



TRANSPORT ACTION ONTARIO

(formerly Transport 2000 Ontario)

Advocating for Sustainable Public and Freight Transportation

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VIA Rail is dying, but can be revived with strategic investment, says Transport Action Ontario expert report

ST. MARYS – VIA Rail Canada is dying. But it can easily be revived and improved to deliver major benefits to Canadians if government invests strategically in its full, long-overdue modernization.

That is the conclusion of an expert report prepared for Ontario's only province-wide public transportation advocacy group, Transport Action Ontario (TAO). The report, *Out of Steam: The Urgent Need to Modernize VIA Rail Canada*, was produced for TAO by rail consultant and government policy advisor Greg Gormick.

TAO's "report card" on the dangerous state of VIA was released today at the historic, municipally-owned St. Marys VIA station at an event co-hosted by the town's Save VIA Committee. The full report may be viewed at <http://transport-action-ontario.com> under "Latest News".

Said TAO president Peter Miasek, "Mr. Gormick's report shows how VIA is failing. It also calls for a renewal plan that would quickly recoup investment through lower operating costs, more service, higher ridership and increased revenue. This would also produce private-sector manufacturing jobs in Ontario and economic spin-off three to four times its one-time cost."

Instead of investing in VIA, the publicly-owned corporation has been allowed to deteriorate and costs have risen. One result of government's retrograde treatment of VIA was a series of service cuts in 2012, which eliminated one of the three daily roundtrips that served St. Marys. Other communities, from Sarnia to Halifax to Vancouver, also had their service reduced. This contrasts with VIA's U.S. equivalent, Amtrak, which has modernized and boosted service thanks to sustained federal and state funding. A similar plan for VIA is required to improve Canadian mobility, especially in areas with few or no other public transportation options.

"We in St. Marys welcome this insightful report," said Save VIA Committee chair Chris West. "If our government finally makes the long-overdue commitment to VIA advocated by this study, Southwestern Ontarians would benefit from more and faster state-of-the-art trains, providing substantially improved travel throughout the region and across the country."

TAO and the St. Marys Save VIA Committee, along with other affiliated citizens' organizations throughout Ontario, will promote the modernization and investment suggested in *Out of Steam* with local, provincial and federal politicians as they jointly campaign on the public's behalf for improved rail service in Southwestern Ontario, the North and across Canada.

TRANSPORT ACTION ONTARIO and four other regional associations in Atlantic Canada, Québec (Transport 2000 Québec), the Prairies and British Columbia form Transport Action Canada, a non-profit organization whose primary purpose is research, public education and consumer advocacy. Transport Action Ontario advocates for sustainable public and freight transportation across Ontario.

THE SAVE VIA COMMITTEE is a St. Marys, Ontario, citizens group formed to encourage the reversal of the VIA Rail cuts of 2012 and expansion of rail service throughout Southwestern Ontario and across Canada. The volunteer organization has hosted a series of activities to draw attention to the need for more and better rail service for the St. Marys/Stratford area. This has included the circulation of citizen petitions, meetings with local politicians, well-attended benefit concerts featuring local singer/songwriter Emm Gryner and pro-rail events at the historic St. Marys VIA station.

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OUT OF STEAM: THE URGENT NEED TO MODERNIZE VIA RAIL CANADA

BY GREG GORMICK FOR TRANSPORT ACTION ONTARIO

EXECUTIVE SUMMARY

In the opinion of several rail passenger professionals -- especially former Amtrak president and Cape Breton resident David Gunn – VIA Rail Canada is dying.

A review of VIA's 2013 Annual Report, the *Summary of the 2013-2017 Corporate Plan* and its first two quarterly reports for 2014 confirms this opinion. VIA's performance trends are either largely stagnant or declining. Costs and financial liabilities are increasing, while ridership and revenues are flat or falling. As measured by on-time performance, VIA's service quality and its ability to attract additional passengers is also declining. VIA has become old, slow and late.

