

# INTERCITY PASSENGER RAIL IN CANADA



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# History of Passenger Rail in Canada

Coast to coast rail service was a condition of Canadian Confederation in 1867

## Passenger Rail in Canada

- Canada today is:
  - 33.7 million people
  - 10 million km<sup>2</sup> of land
  - Extreme landscapes, climates and seasons
- Rail played a major role in building Canada
- The first railway operated in 1836 (the *Champlain and Saint Lawrence Railroad*) in the Montreal region, followed by an extensive expansion facilitating the creation of Canada as a unified country
- Passenger rail was originally operated by various companies, consolidating into what later became CN (Canadian National) and CP (Canadian Pacific)



# History of Passenger Rail in Canada

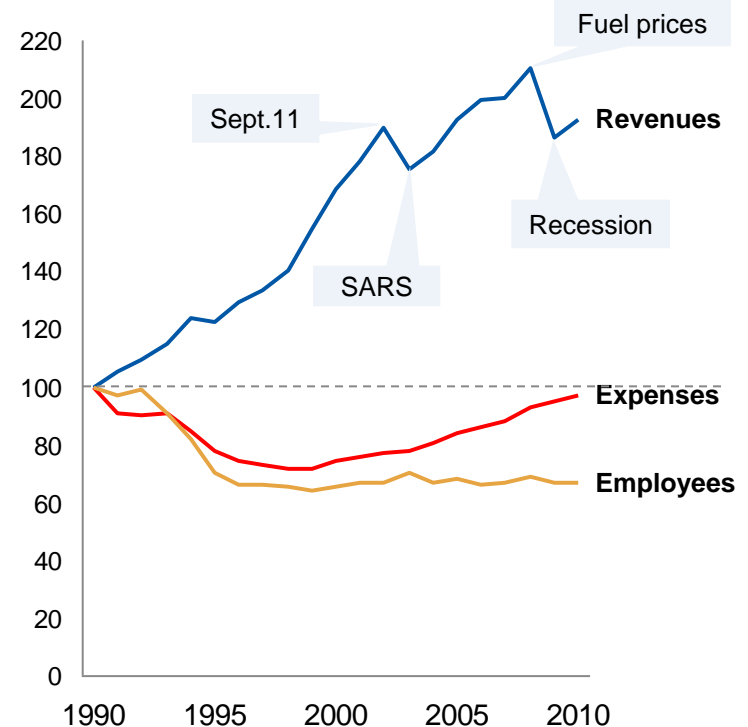
**VIA Rail was founded in 1977 as a Crown Corporation by merging the passenger services of CN and CP**

## VIA Rail History

- Created by a Cabinet Order-in-Council in 1977
- Passenger services of CN/CP merged into VIA:
  - VIA inherited available passenger equipment from CN and CP
  - CN and CP continue to own most of the infrastructure (VIA pays fees for access)
- VIA's operations were reduced by half in 1990, as Government funding was reduced
- Since 1990, VIA has almost doubled its revenues while absorbing inflation and maintaining current expenses at 1990 levels, while continuing to provide Canadians with world-class, safe, efficient and environmentally responsible intercity transportation
- Since 1990 VIA has continued to innovate and invest to improve service levels and customer satisfaction

