

# VIA trends ‘all bad’ in report: advocate

By COLE HOBSON, Times & Transcript

A national transportation advocate and consultant said VIA Rail’s most recent report continues to paint a gloomy picture for the rail passenger service.

“The trends are all bad and this isn’t the first time that this has happened,” said Greg Gormick, who authored a report this year on revitalizing New Brunswick’s rail sector. “The key financial indicators are all down, so are the operating statistics. This is a corporation that is in trouble, but as the report also proves, they certainly aren’t saying that. In fact it’s the opposite, they would like us to believe that it was a banner year and the previous management team brought about a miracle. They didn’t and fixing this is going to be a big job and it’s going to be costly.”

VIA Rail this week released its annual report for 2013, with highlights from the past year.

“2013 was a productive year at VIA Rail Canada, during which our employees and partners completed important projects that will bring great things for our customers. Over the past four years, we have seen some major changes at our corporation,” said board of directors chairman Paul G. Smith in a release. “From our trains and stations to the technology we use, VIA Rail has been transforming and modernizing from top to bottom. It was in 2013 that many of these projects came to fruition, both internally and for our customers, making it a year of adjustments.”

But Gormick pointed out that decreasing revenues – \$270.4 million in 2013 compared to \$276.9 million in 2012 – paired with increased operating expenses – \$578 million in 2013 compared to \$556 million in 2012 leading to a greater deficit of \$307.6 million is cause for concern.

He believes VIA Rail will require another “large capital top up” from the federal government in order to help turn the corporation around.

“I see that being rather difficult when they didn’t do very well with what they were given the first time around,” he said.

VIA Rail has also reported that revenues on the Ocean – which runs between Halifax and Montreal – decreased by 35.3 per cent, from 13.3 million to 8.6 million, mainly due to lower ridership resulting from the impact of frequency adjustments from six weekly runs to three, implemented in October 2012.

Gormick pointed out that financial results for the Ocean in 2011 – the last full year the service ran six times a week – show that the total loss was \$34.7 million, compared to a \$33.3 million loss in 2013 with the service now running three times a week.

“So they haven’t cut the loss by cutting the service,” he said. “In 10 years that train had lost half of its ridership, cutting the frequency is not the way to turn that around.

“And obviously if cutting the service in half only reduces the costs marginally, they’ve got big cost control problems.”

Gormick said one of the big issues is an aging infrastructure and equipment fleet operated by VIA Rail, which he detailed in his report, “Revitalizing New Brunswick’s Rail Sector.”

“The equipment is aging and the operating costs are mounting, so therefore any potential savings that might have been there from reductions in say fuel and crew costs, they have been gobbled up by others costs and I believe that’s the equipment,” he said.

Gormick said it’s a “catch 22” as VIA Rail is facing mounting deficits, yet he said he’d only “start being optimistic” about their outlook when government allows them to go out and place an order for all new equipment.

“Until that happens this railway has no future,” he said. “The equipment situation is dire.”

VIA pointed out that adjustments to the frequency in scheduling that took effect in 2012 improved the performance for the Ocean. The average occupancy rate for the service between Montréal and Halifax reached 71.7 per cent, compared to 68.2 per cent for the same period in 2012. VIA said this service saw a decrease in passenger-miles of 33.7 per cent in 2013, despite the fact that there were 50 per cent fewer trains over the time period, VIA reported.

“It’s almost as if it’s ‘Oh well, we cut the service in half but we didn’t lose half the ridership and the revenue.’ Yes, but you didn’t retain more than a marginal amount. This whole thing is crazy. I really fear for the future of this service,” Gormick said.

VIA Rail’s future in the Atlantic region was at least temporarily buoyed earlier this week, when it had previously been in jeopardy of complete elimination. Federal Transportation Minister Lisa Raitt announced that VIA Rail will invest \$10.2 million to rehabilitate a 71-kilometre section of rail between Miramichi and Bathurst that CN said it was planning to abandon.

New VIA Rail CEO Yves Desjardins-Siciliano has said they need “to see the market and ridership increase before we can look at increasing the frequency,” and said current Ocean ridership is around 80,000 a year and they hope to increase it to 125,000.

Gormick said guiding the future of the Ocean comes down to priorities.

“Do you want to run this thing with this crazy objective of making it profitable, which is impossible? Or do you want to provide the best value for the public dollars? It comes down to a policy and philosophical decision,” he said.

On a national level, VIA Rail reported having 3.9 million passengers in 2013, the same amount as in 2012.

In 2013, VIA Rail said the intermodal strategy initiated by the corporation resulted in an increase in use of intermodal transport between VIA Rail and its partners by 25 per cent compared to 2012. On average, 199 customers per day purchased a ticket from VIA Rail’s website that included using the services of more than one transportation company.

More than 20 intermodal partnerships have been created since 2010, in order to provide interconnectivity with other passenger carriers across the country. An example of that here locally is VIA Rail’s partnership with Maritime Bus.

VIA Rail said they also worked on several projects throughout the year, including introduction of a Wi-Fi system on the Ocean.