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Chair: Mr. Peter Schiefke



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• (1105)

[*Translation*]

The Chair (Mr. Peter Schiefke (Vaudreuil—Soulanges, Lib.)): I call this meeting to order.

Welcome to meeting number 104 of the House of Commons Standing Committee on Transport, Infrastructure and Communities.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Tuesday, March 7, 2023, the committee is meeting to study high frequency rail projects.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders of the House of Commons. The members are attending in person in the room and remotely using the Zoom application.

[*English*]

Although this room is equipped with a sophisticated audio system, feedback events can occur. These can be extremely harmful to our interpreters and cause serious injury. The most common cause of sound feedback is an earpiece that is worn too close to a microphone. We therefore ask all participants to exercise a high degree of caution when handling the earpieces, especially when your microphone or your neighbour's microphone is turned on. In order to prevent incidents and safeguard the hearing health of our interpreters, I invite all participants to ensure that they speak into the microphone into which their headset is plugged, and to avoid manipulating the earbuds by placing them on the table away from the microphone when they are not in use.

Colleagues, before we begin today and I introduce you all to our witnesses, I would just like to take a moment to once again put forward the budget that was tentatively approved at our previous meeting. I'd like to put that forward for consideration. All of you have received a copy.

I'd like to ask for unanimous consent to adopt the revised budget.

Mr. Mark Strahl (Chilliwack—Hope, CPC): Do you mean the changes to the budget?

The Chair: It's the changes to the budget, yes.

Some hon. members: Agreed.

The Chair: Seeing no objection, it is so adopted.

Yes, Mr. Bachrach.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): Mr. Chair, could I just express my appreciation to the clerk for making the timely change, as requested? It's much appreciated.

The Chair: I second that.

Thank you, Mr. Bachrach.

An hon. member: We look forward to the barbeque in your backyard.

The Chair: Colleagues, appearing before us in the first hour, we have Professor Pierre-Olivier Pineau, chair in energy sector management, HEC Montréal, by video conference.

From Amtrak, we have Robert Eaton, senior director, government affairs.

Welcome, and thank you for being here, sir.

[*Translation*]

From the City of Drummondville, we welcome Mayor Stéphanie Lacoste and Thomas Roux, director of the mayor's office.

Welcome to you both.

Mr. Pineau, you now have five minutes for your opening remarks.

Mr. Pierre-Olivier Pineau (Professor, Chair in Energy Sector Management, HEC Montréal, As an Individual): Thank you very much, Mr. Chair.

I would like to thank the committee for inviting me. I'm honoured to appear before you today.

I'm a huge fan of rail and an expert on energy policy. I'm not an expert on trains. That said, I'm interested in energy consumption and Canada's energy policies. Unfortunately, I find that the use of oil products in the transportation sector is enormous, and it is not declining over the years, partly because Canadians don't have enough alternatives to using their cars.

Trains are essential. Canada was built on the strength of rail. We think of rail as part of our glorious, proud past, but, in fact, trains must become the backbone of transportation for Canada's future. Trains will enable us to live in Canada and all its regions in an environmentally friendly way, by helping us reduce our use of energy, and economically, because trains costs less.

I personally don't own a car, but let's suppose I had driven to Ottawa to appear in committee. I could have been reimbursed for the number of kilometres travelled, based on car expense rates of 70¢ per kilometre. With 200 kilometres between Montreal and Ottawa, the round trip would have cost my employer \$280. The round trip by train would have cost only \$120. This shows just how expensive the car is compared to the train. Of course, rail pays for its tracks, but when people use a car, the \$280 I mentioned doesn't include the cost of road maintenance. The construction of the road was paid for with funds other than the money individuals have to shell out when they take their car.

Obviously, if I had flown, the trip would have cost even more. We also have to think about the environment: Greenhouse gas emissions are much higher when we travel by plane or car and lower when we use the train. Canada has set priorities for reducing GHG emissions. Travelling by rail combines cutting costs with reducing emissions and increasing productivity. It goes without saying that if I had travelled to Ottawa by car, I would have had to drive. I would have lost four hours of my life, or two hours each way. By taking the train, I could have worked, slept or enjoyed some leisure time. Of course, the same applies if people go to Toronto via this high-frequency rail corridor or travel between Calgary and Edmonton. Instead of wasting time in a car and not being productive, Canadians will be able to be productive, enjoy leisure activities or rest on the train. It's an essential factor for enhancing quality of life, as well as saving us money and reducing greenhouse gas emissions.

The last point I would like to mention is that trains can be electrified much more easily than planes or cars. In the medium term, when we are able to electrify modes of transportation, it will be infinitely easier to electrify trains than cars or planes. This will not only save Canadian society money, but also make life easier and promote well-being and a better environment. I'm happy with the idea of having a high-frequency train, but I'm dismayed that we're still having this discussion in 2024. We should have had high-frequency rail many years ago, but, of course, it's never too late to do the right thing. I hope to see high-frequency rail soon, and I give this project my full support.

• (1110)

The Chair: Thank you very much, Mr. Pineau.

