

Only one politician ever made good on his vow to give Canadians the rail passenger option they favoured. Prime Minister Jean Chretien's transport minister, David Collenette – an unabashed fan of the economic, environmental and social benefits of trains – did deliver some new rolling stock and secure cabinet approval for multi-year VIA funding. The corporation has been living on that belated investment far too long thanks to the succeeding government of former bus line owner Paul Martin. He turned down a grander version of VIA's current plan and then a slimmer alternative.

The question now is whether this federal government is serious about giving Canadians a credible and sustainable alternative to car and air travel. Or are they once again taunting this hardworking, underfed iron horse with yet more feed that will be whipped away after an election?

If the Tories opt for the latter route, they're making a big mistake. Trains have much untapped potential in getting our economic and environmental houses in order.

That's being proved daily around the world, where every major country – including China and India – is investing at an unprecedented level in better and faster rail passenger service. Even the anti-public-enterprise government of George Bush is loaded with pro-rail politicians who keep rescuing Amtrak from the White House's chopping block.

The potential for rail transportation is better understood by the Canadian public now than ever before. Opinion polls confirm they want a national system of trains that will make it possible to leave the car at home and avoid the nightmare of so-called modern air travel whenever possible. Leaving Canadians standing on the platform by reneging on a promise like this one won't make them happy voters the next time around.

So, let's hope Flaherty is sincere when he says his government is dedicated to "improving and expanding VIA." It couldn't be a more timely or logical commitment. He'll find it pays off in every way – including at the ballot box.

Greg Gormick is the author of the forthcoming book, *The Canadian: The Life and Times of the Last Streamliner*.



Photo from the Greg Gormick Collection.

Attachment E

THE TORONTO STAR, OCTOBER 17, 2011

High-speed train stuck in station

By Greg Gormick

Of all the issues endlessly studied without resolution in Canada, high-speed rail (HSR) tops the list.

The latest unreleased HSR study, which was [revealed by the *Star*](#) last week, only confirms that more than 30 years of rosy political promises and large consulting fees have accomplished nothing. Canada remains the only G8 nation that hasn't taken the first step on the high-speed trail, while even China, Russia, Turkey, Morocco and Uzbekistan have launched HSR projects. By 2025, there will be 43,000 kilometres of high-speed lines worldwide, but none in Canada if we don't change our ways.

No one should expect that change to come from this \$3.4 million study commissioned by the federal, Ontario and Quebec governments. It merely replows ground covered by a joint \$6 million Ontario-Quebec government study in 1995, which flowed from a 1991 interprovincial study that consumed another \$6 million.

This time around, the recommendation is 200 or 300 km/hour service from Toronto to Kingston, Ottawa, Montreal, Trois-Rivieres and Quebec, with nothing for southwestern Ontario or across the border to connect with the expanding U.S. rail passenger network. Other cities along the truncated corridor would have their VIA service replaced by buses. Much of the existing passenger infrastructure would be dumped in favour of an all-new Quebec-Toronto "greenfield" system costing \$14 billion to \$16 billion that wouldn't carry its first passenger for 15 years.

The height of ridiculousness is a disclaimer in the report stating there was an error in the comparative air fares used for the ridership and revenue projections, so the authors "cannot be held responsible for decisions made based on these uncorrected forecasts and analyses."

In short, this report is just another expensive trainload of frustration for those who want the multiple, sustainable benefits of HSR unleashed in Canada. But it does unintentionally highlight the reasons it remains a Canadian dream when it is or soon will be a reality in 26 other countries.

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.

Furthermore, investment has usually been incremental and continuous, not typically loaded into "big bang" projects that take years to deliver. Public money first improved the existing lines and then built the new segments to progressively throttle up speed, ridership and revenue, which was poured back into the entire rail passenger system.

Underlying this investment overseas are government policies aimed at establishing rail as the backbone of their entire transportation systems.

Such practical vision and political will have long been lacking in Canada, although there has been a marginal improvement of late thanks to the Harper government's investment of more than \$300 million in the infrastructure used by VIA between Toronto, Ottawa and Montreal. It's a drop in the bucket compared to the federal and provincial money that flows into the competing highways and air facilities, but it's a start. While this investment won't increase the current maximum speed of 160 km/hour, it will eliminate chokepoints to decrease the end-to-end travel times slightly and allow for more trains.