## Historical VIA Operating Results

Values indexed to 1990

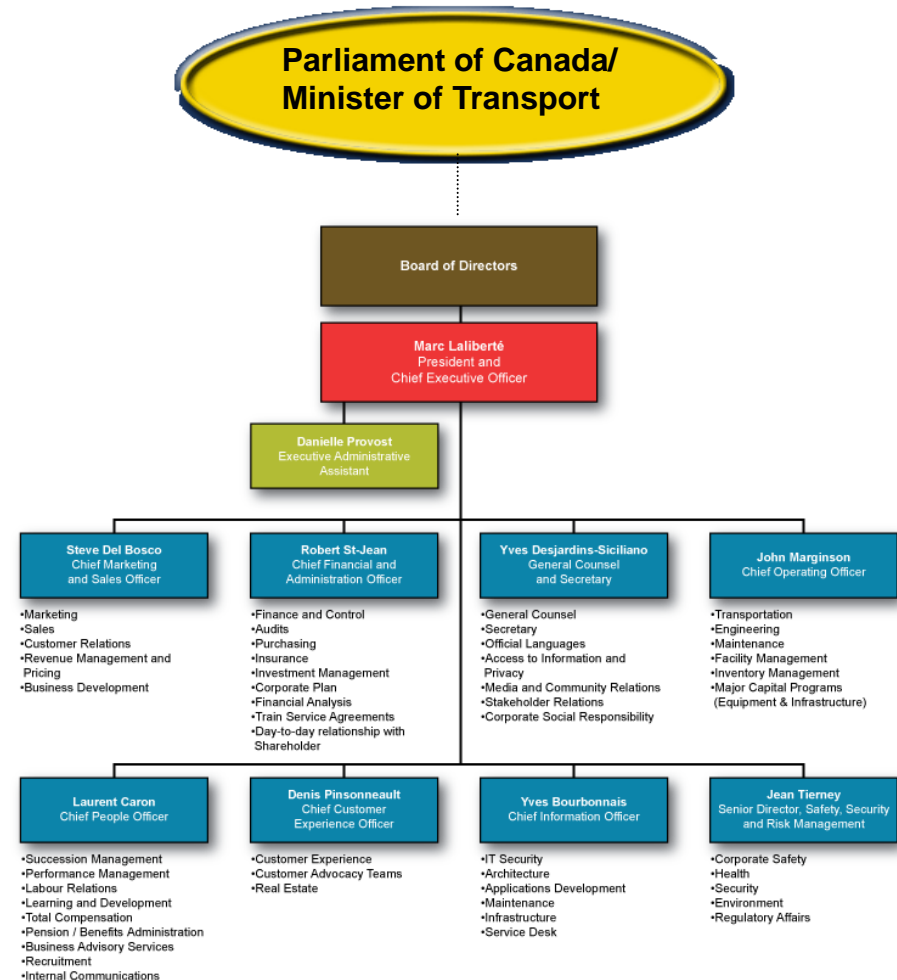


**Since the network was reduced in 1990, VIA has almost doubled revenues and absorbed all cost increases**

## VIA is a Crown Corporation

### VIA's Structure

- Reports to the Minister of Transport
- **The Vision:** We will offer the best travel experience in Canada
- **The Mission:** We work together to exceed customer expectations every time
- **Guiding principles:**
  - I focus on the customer
  - I take action and am accountable
  - I am flexible and contribute to change
  - I make the difference
- VIA operates over infrastructure (98% of the network) owned by freight railways



### The Government's Program Activity Description for VIA:

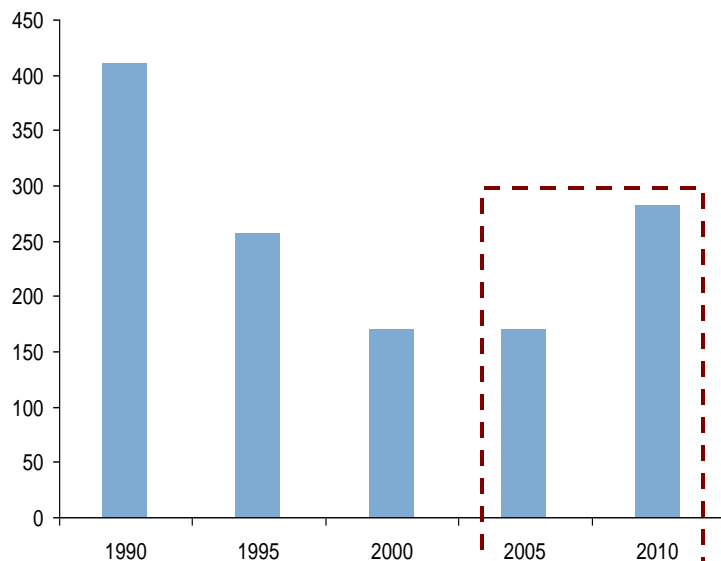
“A national passenger rail transportation service that is safe, secure, efficient, reliable, and environmentally sustainable and that meets the needs of travellers in Canada.”

# History of Operating and Capital Funding

**Summary of VIA's productivity improvements over the years, implemented to ensure efficient and cost effective delivery of train services, together with the history of capital funding**