The infusion of \$923 million in capital renewal funding between 2007 and 2012 under this government had a negligible effect; many of the projects are still incomplete and unfunded, while others cannot yield any appreciable benefit unless additional capital funding is secured.

Over the period covered by the *2013-2017 Corporate Plan*, VIA will exceed its budget by \$582.1 million. Unless additional funds are forthcoming, service reductions will occur, exacerbating the damage done to ridership, revenues and public utility as a result of VIA's 2012 cuts.

Facing this funding shortfall, VIA management indicates it will have difficulty maintaining the current frequencies of its Halifax-Montreal *Ocean* and Toronto-Vancouver *Canadian*, which many feel are already inadequate. This flies in the face of the corporate stance taken by VIA's U.S. counterpart, Amtrak, which has devoted capital and marketing efforts to the improvement of the utility and cost-effectiveness of its 15 long-haul routes, with positive results.

VIA must confront several serious problems just to maintain its current network, which is at the lowest level in its 37-year history. The Gaspé-Montreal *Chaleur* and the Vancouver Island service are both suspended due to the deterioration of the short lines on which they operate. VIA expects this to worsen as short lines struggle with their deterioration and low profitability.

Unless corrected, VIA's investment-challenged corporate strategy and this government's funding policies will deliver a smaller and less useful rail passenger service, at best. In the extreme, VIA could be scuttled by the negative forces confronting it. Only the appointment of a more positive VIA president in May 2014 and the recent interest of Ontario Premier Kathleen Wynne in favour of rail-based solutions for southern Ontario provide glimmers of hope.

As dire as VIA's position, it can be fixed. Other passenger railways – particularly Amtrak – have grappled with similar situations. They've been revived through interlocking measures that ensure a state of good repair and provide the financial, physical, human and legislative tools necessary to ensure they don't relapse. Full modernization is the key.

Such a renaissance must be led by the government-of-the-day. Until that commitment is made, then former Amtrak president David Gunn is right: VIA is dying.

VIA RAIL CANADA SYSTEM PERFORMANCE – 2013 VS. 2012

KEY INDICATOR	2013	2012	VARIANCE (%)
PASSENGER REVENUES	\$249,600,000	\$257,400,000	-3.0
TOTAL REVENUES	\$270,400,000	\$276,900,000	-2.3
OPERATING EXPENSES	\$482,400,000	\$478,200,000	+1.0
TOTAL OPERATING EXPENSES	\$578,000,000	\$556,000,000	+4.0
OPERATING DEFICIT	\$307,600,000	\$279,100,000	+10.2
CAPITAL EXPENDITURES	\$96,200,000	\$170,300,000	-43.5
GOVERNMENT CAPITAL FUNDING	\$90,800,000	\$167,200,000	-45.7
TOTAL GOVERNMENT FUNDING	\$403,800,000	\$446,300,000	-9.5
OPERATING DEFICIT PER PASSENGER-MILE	37.0¢	33.5¢	+10.4
COST RECOVERY	46.8%	49.8%	-0.6
RIDERSHIP	3,900,000	3,900,000	0.0
PASSENGER-MILES	832,000,000	834,000,000	-0.2
TRAIN-MILES OPERATED	6,244,000	6,441,000	-3.1
CAR-MILES OPERATED	39,699,000	44,379,000	-10.5
LOAD FACTOR	56%	54%	+2.0
ON-TIME PERFORMANCE	82%	83%	-1.0

SYSTEM PERFORMANCE – VIA RAIL CANADA VS. AMTRAK

KEY INDICATOR	VIA (FY2013)	AMTRAK (FY2012)
RIDERSHIP	3,900,000	31,200,000
ROUTE-MILES	7,800	21,200
TRAINS OPERATED WEEKLY	503	2,200
REVENUE	\$270,400,000	\$2,877,000,000
EXPENSES	\$578,000,000	\$4,036,000,000
OPERATING LOSS	\$307,600,000	\$1,159,000,000
COST RECOVERY	46.8%	71.3%
PASSENGER-MILES PER TRAIN-MILE	133	180
ON-TIME PERFORMANCE	82%	83%