In fact, VIA is the only agency with any idea of how we can financially, operationally and politically build HSR. The Crown corporation even produced a blueprint to do it back in 2002, although it was sidetracked through no fault of its own. Phased in over five years, the VIAFast plan would maximize the existing infrastructure and require only 100 kilometres of new line for the 240 km/hour express trains that would link the major centres along the entire 1,200-kilometre Quebec-Windsor corridor. Regional 160 km/hour trains would continue to serve all the intermediate points. There would be collateral benefits for rail freight service throughout the corridor, helping to shift truck traffic off the highways.

In 2002, VIAFast was estimated at \$2.6 billion. That's less than a fifth of the cost of the dream scheme in the current HSR study and about two-thirds of the cost of the publicly funded bridge and highway proposed for the Windsor-Detroit border crossing.

VIAFast is a logical, fair and affordable way to quickly implement HSR in the most densely populated and heavily travelled corridor in Canada. This is the plan we need.

What we don't need are more studies. The benefits of HSR and the methods for delivering it were proved long ago in numerous other countries. The time has come for our governments to either get aboard or stop this wasteful cycle of studies, which only frustrates the public and fails to resolve central Canada's growing mobility problem.

***Greg Gormick** is a Toronto transportation writer and consultant.*



BUT NOT IN CANADA: The Government of Canada financed the sale of the 150-mph Bombardier Acelas, which are the backbone of Amtrak's most recent incremental HSR program on the Northeast Corridor.

Attachment F
CANADA TRANSPORTATION ACT

DIVISION VI.1
PUBLIC PASSENGER SERVICE PROVIDERS

Dispute Resolution

Application

152.1 (1) 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.

Application

(2) 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. (2007, c. 19, s. 44.)

Amount to be fixed

152.2 (1) If, pursuant to an application made under subsection 152.1(1), the Agency fixes the amount to be paid by the public passenger service provider for the use of any of the railway company's railway, land, equipment, facilities or services, that amount must reflect the cost associated with the public passenger service provider's use of that railway, land or equipment or those facilities or services.

Factors

(2) In determining that amount, the Agency must take into consideration, among other things,

- (a) the variable costs incurred by the railway company as a result of the public passenger service provider's use of the railway company's railway, land, equipment, facilities or services, including, but not limited to, its variable costs incurred to maintain safe operations and to avoid congestion and undue delay;

- (b) the railway company's cost of capital, based on a rate set by the Agency, applied to the net book value of the assets to be used by the public passenger service provider, less any amount to be paid by the public passenger service provider in respect of those assets;
- (c) the cost of any improvements made by the railway company in relation to the public passenger service provider's use of the railway company's railway, land, equipment, facilities or services;
- (d) a reasonable contribution towards the railway company's constant costs; and
- (e) the value of any benefits that would accrue to the railway company from any investment made by the public passenger service provider. (2007, c. 19, s. 44).

Duration of decision

152.3 Any decision of the Agency in respect of an application made under subsection 152.1(1) is binding on the parties for a period of five years after the day on which the decision is made, or for any other period agreed to by the parties that is specified in the decision. (2007, c. 19, s. 44).

Agreements

Providing copies

152.4 (1) A railway company or a public passenger service provider must provide to any person who requests it

- (a) a copy of any agreement entered into on or after the day on which this section comes into force concerning the use of the railway company's railway, land, equipment, facilities or services; and
- (b) subject to subsection (2), a copy of any agreement entered into before the day on which this section comes into force concerning the use of the railway company's railway, land, equipment, facilities or services.

Exclusion

(2) The Agency may, on application by a railway company or a public passenger service provider, exclude an agreement, or any specified portion of an agreement, from the application of paragraph (1)(b) on the grounds that harm would likely result to the applicant if the agreement, or the specified portion, were to be disclosed. (2007, c. 19, s. 44).

<http://laws-lois.justice.gc.ca/eng/acts/C-10.4/page-57.html#docCont>
<http://laws-lois.justice.gc.ca/eng/acts/C-10.4/page-58.html#docCont>

Attachment G

THE TORONTO STAR, APRIL 11, 2013

Canadian government must fix problems at VIA Rail

By Greg Gormick

Every few years, VIA Rail Canada's budget is slashed and the debate over the future of our national rail passenger service begins anew.