## Government Operating Subsidy

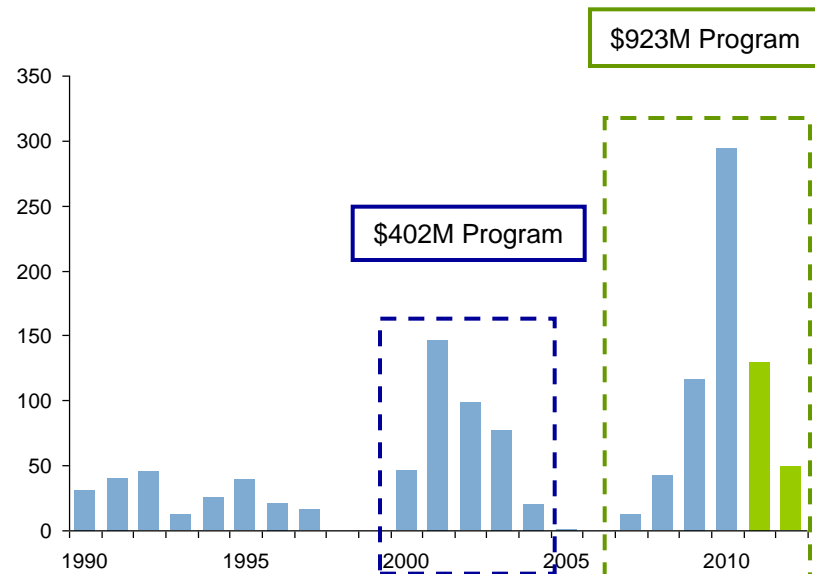
In millions of current \$



Increase due to 2008/ 2009 recession and pension costs

## Government Capital Funding

In millions of current \$

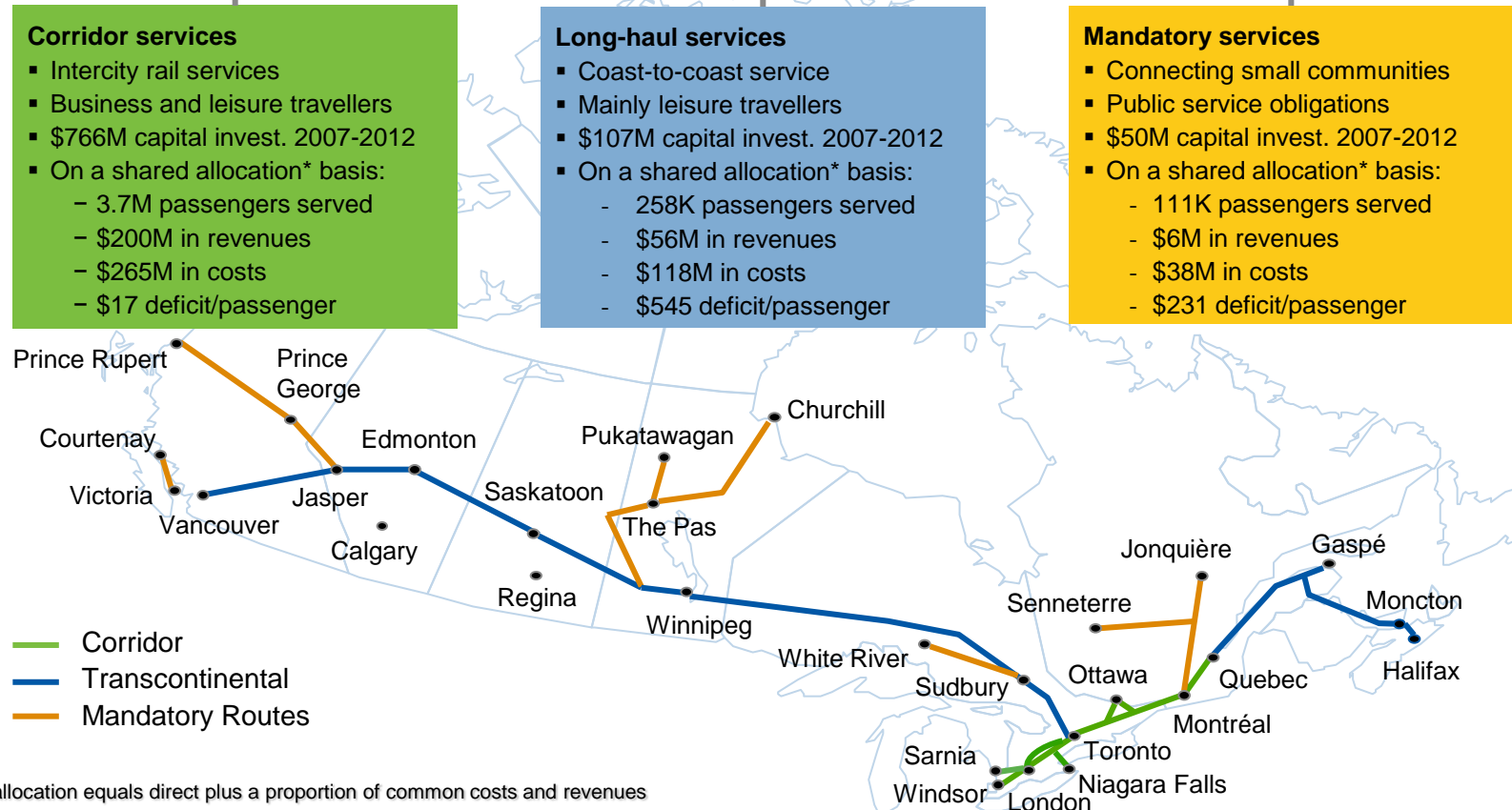


Through aggressive cost-cutting and revenue growth, virtually doubling revenue, VIA was able to significantly reduce its operating subsidy and absorb inflation since 1990, while maintaining the train services network



