

# Via Rail reports a 'challenging' year in 2012

■ **Transportation advocate Greg Gormick rips company's annual report results, saying they are 'heading for disaster'**

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A transportation advocate says Via Rail is "heading for disaster," while the company itself in releasing their 2012 annual report lauded service improvements while noting that 2012 was a "challenging year."

"Transitional times are usually both difficult to manage and slow in producing results. However, there are reasons to be optimistic about Via Rail's future," said Paul Smith, chairman of Via Rail's board of directors, in the report, noting the year saw them decrease the number of trains where passenger volumes had decreased for years, while increasing train frequencies in higher-volume locations.

"We will continue to monitor demand across the country and, where appropriate, respond to changes in usage patterns. Of course, such decisions are never easy to make, nor are they popular with the people affected. After all, Via Rail is not an ordinary business. Although it must strive to be commercially viable, it does provide a public service."

The report gives a glimpse into revenues and ridership details following cutbacks to the Ocean train, which services Moncton.

The Ocean, which runs between Halifax and Montreal, was reduced from six to three trips weekly in late October, and predictably that led to a decrease in both revenues and passenger miles for the service.

In the quarter ending Dec. 31, 2012, the Ocean saw

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# Transportation advocate warns that rail company is 'heading for disaster'

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\$2.3 million in revenue while travelling 10.4 million passenger miles — a measure of number of passengers multiplied by distance travelled. That was in comparison to \$3.2 million in revenues and 13.9 million passenger miles over that same time period in 2011.

For the year, the Ocean's revenues dipped from \$14 million in 2011 to \$13.3 million in 2012, with a decrease in passenger miles from 63.4 million to 59.8 million.

A request to see the expenses of the Ocean for 2012 and as they compare to past years was made by the Times & Transcript, but Mylène Bélanger, senior media relations adviser for Via Rail, said that information would not be immediately available.

However, Bélanger said their increase in revenue per passenger over the whole network and their occupancy rates for the Ocean are proof that their strategy has been beneficial.

She said the occupancy rate for the Ocean was 67 per cent in November and December 2012, as compared to 58 per cent for that same period in 2011. The average number of passengers during that same time frame on the Ocean went up from 121 in 2011 to 126 in 2012.

Marc Laliberté, Via Rail's president and chief executive officer, noted in a press release

that "2012 helped Via Rail further strengthen the foundations of our company for the coming years. The frequency adjustments announced in June 2012 and our intermodal strategy are starting to bear fruit. The new schedule and the increase in intermodal connections have been very popular with travellers."

But the picture isn't so positive, according to transportation advocate Greg Gormick of Transport Action Canada. The Toronto-based Gormick said Via Rail executives stating they are building a foundation for the future is "somewhat like the captain of the Titanic saying 'We're just stopping for ice.'"

"This report to me reads like a comic book, but it's done so skillfully that someone who is not initiated into the whole wonderful world of railroading would think everything is just fine," Gormick said. "It's not just fine, Via is heading towards disaster."

Throughout the entire network, Via Rail had \$612.3 million in operating expenses in 2012, as compared to \$585.7 million in 2011. The passenger volume for the network was 3.9 million travellers, down from 4.1 million in 2011, a five-per-cent decrease.

Revenues also decreased, from \$282.6 million in 2011 to \$277.6 million in 2012, a two per cent drop.

"They are showing that obviously their system is not working, they have increased costs and declining

ridership. This right-sizing, as they call it, has been a total disaster," he said. "The economy has been picking up. If all of their grand plans were working, they should be picking up ridership, picking up revenues and cutting costs. All three are going in the wrong direction."

Via Rail has been seeing growth in some parts of the country. In the segments between Ottawa, Toronto, Montréal and Québec City, where 28 new departures per week were added in December 2012, customer traffic and revenues have increased 10.4 per cent and 2.8 per cent respectively.

Gormick, a transportation writer and policy adviser whose clients have included Canadian Pacific, Canadian National Railway, Via Rail and numerous elected officials and public agencies, said he is starting to hear more concerns from Conservative members of Parliament who are upset about Via Rail's results and plans. He is hoping to shed some light on the situation himself by pushing forward with his own study to examine the impacts of Via Rail's cutbacks, as well as the possible abandonment of 224 kilometres of Canadian National rail in New Brunswick, as well as the collapse of Industrial Rail Services.

The study is contingent on \$10,000 in funding being raised by councils in Moncton (\$5,000),

Dieppe (\$2,000), Riverview (\$1,500), as well as \$1,500 from Enterprise Greater Moncton (EGM). Moncton and Dieppe councils, as well as EGM, have already agreed to pay their share, while Riverview, which had previously agreed, defeated the motion and at Monday's council meeting accepted a recommendation to reintroduce the item for vote at the first meeting in June.

Gormick said they don't want to delay this study any further and he is in discussion with Moncton, Dieppe and EGM to determine if they would put their funding forward before Riverview confirms their share — with Transport Action Canada picking up any of the remaining money needed.

"We want to see this study done because quite simply I don't think there's anyone out there, anyone else who has the concern and has the ability to look at these three issues, which I assure you are interlocked."

Via Rail's annual report also highlighted the government funding required to cover operating expenses dropped from \$216.8 million in 2011 to \$208.9 million in 2012. That brings the annual reduction in its operating funding from government — before pension contributions — to over \$38 million since 2010.

However, employer contributions to pension plans have increased from \$13.8 million in 2009 to \$70.2

million in 2012. Total operating funding from the Government of Canada, including contributions to pension plans, jumped from \$260.9 million in 2011 to \$279.1 million in 2012.

Similarly, the government funding per passenger mile figures also went up in the Corridor (from \$0.21 to \$0.24), longhaul west routes (\$0.36 to \$0.37) and longhaul east routes (\$0.55 to \$0.59).

Via Rail also noted that at the end of 2012, the equipment and infrastructure upgrade program — launched in 2007 thanks to the Government of Canada's investment of close to \$1 billion — was 90 per cent complete, including the rebuilding of F40 locomotives and major track upgrades along the Québec City-Windsor corridor.

Via Rail also touted reduced travel times between Ottawa and Toronto, a new Ottawa-to-Québec service and an expansion of intermodal partners, a total of 15 across Canada, including Maritime Bus here in this region.

The rail passenger service said in 2012 they also completed several major technological projects such as e-tickets, mobile reservations and integration with online travel, installation of a world-class wireless Internet service four times faster than before and the launch of an automated train status information system providing real-time information on train locations.