So it is today. On June 27, 2012, VIA president Marc Laliberté announced frequency reductions on several routes nationwide. He said this wasn't related to the \$41 million hit VIA took under the Harper government's across-the-board program funding reduction. Instead, he called it "modernization" and "rightsizing." That's like the captain of the *Titanic* saying "There's nothing to worry about, folks. We're just stopping for ice."

These cuts have wounded VIA in seemingly small, but dangerous ways. [As described in the Star on March 17](#), they have disrupted the lives of Canadians who depend on VIA because they have no other form of public transportation. While VIA cutbacks don't wreak havoc on big cities with other travel options, they do in smaller communities without air and bus service.

As a result of this latest chop, the advocacy group, Transport Action, launched National Dream Renewed. It's a series of town hall workshops designed to tell Canadians what VIA's problems are and what our government must do to fix them. Fifteen have been staged so far between Halifax, Sarnia and Thunder Bay. The Toronto session will be at Metro Hall on April 20.

In facilitating these workshops, I've heard heart wrenching stories about the importance of the passenger trains to Canadians from all walks of life. Their anger has been palpable. Canadians are fed up with having public services ripped away, leaving every region I've visited feeling isolated and alienated. In a nation that was only a notion until the railways were built, the trains are both historically symbolic and contemporarily necessary.

The most basic question I'm asked at these meetings is why successive governments slash VIA. The answer is complex.

One major reason for the perpetual crisis is the civil servants controlling VIA, who have never approved of its mere existence. As a 1985 government memo said, bureaucrats "earn their points today by short-term cuts in government spending and the VIA program has always been an inviting target." The situation has only intensified since then.

At most, the bureaucrats — the principal sources of information and advice to the cabinet ministers who hold VIA's fate in their hands — grudgingly support passenger trains in the Toronto-Ottawa-Montreal triangle. One of them, former deputy transport minister Nick Mulder, voiced that opinion in [an online Star piece](#) on March 20.

Mulder was part of this civil service that has always stridently opposed VIA. He paints it as a subsidy burner because of its trains outside the central Canadian triangle. Never mind these trains are the only public transportation in hundreds of towns across Canada.

Today, Mulder is a lobbyist for Rocky Mountaineer Railtours (RMR), a private firm operating summer-only trains from Vancouver to various mountain destinations. These include Jasper, which is also served by VIA's Toronto-Vancouver *Canadian*. From the day the company took over VIA's separate (and profitable) *Rocky Mountains by Daylight* tourist train under a deal forced on the Crown corporation by the Mulroney government, RMR has viewed the world-renowned *Canadian* as its mortal enemy.

While there's nothing wrong with a private company running a high-end tourist train, some eyebrows might be raised by a staff briefing note for Minister of State for Transport Steven Fletcher's meeting with RMR's president on December 1, 2011. The author commented on the taxpayer-funded services VIA was ordered to provide RMR in its early years "at favourable rates at a value of \$10 million." The note adds that, without this assistance, "indications were that it would have failed."

That issue aside, what is really missing from this debate is the recognition of the need for long-haul passenger trains that provide a vital year-round public service, not just a summer tourist service. It is why Amtrak operates 15 long-haul trains throughout the U.S., with more coming under the pro-rail policies of President Barack Obama.

Not only are VIA's trains outside the Toronto-Ottawa-Montreal triangle lifelines to many communities, they aren't the subsidy guzzlers some want us to believe. VIA lives on a basic operating subsidy that costs each taxpayer the equivalent of one takeout coffee monthly. That's a small price for a service linking Canadians from the Atlantic to the Pacific to Hudson Bay.

Modern passenger trains are components of sustainable, publicly-funded transportation systems in every other G8 nation. At the National Dream Renewed workshops, many participants have said they believe Canada will pay a steep price in economic, social and environmental competitiveness if we don't similarly embrace what has become a global rail renaissance.

The Harper government might ponder that as VIA and our entire national transportation system lurch unsustainably towards the next federal election.

Greg Gormick is the project facilitator for Transport Action's National Dream Renewed campaign. As a transportation writer and policy adviser, his clients have included VIA, CP, CN, Bombardier and numerous elected officials and public agencies.