## Current Network

VIA currently serves over 4M passengers per year through three types of services



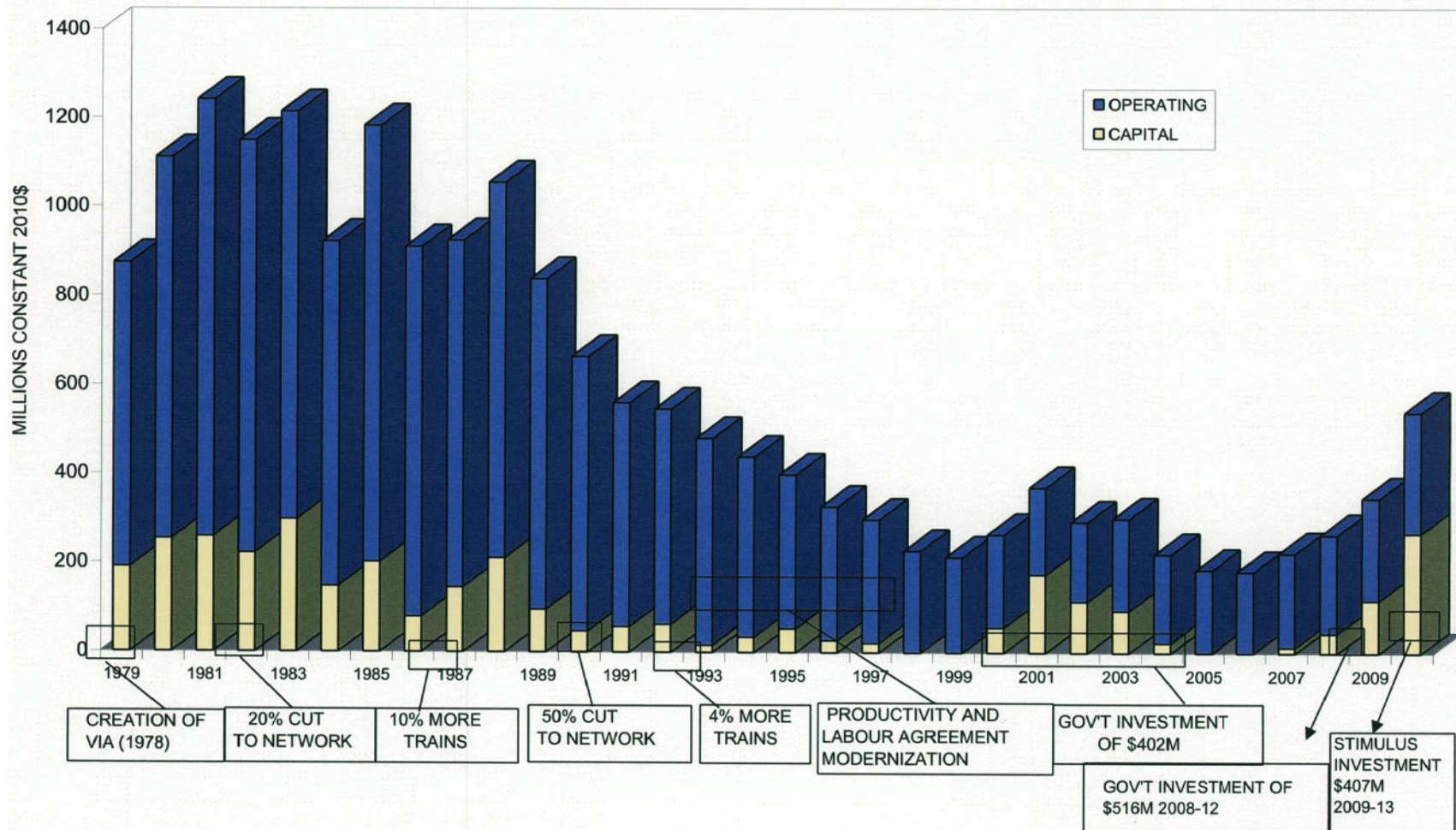
# Key Facts About VIA Rail Canada

- **12,500 km network with 500 trains per week serving over 450 Canadian communities**
- **Maximum speeds of 160 km/h on shared tracks with freight railways**
- **417 rail passenger cars and 74 locomotives in service**
- **Four modern maintenance facilities and 159 stations**
