



IDEAS IN MOTION: 2019 POLICY BRIEFING

POLICY SUPPORT FOR PASSENGER RAIL

A robust nationwide passenger rail network is important to our country, offering economic opportunity, tourism stimulus, an alternative to congested highways, and climate change mitigation. Passenger demand for rail travel is rising, and VIA Rail Canada's fortunes are improving. Passenger revenues are up and new rolling stock has been approved for the Windsor-Quebec City corridor. A Government decision on VIA's High Frequency Rail proposal is expected soon. However, significant challenges remain, particularly to long-distance services in the Maritimes and western Canada, where neither the need for essential transportation service nor demand for an internationally competitive travel network and is being met. This largely stems from VIA Rail's reliance on track owned by Canada's freight railways, which prioritize freight movements over passengers, limit service frequencies, and cause delays.

VIA Rail's 2018-2022 Corporate Plan contains some sobering words related to this problem:

*"poor offering related to convenience (lack of frequency), lack of reliability (deteriorating on-time performance), longer trip times"
"serious embarrassment for Canada's reputation"*

"no repercussions for the host railway for such poor performance. As this issue will not likely be resolved through negotiations, Transport Canada must consider intervening and provide assistance in delivering an equitable arrangement"

"The current Train Service Agreement with CN is substantially the same as the one put in place by the Government prior to the 1995 privatization of CN... future access agreements should leverage best practices from the European rail industry model regarding punctuality and capacity management"

"it is in the Government's interest to address the inherent imbalance in bargaining power between freight railway infrastructure owners and passenger rail operators"

There are at least two measures needed to enable VIA Rail's mission of providing reliable passenger service; and to acknowledge the public service obligation inherent in the history of Canada's railways having been built with public support.

SUPPORTIVE LEGISLATION - A FAIR RAIL FOR PASSENGERS ACT

The Government of Canada should legislate to spell out the mandate, rights and obligations of passenger rail providers and freight railways, providing a swifter and less adversarial method of dispute resolution. This would apply to all operators – VIA Rail, provincial services, and Amtrak when it operates in Canada. Properly crafted legislation would ensure balanced access, equitable priority and fair costs, facilitate the addition of services to meet demand, and prevent the freight railroads from denying access on capacity grounds when they have in fact reduced capacity by removing double track, etc. It would also cover principles for cost sharing between provinces and Ottawa, and provide Parliamentary oversight of any future reductions in passenger rail service.

Several efforts to introduce passenger rail legislation in Parliament have occurred in recent years. Perhaps the most comprehensive was Bill 640 (April 2015), which was defeated in a vote along party lines. It drew upon Amtrak's enabling legislation and previous bills introduced in Canada, and benefitted from careful review by non-government organizations, including Transport Action.

INVESTMENT INCENTIVES FOR FREIGHT RAILWAYS + UPDATED SERVICE AGREEMENT

The root problem inhibiting VIA Rail's passenger service is insufficient double track and passing sidings on key rail corridors, resulting in schedule and space conflicts. This also constrains freight growth, leading to issues shipping Canada's commodities. Tax incentives such as accelerated capital cost allowance for infrastructure investment would be a win-win – helping the freight railways to increase freight capacity on key routes such as Edmonton-Winnipeg while providing more passenger train paths and reducing delays.

These incentives would be legislatively tied to a new passenger rail Act, or contractually tied to an updated Train Service Agreement, specifying objectives for train frequencies, on-time performance, and trip times, with performance incentives and penalties so that compensation costs for passenger delays no longer fall solely upon the taxpayer. This is similar to the approach used in the USA.