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Attachment H



For immediate distribution – Monday, March 29, 2010

Government of Canada and VIA Rail invest in rail service, jobs in Moncton

Cars to be used in Northern Ontario and on Vancouver Island

MONCTON, March 29, 2010 – The Hon. Keith Ashfield, Minister of National Revenue, the Atlantic Canada Opportunities Agency and the Atlantic Gateway, VIA President and CEO Marc Laliberté and Richard Carpenter, President of Industrial Rail Services, Inc., today announced funding for the complete modernization and upgrading of six self-propelled rail diesel cars (RDCs).

“Our government’s investment, through the Economic Action Plan, will benefit Canadians across the country for years to come,” said Minister Ashfield. “This project will create skilled jobs, stimulate the regional economy and improve rail passenger service across Canada.”

Industrial Rail Services Inc (IRSI) of Moncton has been awarded a \$12.6 million contract for the project. The project to rebuild rail cars that will be used on VIA services between Sudbury and White River in Ontario and between Victoria and Courtenay in BC, is being fully funded through the Government’s Economic Action Plan.

Built in the 1950s by the world-renowned Budd Company of Philadelphia, the six sturdy, stainless steel RDCs are structurally sound. Now, by applying numerous technologically-advanced sub-systems, the cars will provide 15 to 20 further years of safe and reliable service to Canadian rail travellers with improved cost-effectiveness and passenger comfort. The rebuilding project will also reduce the already-low environmental footprint of VIA’s RDCs.

“The awarding of this contract for the rebuilding of our RDC fleet is yet another tribute to the unique skills and expertise the people of IRSI bring to every project,” said Marc Laliberté. “You are helping all of us at VIA prove that the road to the future is paved with steel rails.”

Among the advanced systems being incorporated into the RDCs by IRSI are:

- New interiors and fully-rebuilt seating with improved accessibility for passengers with special mobility needs;
- New, fully-accessible washrooms and toilets;
- New LED interior lighting;
- New controls, electrical wiring, and heating, ventilation and air conditioning systems;
- Fully-rebuilt diesel engines that meet Euro II emission standards; and
- Fully-rebuilt air brakes.

The first of the six rebuilt RDCs will be delivered by IRSI in April 2011 and the remainder of the fleet will be completed by the end of that year. The contract will support 31 to 40 positions at IRSI and generate the equivalent of 22.5 person-years of direct employment, as well as foster economic activity for numerous suppliers. The project is part of an unprecedented \$923 million investment in passenger rail modernization and expansion by the Government of Canada.

"We are, of course, thrilled to be receiving this contract from VIA" said Richard Carpenter, President of IRSI. "Over our 10-year history, the highly-skilled workforce of IRSI has established a close relationship with the people of VIA by applying our expertise to the highly-specialized business of rebuilding proven passenger rail rolling stock for additional years of cost-effective service. The people of Moncton and all of our employees will take great pride in contributing yet again to the physical renewal of a form of travel that is obviously the smart, safe and sustainable alternative today."

BACKGROUNDER: VIA'S RAIL DIESEL CAR FLEET

The "Vest-Pocket Streamliner"

ABOUT THE TRAINS:

When the Budd Company of Philadelphia unveiled its first rail diesel car (RDC) at the Chicago Railroad Fair in 1949, it was the hit of the show – and for good reason. For decades, railroaders had tried to develop a fast, light and sturdy self-propelled passenger car that could simultaneously reduce operating costs while improving performance and passenger appeal. The RDC proved to be the answer and – 61 years after it made its debut – no comparable North American passenger rail equipment has come along to match or exceed its unique capabilities. The RDC is still ideally suited to two of VIA's most diverse services.

The two key elements in the RDC's success were the stainless steel carbody construction and the compact diesel power plant. The Budd Company pioneered the manufacturing of stainless steel passenger rail equipment using its industry-leading, patented production techniques.

The advantages of stainless steel in rail car construction include its strength (and consequent safety), its corrosion-free durability, its low maintenance cost and its crowd-pleasing good looks.

As employed in Budd locomotive-hauled passenger cars, stainless steel played a large part in “the streamliner era” of North American railroading from the 1930s into the 1950s. The RDCs were directly related to these stylish stainless steel trains, including VIA’s world famous transcontinental streamliner, the *Canadian*. As a result, the RDCs are often referred to as “vest-pocket streamliners.”