- **Less than 3,000 employees (headcount reduced from 4,500 to <3,000 (- 33%) between 1990 and 2010)**
- **More than 4M passengers, or 1.4B passenger-km per year**
- **Cost recovery increased by 74% from 29¢ in 1990 to 54¢ in 2010**
- **36% reduction in operating subsidy between 1990 and 2010**
- **On Time Performance between 80 - 85% is a challenge**
- **Customer Satisfaction is consistently about 97% (“meet expectation” @ 56%, and “exceed” @ 41%)**



# The Results

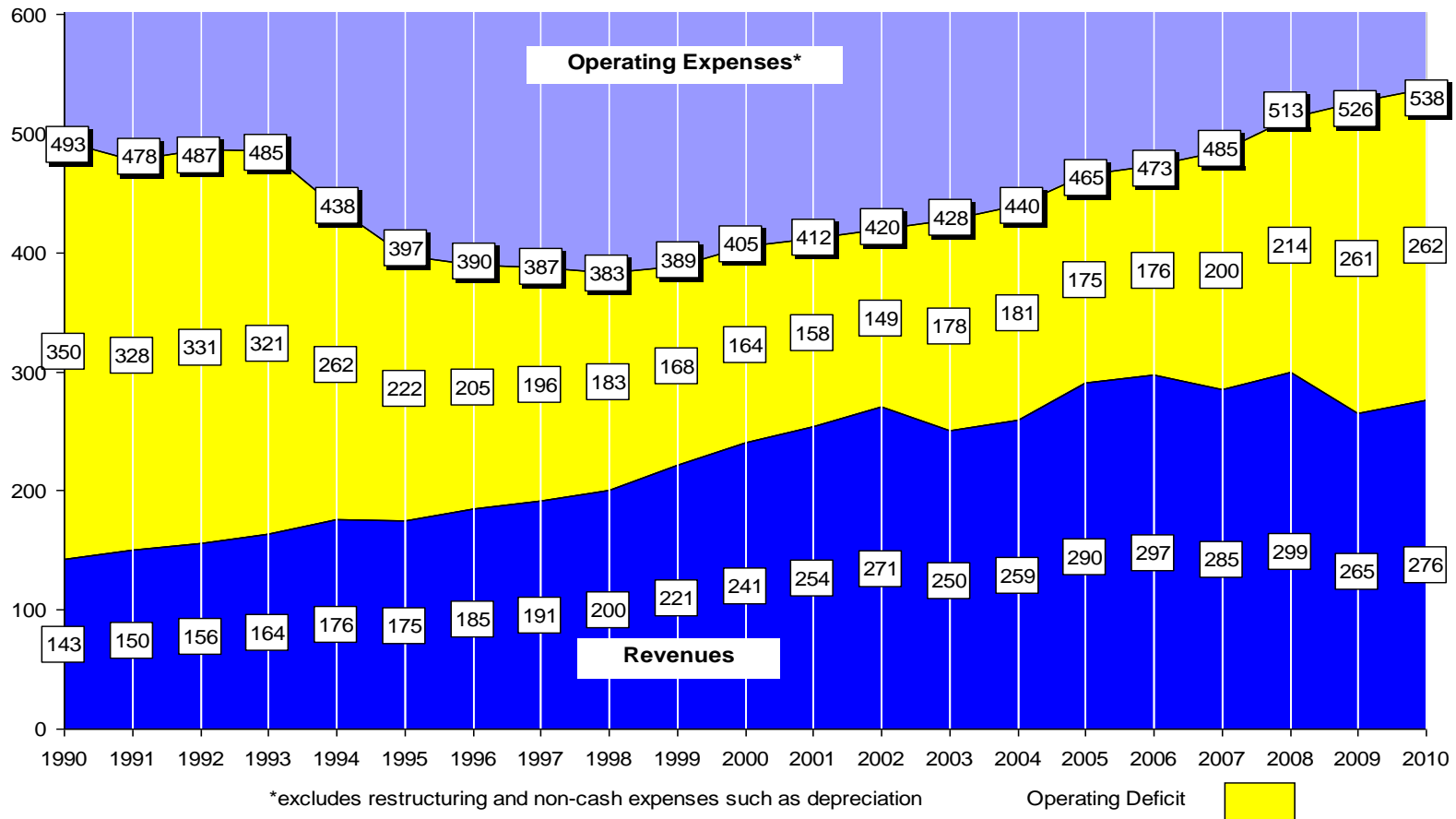
## GOVERNMENT FUNDING (CONSTANT 2010 \$)