Before giving the floor to other witnesses for their opening remarks, I need to seek the unanimous consent of the committee.

[*English*]

The vote has been called. May we continue?

Some hon. members: Agreed.

The Chair: I have unanimous consent. Thank you very much, colleagues.

[*Translation*]

Mayor, you have the floor for five minutes.

Ms. Stéphanie Lacoste (Mayor, City of Drummondville): Mr. Chair, honourable committee members, thank you for allowing me to address you today.

I'm here to give Drummondville a voice on the high frequency rail, or HFR, project, which is to be introduced in Quebec and Canada.

I'll start by saying a few words about Drummondville. Drummondville is the 14th-largest city in Quebec and the primary city in the Centre-du-Québec administrative region. It is located halfway between Montreal and Quebec City, on the south shore of the St. Lawrence River. Over the past decade, its population has increased significantly year over year, and the city has experienced ongoing development. Drummondville is recognized for its vitality and its role as an economic driver, and the local community continues to build on this momentum.

One of the many advantages that make Drummondville so successful is its strategic geographic location. The city is at the crossroads of major highways, right in the heart of the most densely populated area of Quebec. In fact, 75% of Quebec's population is within a 90-minute drive of our city. With more people travelling between Drummondville and major urban centres, mobility issues are inevitable. In the context of the project before us today, Drummondville needs to be a well-positioned player. We think Drummondville is the ideal location to serve as a transportation hub for 21st-century solutions to intercity transportation. In fact our city, really, our entire community, has been a long-time proponent of the HFR project, which was first spearheaded by Via Rail. However—and this is very important to note—the City's support for this project has always been and continues to be conditional on maintaining, improving and enhancing services on the south shore of the St. Lawrence, in a context where Drummondville facilities would serve as an important stop, or hub, between Montreal and Quebec City, just like Kingston is between Toronto and Montreal.

One of your witnesses, Pierre Barribeau, pointed out it was important not to abandon south shore passengers. The relevance of this hub is therefore based on a concrete, proven logic. The people of Drummondville, and many others who live in the southern shores of the St. Lawrence, would then be linked to Ontario and Toronto, connecting to Montreal through the HFR. However, implementing HFR service should not involve cutting service to areas that currently have it. Providing a high level of service will contribute to the cultural and modal shifts needed to ensure the successful implementation of HFR and the resulting improvement of services on the south shore. The cities of Drummondville and Trois-Rivières immediately understood the benefits of this project and agreed to support it with one voice. Instead of pitting the north shore and the south shore against each other, we chose to promote collaboration between the north and south shores. Via Rail was also quick to support the position that a north shore route using dedicated train tracks would not replace existing rail service in regions on the south shore, including Drummondville, where dozens of people take the train every day to go to Quebec City or Montreal.

In August 2016, the CEO of Via Rail confirmed that the development of HFR would involve repositioning the passenger transportation strategy on the south shore of the St. Lawrence by creating a hub in Drummondville for intercity transportation. Around that time, Via Rail also announced that trains between Montreal and Quebec City would become more frequent, increasing gradually to eight trains in each direction over a period of two to three years. This commitment has not yet been met.

In addition to the issue of train frequency, we are dealing with issues related to train service times and reliability. When it comes to the current situation, there is no definitive answer. Many delays are due to the fact that passenger trains and freight trains share the same train tracks, with priority given to freight, since the tracks are owned by CN. The result is long waits on sidings that end up discouraging people from taking the train. All of these issues limit passenger growth.

In closing, we would like to reiterate the City of Drummondville's firm commitment and collaboration on this file. This is a priority issue for elected officials in Drummondville, for the city's municipal government, and, above all, for the entire population of our region.

I will be pleased to answer your questions, of course.

• (1115)

The Chair: Thank you, Mayor.

[English]

Next we have Mr. Eaton.

Mr. Eaton, the floor is yours. You have five minutes for your opening remarks, sir.

Mr. Robert Eaton (Senior Director, Government Affairs, Amtrak): Thank you, Mr. Chair and members of the committee. It is great to be here.

Amtrak was created by the U.S. Congress in 1970. The company is operated and managed as a private corporation, with the federal government owning a controlling interest. By law, our mission is to "provide...efficient and effective intercity passenger rail mobility, consisting of...high-quality service that is trip-time competitive with other intercity travel options."

In fiscal year 2023, we served more than 40 routes, operating almost 300 trains a day, and the Amtrak workforce delivered 29 million passengers to 524 stations in the U.S. and Canada. We expect our fiscal year 2024 ridership to match or exceed our prepandemic levels of 32.5 million passengers, and by 2040, we hope to be serving 66 million customers a year. Those are 66 million trips that won't strain already congested highways and airlines. It means travel time for those passengers will be usable and productive.

Our intercity service takes three forms.

The northeast corridor service line provides fast, frequent service at speeds of up to 150 miles per hour along a mostly Amtrak-owned line. We share it with commuter and freight trains between Boston and Washington, D.C. While ticket revenues significantly exceed operating costs, the federal government and state governments fund most of the capital projects along that service.