Just as important as their stainless steel carbody construction was the RDC’s lightweight diesel engines and hydraulic drive system. Using components that had been proven in the automotive and military fields, this propulsion package offered low first cost, low operating costs and reliability. Completely contained underneath the RDC’s carbody, this diesel power system was designed for easy and quick maintenance, making it possible to operate them in quick turnaround service and enabling them to rack up many more miles of service daily than conventional, locomotive-hauled trains.

In combination, the RDC’s rugged stainless steel construction and economical power plant produced a car that was ideally suited to a wide range of services. The Budd designers – who engineered and built the first RDC from scratch in the remarkably short span of just nine months – had all along visualized it as a passenger rail car that could fulfill a number of market segments not being adequately addressed by other carbuilders at the time. Budd aimed for a maximum of market-driven service flexibility by designing the RDCs to operate as single units or in multi-car trains offering a wide range of capacity and accommodations. To do this, there were five variations on the basic design:

- RDC-1: 90 passengers, without a baggage or mail compartment;
- RDC-2: 70 passengers, plus a baggage compartment;
- RDC-3: 48 passengers, with an enlarged baggage and mail compartment;
- RDC-4: No passengers, with baggage and mail compartments only; and
- RDC-9: 94 passengers, but with no control cabs and only one engine, requiring operation with a cab-equipped model.

The success of the five versions of the RDC can be measured by the breadth of the services in which they were employed. These ranged from frequent-stop commuter runs in Montreal and Boston to fast intercity services in Southwestern Ontario to remote services in the Canadian North and Alaska. With the wide array of services provided all across the country by Canadian Pacific and Canadian National, the RDC was well suited to Canadian passenger rail service and more than one-quarter of the 398 produced between 1949 and 1962 ultimately served here. When VIA took over the CP and CN passenger services in 1978, its RDC fleet of 97 cars was the largest in the world. RDCs also saw extensive service throughout the U.S., as well as in Australia, Brazil, Cuba and Saudi Arabia.

In addition to the six RDCs that IRSI is rebuilding for VIA, another 13 former VIA cars were refurbished in Canada in 1996-1997 for the Trinity Rail Express commuter system that links Dallas and Fort Worth, Texas. Another two RDCs were recently acquired by the TriMet transit system in Portland, Oregon, which plans to use them on its Westside Express commuter rail service.

When the RDC was first operated in revenue service in Canada by CP back in 1953, the Budd Company celebrated the occasion with advertisements that proclaimed it to be the “car with a future for Canada’s future.” That pronouncement is just as valid today. The proven durability and flexibility of the RDC’s design – combined with the new and advanced sub-systems being incorporated by VIA as part of the current rebuilding program – make it the ideal piece of passenger rolling stock for the demanding and diverse services to which VIA assigns it today.

ABOUT THE PROJECT:

Rebuilding VIA’s RDCs will cost about \$2 million per car and the first will be delivered within one year. There is currently no suitable North American self-propelled diesel rail car design that VIA could purchase “off the shelf” from any manufacturer. Developing such a car would take four years or more, require extensive testing and debugging, and cost \$5 million or more per car.

Like the Budd stainless steel, locomotive-hauled rolling stock that VIA employs on its transcontinental *Canadian* and other long-haul trains, the Budd RDCs have proved more durable than even their creators suspected. The earliest cars are now more than 50 years old, have reliably provided millions of kilometres of service and show no sign of wearing out structurally. The sturdy carshells remain corrosion-free after more than half-a-century of rugged use and many other sub-systems are equally sound. This rebuilding program will prepare them for up to 20 additional years of safe and productive service.

The RDCs will be completely disassembled and stripped of all reusable and recyclable components. Rather than being wastefully scrapped, the trucks, wheelsets, couplers, drawbars and seating will be completely reconditioned. Work on the trucks and wheelsets is being undertaken in-house at VIA’s Montreal Maintenance Centre. Among the new and advanced systems being incorporated into VIA’s RDCs by IRSI are:

- New interiors and fully-rebuilt seating incorporating new armrests that improve accessibility for passengers with special mobility needs;
- New, fully-accessible washrooms and Microphor full-retention toilets
- New LED interior lighting;
- New cabs at one end of each RDC with new operator controls;
- New electrical wiring, heating, ventilating and air conditioning systems;
- Fully-rebuilt Cummins N14E-R diesel engines;
- New Stradco 150 kW auxiliary power units on each car to provide an increased electrical supply for all on-board systems; and
- Fully-rebuilt air brakes.