# The Results

A disciplined focus on the bottom line has enabled VIA Rail to reduce headcount and operating costs while increasing revenue

## REVENUE & OPERATING EXPENSES

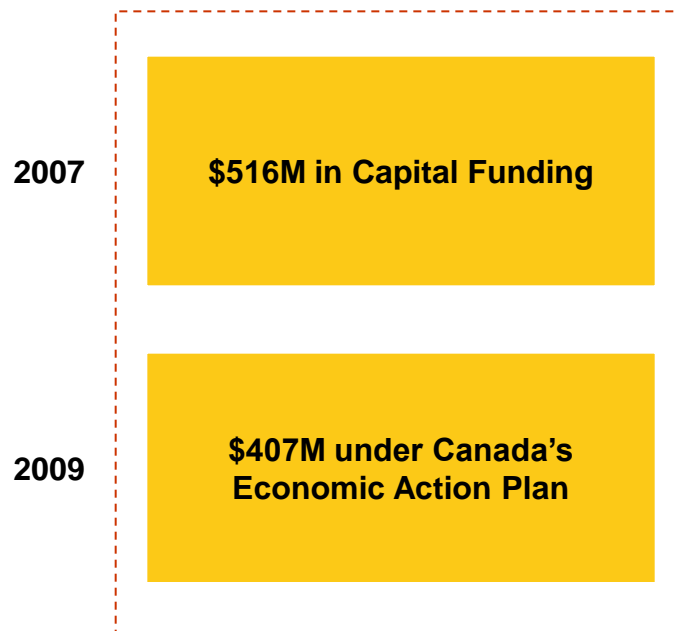


# Investing for the future

## Current improvements enabled by latest additional Government funding to deliver VIA's promise to Canadians

Recent Federal Government support...

