

ALL ABOARD ST. MARYS



LEADING THE FIGHT FOR BETTER CANADIAN RAIL PASSENGER SERVICE – NOW!

FOR RELEASE: OCTOBER 21, 2016

House of Commons investigation of VIA Rail timely and necessary, says citizens' advocacy committee

ST. MARYS, ONTARIO – The All Aboard St. Marys citizens' committee is delighted by the release of the first special report into VIA Rail Canada by the House of Commons Standing Committee on Public Accounts.

“The fact that a high-ranking committee within Parliament is taking a close look at VIA is music to our ears,” says All Aboard St. Marys' Chris West. “We've been amazed at just how far VIA has been able to get by flinging out unfulfilled promises of service improvements and claims about the corporation's alleged business acumen without anyone in a position of authority asking some serious questions.”

The parliamentary committee's first report on its investigation of VIA is available online at:

http://www.parl.gc.ca/Content/HOC/Committee/421/PACP/Reports/RP8500984/421_PACP_Rpt17_PDF/421_PACP_Rpt17-e.pdf

The special investigation by the House of Commons Standing Committee on Public Accounts is a result of an earlier probing of VIA by the Office of the Auditor General (OAG). Among other disconcerting observations, the OAG confirmed that VIA had missed its scheduling and budgetary targets on several big-ticket capital projects it undertook, beginning in 2007.

Says West, "What pleases us the most about the current report by the Standing Committee on Public Accounts is that the MPs are demanding some firm answers from VIA on several major issues. It appears to us that VIA management didn't succeed in trying to convince the MPs that all is well with our publicly-owned passenger railway. They once again trumpeted their unproven and unfunded plan for a Dedicated Tracks Project in the Montreal-Ottawa-Toronto segment of the Quebec-Windsor Corridor. That didn't seem to get them very far, we're pleased to say."

The evidence provided by VIA to the committee is available online at:

<http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=e&Mode=1&Parl=42&Session=1&DocId=8375331#Int-9004368>

The members of the parliamentary committee have given VIA management a set of nine questions to answer, on a strict timetable, covering everything from the corporation's lack of enabling legislation to the measures necessary to improve VIA's dreadful on-time performance by compelling the freight railways to deliver adequate service. The committee is also holding Minister of Transport Marc Garneau's department accountable on three of these points.

"We congratulate the MPs of all political stripes who sit on this committee for undertaking this investigation," says West. "As we have said in the letter we sent to them today, we are ready to assist them in probing the shroud of secrecy that always seems to envelop VIA and the Ottawa civil servants who oversee it."

A copy of All Aboard St. Marys' letter to the members of the House of Commons Standing Committee on Public Accounts is included in this release, as is the exhibit regarding VIA's capital projects from the earlier report by the OAG.

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Visit us at www.allboardstmarys.ca

**OFFICE OF THE AUDITOR GENERAL OF CANADA – 2016 SPECIAL EXAMINATION REPORT ON
VIA RAIL CANADA**

EXHIBIT 5

RESULTS AND BENEFITS EXPECTED COMPARED WITH RESULTS AND BENEFITS OBTAINED

**IMPROVEMENTS MADE TO THE CN KINGSTON SUBDIVISION INFRASTRUCTURE
(TRACKS BELONGING TO FREIGHT CARRIERS, NOT TO VIA)**

INITIAL PROJECT EXPECTED BENEFITS SET OUT BY THE CORPORATION IN 2007	REVISED PROJECT IN LIGHT OF CANADA'S 2009 ECONOMIC ACTION PLAN	PROJECT COMPLETED OR IN PROGRESS AS OF DECEMBER 31, 2014, AND RESULTS OBTAINED
Initial Budget \$21 million	Revised Budget \$251 million	Final Cost \$318.5 million
Planned Scope of Work Improvements made to tracks and station infrastructure	Revised Scope of Work Additional \$230 million to build 160 kilometres of triple tracks on CN Kingston Subdivision infrastructure, at an estimated cost of \$1.6 million per kilometre	Work Carried Out 70 kilometres of triple tracks, at a cost of \$4.5 million per kilometre
Expected Benefits <ul style="list-style-type: none"> • 12 additional trains • Reduced travel time • Improved on-time performance, which stood at 82 percent • \$32 million in additional revenues • 23-percent increase in ridership 	Revised Expected Benefits <ul style="list-style-type: none"> • 14 additional trains • Reduced travel time • Improved on-time performance • \$32 million in additional revenues • 23-percent increase in ridership 	Actual Results Obtained <ul style="list-style-type: none"> • 8 additional trains • Increased travel time • Worsened on-time performance (average of about 65 percent) • Anticipated additional revenues not obtained • 17-percent decrease in ridership since 2009