The first of the six rebuilt cars – RDC-4 #9251 – will be delivered by IRSI in April 2011 and the last car will be completed by the end of the year. As each car is completed, it will be assigned to one of the two VIA RDC services to replace an un-rebuilt car currently in service, thus assuring no service disruption or diminishment of capacity during the program. When completed, VIA’s active RDC fleet will consist of:

6105	RDC-1
6208	RDC-2
6217	RDC-2
6219	RDC-2
6250	RDC-4
9251	RDC-4.

ABOUT THE PROJECT’S ECONOMIC BENEFITS:

VIA’s \$12.6 million contract for the rebuilding of its RDC fleet is part of an unprecedented \$923 million in passenger rail modernization and expansion by the Government of Canada. The project will support 31 to 40 positions at IRSI and generate 22.5 person-years of direct employment, as well as foster economic activity for numerous suppliers. It will also strengthen IRSI’s position as the preeminent rebuilder of passenger rail rolling stock in North America and a specialist in the renewal of Budd RDC equipment.

ABOUT INDUSTRIAL RAIL SERVICES, INC:

Industrial Rail Services, Inc. (IRSI) of Moncton, New Brunswick, is a full-service locomotive and passenger rail car facility specializing in equipment repairs, remanufacturing, modifications and refurbishment. Since its founding in 1999, IRSI has become North America’s premier rebuilder of rail passenger equipment, strengthening Moncton’s reputation as a global rail centre of excellence for more than a century.

IRSI’s modern and well-equipped facility is located in the CN Gordon Yard on the eastern transcontinental main line. Its 125,000-square-foot facility is equipped with 18 exhausted service bays, overhead cranes, drop tables, tool cribs, designated stores and document control areas, a metal fabrication shop, training facilities, a wash bay and a new 100-foot, state-of-the-art paint shop.

The strength of IRSI is its highly skilled and dedicated workforce, whose craftsmanship is recognized throughout the rail industry and has earned the company certification by the Association of American Railroads.

IRSI has extensive experience in the refurbishment of Budd RDCs. In 2001, the company overhauled the five RDCs currently employed on VIA’s Sudbury-White River and Victoria-Courtenay routes. These cars have provided reliable service over the past nine years.

Thanks to the advanced sub-systems that IRSI will apply under this program, VIA's RDC fleet will deliver an enhanced level of service that will be more comfortable, accessible and cost-effective, as well as enhancing their already-low environmental footprint.

ABOUT VIA's RDC SERVICES

VIA's six fully-rebuilt RDCs will be used on two of the railway's most diverse and scenic services.

In Northern Ontario, the 484-km Sudbury-White River service is a vital link for residents of and visitors to a remote region with limited transportation options. There are no all-weather roads or scheduled air services on this route across the rocky Canadian Shield. VIA's RDC-equipped train operates three days per week in each direction and provides the only reliable access to a region characterized by its numerous lakes and rugged beauty. The route is a popular summertime tourist destination, attracting campers, backpackers and anglers from around the world.

The Vancouver Island service operates daily in both directions over a 225-km route paralleling the Strait of Georgia from British Columbia's capital of Victoria, north to the important regional centres of Nanaimo and Courtenay, as well as 25 other intermediate stations. The train travels over the spectacular Malahat Pass and through lush coastal forests as it links the major cities and tourist attractions of Vancouver Island.



Photo by Alasdair MacLellan.

Attachment I

THE TORONTO STAR, DECEMBER 12, 2007

No way to treat a silver lady

By Greg Gormick

The folks at VIA deserve top marks for tongue-in-cheek humour, as I found on a recent trip on their *Canadian*, undeniably the world's finest long-distance passenger train.

When the stainless steel domeliner arrived at the northern Ontario town of Sioux Lookout, the service manager said, "On behalf of VIA Rail Canada, I would like to apologize for being on time." That got many a chuckle, but it's no laughing matter.

From Toronto to Vancouver and back, VIA employees gave me an earful about what they consider shabby treatment of the People's Railway by the privatized former People's Railway, Canadian National. CN boots VIA's gleaming streamliner from pillar to post, making it slink in and out of sidings to accommodate frighteningly long freights, which often won't fit in those sidings.