**\$923M in Capital Funding**

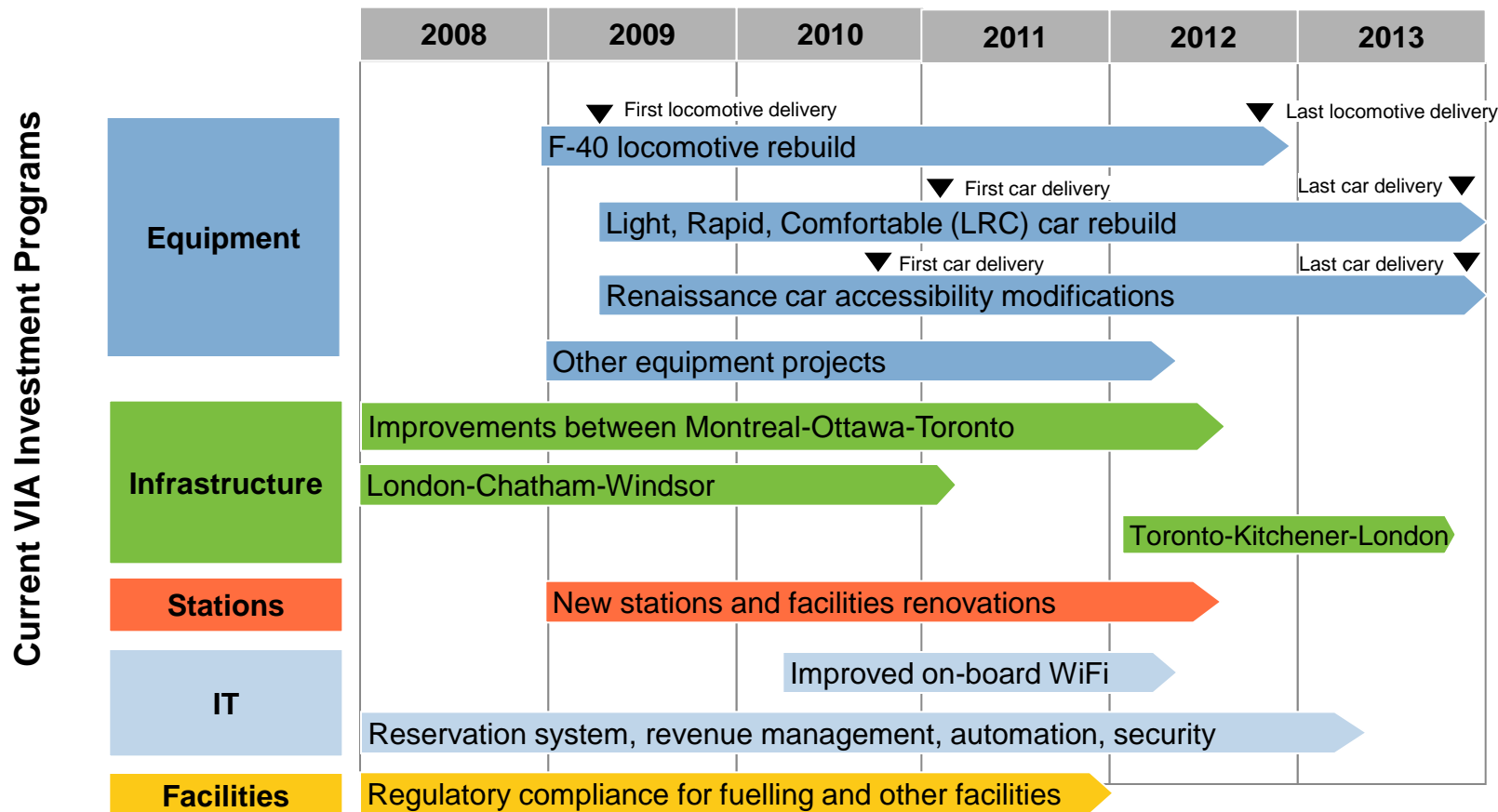


...allowed VIA to improve its services using the same core assets by

- Refurbishing its aging train fleet
  - Lowering emissions
  - Increasing reliability
  - Providing better accessibility
- Eliminating key infrastructure bottlenecks
- Offering additional frequencies
- Repairing and upgrading stations and service facilities
- Improving customer experience (e.g. on-board WiFi)
- Improving information systems and back office operations

► This provides a solid foundation for future longer-term improvements that will enhance the performance and viability of passenger rail in Canada and reduce the need for Government Operating Subsidy

## Details of projects enabled by the \$923M Government capital funding



► These projects will modernize key elements of rail infrastructure, equipment, stations, and information technology required for reliable performance and growth

# Intermodality and Interconnectivity

**Successful passenger rail systems are fully integrated into the rest of the transportation system and develop seamless links to other modes**

- VIA operates 20 stations from Vancouver to Halifax that have intermodal links to other modes
- The four top intermodal stations in terms of passenger volume and/or intermodal connections (besides cars and taxis) are at Toronto, Montreal, Ottawa, and Dorval.
- VIA shares stations with commuter trains, subway, buses, and airport links.
- VIA sells tickets for commuter trains, such as GO Transit.
- VIA is working with numerous airlines, commuter trains, bus companies, car sharing organizations and Amtrak to introduce seamless information, reservations and ticketing
- Connectivity is being implemented with some airlines and bus companies, including Red Arrow from Banff, Calgary, Edmonton, Jasper and Fort McMurray.



**Joint Ticketing  
VIA/GO Transit**



Departs: <b>08:54 AM</b>		Arrives: <b>14:19 PM</b>		Duration: <b>5 hrs 25 mins</b>	
<b>AJAX - TORONTO</b>		Departs: 08:54 AM		Arrives: 09:38 AM	
Train <b>909</b>	<input type="text" value="Economy - regular fare"/>				
	Service is provided by GO Transit.				
Connection time: <b>1 hour, 17 minutes.</b>					
<b>TORONTO - LONDON</b>		Departs: 10:55 AM		Arrives: 14:19 PM	
Train <b>85</b>	<input type="text" value="Economy - supersaver fare"/>				
	Service is provided by VIA Rail Canada.				
<a href="#">Information about this trip</a>					
<a href="#">Shop for Fares</a>				<a href="#">Select and continue</a>	

# Key Benefits of Passenger Rail

- Reduces emissions
- Reduces fossil fuel dependency
- Alleviates air and road congestion
- Increases accessibility for disabled
- Enhances mobility
- Enables tourism
- Enhances economic productivity and development
- Increases traveler productivity
- Provides disaster preparedness
- Unites the country and is part of Canada's cultural identity
- Can improve linkages with the U.S. rail network