UPGRADING OF HEP 1 (HEAD-END POWER) CARS

Initial Budget \$3 million	Revised Budget \$26 million	Project Cost to Date \$39 million
Planned Scope of Work Building of a cabin prototype for a HEP 1 car	Revised Scope of Work Additional \$22 million to modernize HEP 1 cars at an estimated cost of \$2.1 million per car. Cancellation of plan to build a cabin prototype for a HEP 1 car; the cost at the time was about \$1 million	Work Carried Out Work on HEP 1 cars was completed in 2015, at a cost of \$3.3 million per car
Expected Benefits <ul style="list-style-type: none"> • Cars brought into compliance with accessibility standards for mobility-impaired persons • Improved safety of cars • Renovated 12-car fleet 	Revised Expected Benefits <ul style="list-style-type: none"> • Cars brought into compliance with accessibility standards for mobility-impaired persons • Improved safety of cars • Renovated 12-car fleet 	Actual Results to Date <ul style="list-style-type: none"> • Renovated cars in compliance with accessibility standards for mobility-impaired persons • Improved safety of cars • The 12 renovated cars were in service between June 2014 and September 2015

UPGRADING OF LRC (LIGHT, RAPID, COMFORTABLE) CARS

Initial Budget \$80 million (including cost of 2007 prototype)	Revised Budget \$110 million	Project Cost to Date \$112million
<p>Planned Scope of Work Upgrading of 98 LRC cars, at an estimated cost of \$0.8 million per car</p>	<p>Revised Scope of Work Additional \$30 million for the upgrading of 98 cars, at an estimated cost of \$1.1 million per car</p>	<p>Work Completed 57 cars have been upgraded to date, at an average cost of approximately \$2 million per car</p>
<p>Expected Benefits</p> <ul style="list-style-type: none"> • 15- to 20-year extension of the useful life of the cars • Savings compared with the cost to replace cars* • 10- to 15-percent decrease in maintenance costs • Increased ridership and revenues • Improved reliability of the cars <ul style="list-style-type: none"> • Improved esthetics 	<p>Revised Expected Benefits</p> <ul style="list-style-type: none"> • 15- to 20-year extension of the useful life of the cars • Savings compared with the cost to replace cars* • 10- to 15-percent decrease in maintenance costs • Increased ridership and revenues • Improved reliability of the cars <ul style="list-style-type: none"> • Improved esthetics 	<p>Actual Results to Date</p> <ul style="list-style-type: none"> • 10-year extension of the useful life of the cars • Savings compared with the cost to replace cars* • The 10- to 15-percent decrease in maintenance costs remains to be seen <ul style="list-style-type: none"> • The anticipated increases in ridership and revenues were not obtained • The improved reliability of the cars remains to be seen <ul style="list-style-type: none"> • Improved esthetics

* VIA estimated the replacement cost at \$5 million per car

http://www.oag-bvg.gc.ca/internet/English/parl_oag_201602_07_e_41251.html

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October 21, 2016

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Standing Committee on Public Accounts
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Ottawa, Ontario
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TO THE MEMBERS OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS:

In light of the Standing Committee on Public Accounts' special investigation regarding VIA Rail Canada, we believe the attached press releases and backgrounders may be of some interest to you. All are available on our website at www.allaboardstmarys.ca

Based on input from rail passenger professionals across North America, it is the opinion of the All Aboard St. Marys citizens' committee that VIA's rah-rah public affairs rhetoric is covering up a course of corporate action that is leading our national rail passenger service to the brink of exhaustion and collapse. The corporation's relentless focus on the impractical, unapproved and unfunded Dedicated Tracks Project and the questionable progress it has made on the fleet renewal program are clear indications to us that VIA is heading for extreme financial, physical and operational trouble.

As well, we fail to understand why VIA refuses to apply to the Canadian Transport Agency under Section 152.1 of the *Canada Transportation Act (CTA)* for a binding solution to its ongoing problems with the level of service it is receiving from CN under the terms of its train service agreement.

This is especially perplexing given that VIA invoked this section of the *CTA* in seeking remedies for problems it had with Canadian Pacific, the Hudson Bay Railway and the Goderich-Exeter Railway. Why should a similar course of action not be taken in dealing with the corporation that is VIA's major host railway and the principal source of its declining on-time performance?

All Aboard St. Marys is also concerned by the fact that VIA has not been able to complete a single capital investment project over the last decade on schedule or within the approved budgetary limits. This issue was highlighted in Exhibit 5 of the special investigation of the corporation conducted earlier this year by the Office of the Auditor General of Canada.

We look forward to the continuation of the investigation by the Standing Committee on Public Accounts into various aspects of VIA's governance, funding, operations and strategic planning. As we continue to monitor and investigate what we perceive to be a looming crisis at VIA, we will keep in touch with you and share any information we receive.

If we can be of any assistance, please feel free to contact us.

Yours respectfully,

Greg Gormick,
Campaign Coordinator,
All Aboard St. Marys.

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GG/Attachments

Visit us at www.allboardstmarys.ca