At times, we were more than an hour late, at others more than an hour early. *The Canadian* has a padded timetable to compensate for CN's schizophrenic dispatching, frequently waiting for its schedule to catch up, only to have it trashed further down the line. This is no way to treat a silver lady, especially one carrying Canadians to remote towns and big cities, as well as high-paying tourists from around the world.

The VIA folks aren't reticent about who they hold responsible.

Waiting for a CN freight to clear at Hornepayne, Ontario, we noticed four red-and-cream passenger cars ahead of its unending string of freight cars. One VIA employee said it looked like a circus train. Close. It's assigned to Memphis-born CN president E. Hunter Harrison.

When I divulged that information – and that the colours are from the Frisco Railway where he started his career – the crew wanted dining car eggs for pelting purposes. I got steely glares when I fessed up to once writing speeches for him.

Harrison doesn't like passenger trains. They mess up his freight service, he says. Others disagree.

Former TTC chief general manager David Gunn is also a freight railroader who eventually ran Amtrak. He says an efficient railway uses passenger trains to accelerate its entire operation, giving them priority and making freights play follow the leader. He once told me, "If they're screwing the passengers, they're probably doing the same to their freight customers."

Working around trains for more than 30 years, I've heard all the hard luck stories from freight railroaders. Passenger trains move faster and eat up more track capacity. They delay freights with station stops. They require better track maintenance. They also pay well for all those things.

But have no fear, CN has a solution: add another night to the schedule of *The Canadian*. Run it slower than when it was launched in 1955.

This is treating Canadians as second class citizens on a privatized railway we funded for generations. Back then, CN was relentlessly pro-passenger and also one of North America's finest freight railways. Our taxes and fares still pay for VIA to run on today's CN.

Our government needs to remind Harrison that CN's responsibilities don't end with generating large profits for investors, many of them Americans. He should also be reminded of the dangers in hobbling passenger trains – the thoroughbreds of railroading.

More than a century ago, a Vanderbilt running the New York Central Railroad sullied his family's name when he sneered, "The public be damned." It was no way to run a railroad then and it still isn't. *The Canadian* deserves better as Canada's flagship train.

Then, there was the matter of our silver steed pawing the turf while a broken rail ahead was repaired. And four freight derailments that made a mockery of CN's slogan, "We deliver." But that's another story. Over to you, Transport Minister Lawrence Cannon.

Greg Gormick is the author of the forthcoming book, *The Canadian: The Life and Times of the Last Streamliner*.



Photo by Steve Bradley.

Attachment J

About the Author



The CTV television program, *W5*, described Greg Gormick as a Toronto consultant “with a client list that reads like a *Who’s Who* of Canadian transportation.”

Gormick is a member of the fourth generation of his family to serve Canada’s railways. He’s worked as a writer, researcher, strategic analyst and policy adviser in the railway and transit fields since his 1978 graduation from Ryerson University’s School of Journalism. He has reported on, for and to these industries extensively and has contributed his knowledge to numerous public agencies and officials connected with them.