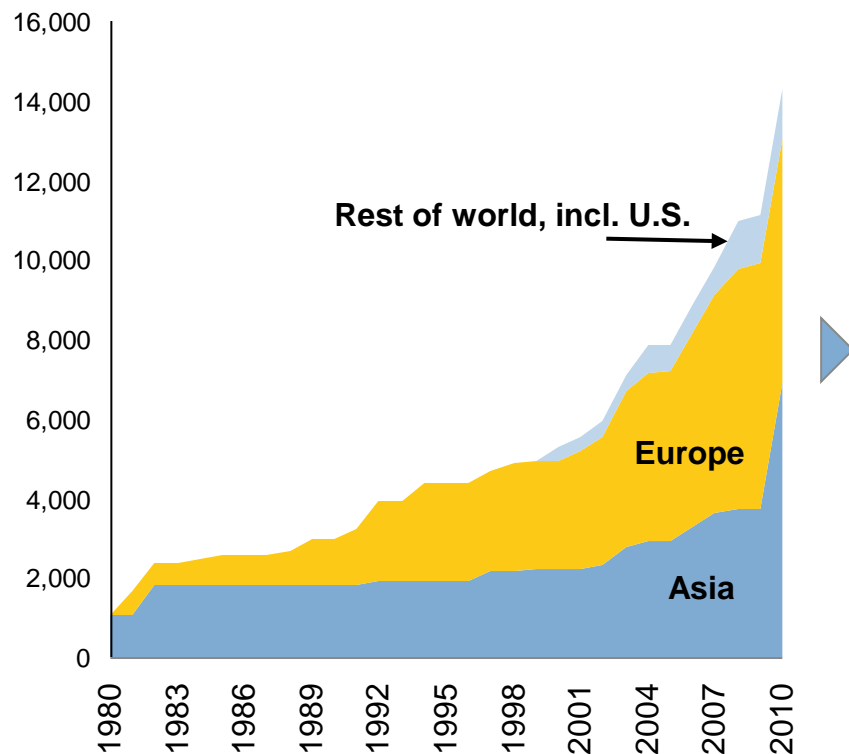
# Global Trends in Passenger Rail

## Expansion of high speed rail:

High and higher speed rail continuing to grow rapidly worldwide

### Higher speed lines<sup>1</sup>

In km in operation



- **An additional 30,000 km of high speed rail infrastructure is being planned or is under construction**
  - Over 200% increase in global high speed rail infrastructure, mainly due to the contribution from Asia
- **Approximately 50 countries have invested in high speed rail**
  - Includes almost all other G20 countries, except Canada, Australia, and Mexico
- **The US plans to connect its high speed network to major Canadian cities**
- *" Within 25 years, our goal is to give 80 percent of Americans access to high-speed rail. This could allow you to go places in half the time it takes to travel by car. For some trips, it will be faster than flying -- without the pat-down." – U.S. President Barack Obama*

<sup>1</sup> Networks capable of operating at speeds in excess of 200km/h

Sources: UIC High Speed Department (update 2010), Oliver Wyman analysis

# VIA Rail Canada ... a National Icon!

Rail services help unite the country; VIA is a recognized part of Canada's history, cultural identity and image abroad

## VIA Rail passenger network



## Canada's 10 most iconic brands



- Serves 9 out of the top 10 urban centres in Canada
- Links 400+ communities across the country

Source: Brand Finance Survey, 2009

## Challenges Facing VIA Rail

- **Build on the recent Capital Investment Program to reduce the Government operating subsidy**
- **Match Capital and Operating Funding to the Train Services Network designated by the Government of Canada**
- **Maintain reliable service on tracks shared with host freight railways**
- **Maintain consistently high Customer Satisfaction at about 97% (meet or exceed expectations)**
- **Meet fierce competition from other modes**
- **Capitalize on the relative fuel cost advantage of rail compared to other modes**
- **Build on the concept of productive time while on the train (work and leisure/entertainment, e.g. Wi-Fi)**
- **Capitalize on Intermodality and Interconnectivity**

## Canada – U.S. Rail Links

- Amtrak provides rail service between Seattle and Vancouver, New York City and Toronto, and New York City and Montreal
- VIA provides services to Amtrak, including maintenance of equipment, station services and ticket selling
- Amtrak and VIA share the responsibility for the *Maple Leaf* a joint train that operates between New York City and Toronto, through Niagara Falls
- VIA and Amtrak passenger connections and reservation links are being enhanced
- VIA and Amtrak have a Master Cooperation Agreement and work together and share information in various areas
- There is potential to do much more together for the benefit of passengers and taxpayers

**Thank you!**