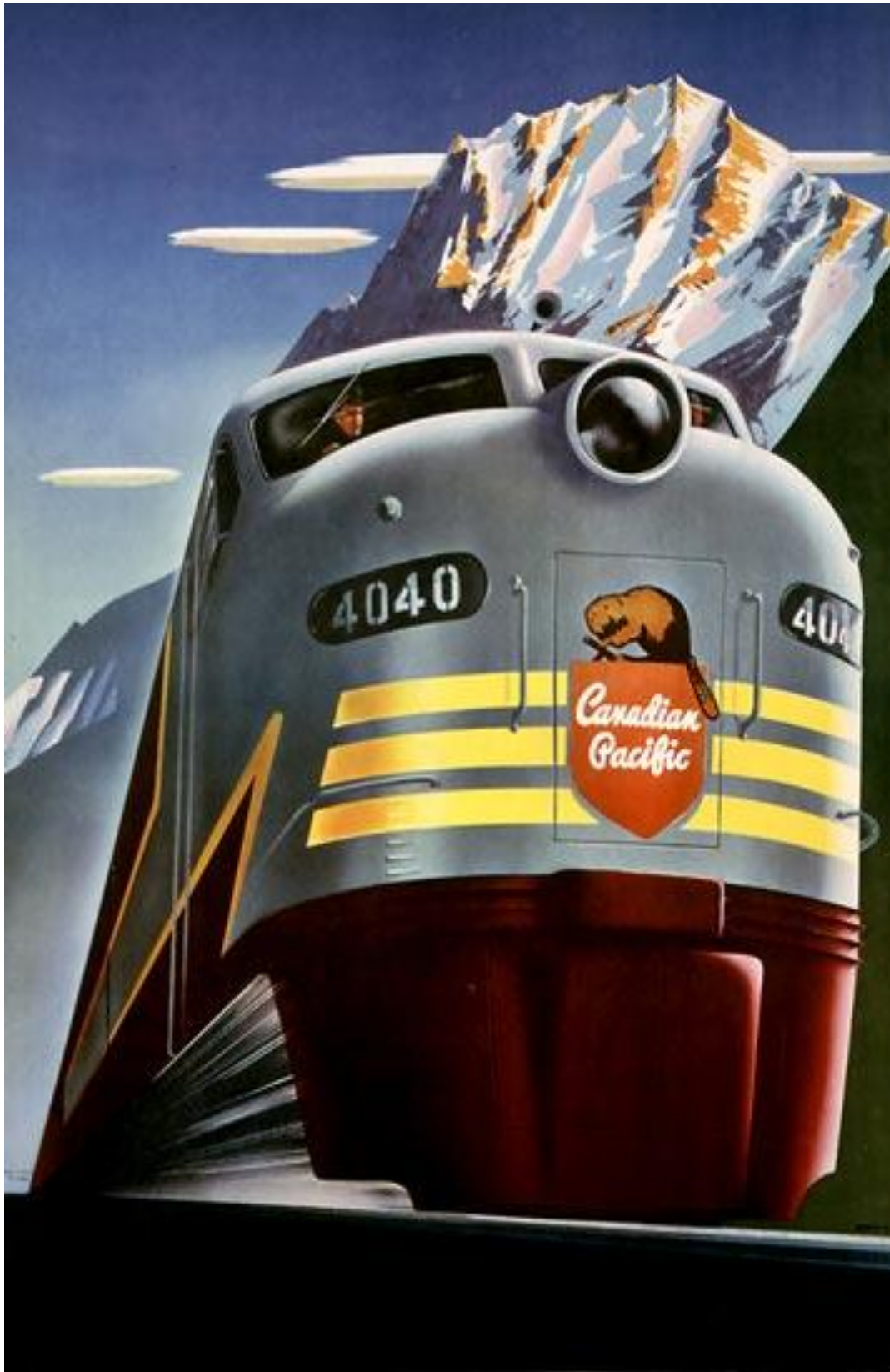
The basis of Gormick’s expertise is a solid grounding in real-world operations, planning and policy, gained from those veterans of the rail and transit industries who have tutored him throughout his career. His affiliation with these professionals results from frequent and lengthy assignments with such industry leaders as CP, CN, VIA Rail Canada, the Toronto Transit Commission, GM’s Diesel Division, Bombardier and Siemens Mobility.

As a reporter and commentator, Gormick has used his experience to inform the public and the media on transportation initiatives and opportunities, particularly through work for *The Toronto Star* and the Canadian Broadcasting Corporation. For 21 years, he was the Canadian contributing editor of the trade magazine, *Railway Age*, and wrote their *Passenger Rail Planner’s Guide*, an annual review of every rail passenger and transit system in North America.

In the public sector, Gormick has served in several notable positions as a transportation policy adviser. His clients have included Toronto Mayor Art Eggleton, Toronto City Council, various Government of Ontario ministries, the Coalition of Corridor Mayors and Peterborough MP Dean Del Mastro. On Del Mastro’s behalf, Gormick created the concept plan for the re-establishment of the Toronto-Peterborough rail passenger service.

As well, Gormick is the author of *Wheels of Progress: Toronto Moves by Rail*. Among his current book projects are *No Way to Run a Railway: The VIA Rail Canada Story* and *The Canadian: The Life and Times of the Last Streamliner*.

Gormick is currently serving as the project facilitator for Transport Action’s National Dream Renewed campaign.



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