The long-distance line provides daily and, in two cases, three times a week service along routes that are at least 750 miles in length. It depends on annual federal appropriations for operation.

The third type of service is the state-supported service line, which provides service along shorter corridor routes outside of the northeast corridor, pursuant to contracts with the relevant states. The states partner with Amtrak to provide funding for their service and determine daily frequency and other operational attributions.

Both the state-supported and long-distance trains typically operate over tracks owned by other railroads. We call them host railroads. Federal law guarantees Amtrak access to the host railroads' infrastructure for compensation, based on an incremental cost, and requires that Amtrak trains receive preference in dispatch over freight trains.

We believe that important and expanded state-supported service throughout the U.S. and Canada is key to our long-term growth. Some of our state-supported services have similar characteristics to Canada's planned high-frequency service. Several have 10 or more round trips a day. A few operate over rail lines used almost exclusively by passenger rail. On several routes, trains operate at speeds of 110 miles per hour.

Our state-supported routes, like the Amtrak Cascades from Eugene, Oregon to Vancouver, British Columbia, the Chicago to St. Louis Lincoln service in the Midwest, and the Virginia service in the southeast continue to make investments over time, which have caused frequency, reliability and quality of service to improve over time.

Consider the state-supported service in Virginia, which began in 2009 with funding for a single daily round trip. Today, Virginia supports eight daily round trips between Washington, D.C. and various end points of the state. As frequency was added, ridership grew. Ten years ago, the Virginia service carried fewer than 900,000 passengers a year, whereas last year the same service carried 1,300,000 travellers, a remarkable 48% increase following that investment. This growth in ridership helped build support for "Transforming Rail in Virginia", a state-led initiative that provides for five additional round trips per day by 2030, as well as increased reliability, greater convenience and improved customer experience.

Of course, the northeast corridor illustrates the value of high-frequency service even more clearly. Together, Amtrak's high-speed Acela trains and its conventional northeast regional trains deliver hourly or better service during peak periods. Both routes are operationally profitable, and their combined ridership last year exceeded 12 million passengers, more than 40% of Amtrak's system-wide total.

We greatly value the partnership with Canada. We look forward to continuing to work closely with the Canadian government and other stakeholders, especially with our partner, Via Rail, on issues like expanding pre-clearance, which will improve cross-border service. We would be delighted to see even more intercity passenger rail between our two countries, like the proposed connecting service between Detroit and Windsor.

Thank you for the opportunity to present to the committee. I look forward to your questions.

• (1120)

The Chair: Thank you very much, Mr. Eaton.

Just a quick note to our witnesses for our first panel and for those who have already joined us for our second panel, the lights that you see flashing mean that a vote has been called in the House of Commons. I am required, per the regulations, to suspend the meeting to allow members to go and vote. We can anticipate that we will have everybody back here sometime between 11:50 a.m. and noon. We appreciate your patience in the meantime.

This meeting stands suspended until the vote is concluded.

• (1120)

(Pause)

• (1155)

The Chair: I call this meeting back to order.

We will begin our line of questioning for our witnesses today with you, Mr. Strahl. You have six minutes, please.

Mr. Mark Strahl: Thank you, Mr. Chair. I'm going to split my time with Mr. Lewis.

I want to use the beginning of my time to move a motion that I tabled earlier this week regarding Lynx airlines. I will read that into the record, and then we can move ahead. The motion reads:

That, pursuant to Standing Order 108(2), given that Lynx Air has filed for court protection from creditors, stating that “the compounding financial pressures associated with inflation, fuel costs, exchange rates, cost of capital, regulatory costs and competitive tension in the Canadian market have ultimately proven too steep a mountain for our organization to overcome”, the committee invite the Minister of Transport, the commissioner of the Competition Bureau, the National Airlines Council of Canada and other witnesses the committee deems relevant to discuss the state of airline competition in Canada, and the committee report its findings to the House.

Thank you, Mr. Chair. That's obviously been moved.

I would like to turn the time over to my colleague for further questions.

The Chair: Thank you, Mr. Strahl.

Mr. Lewis.

Mr. Chris Lewis (Essex, CPC): Thank you, Mr. Chair, and thank you to my colleague for sharing his time with me.

The nice thing about votes is that when we're waiting to vote we get a chance to speak to some of the witnesses off the record. I want to thank the mayor so much for the conversation.

For the rest of the committee, that conversation had to do with an article...down in Chatham—Kent—Leamington, right next door to my riding. It had to do with ROMA, the Rural Ontario Municipali-

ties Association. I understand there was and still is major concern with regard to the nearly one million acres of drainage between Toronto and Windsor. There's a fight, because the railroads are not paying their fair share, so taxpayers will be on the hook.

I'll switch gears over to the next news article I have, from Tuesday, July 27, 2021, when then-minister Alghabra came to the Windsor area. The headline reads that the federal transportation minister says Windsor to Toronto will be phase two of the high-frequency rail project, which in and of itself is exciting.

Mr. Eaton, I listened to your testimony keenly, and I loved the fact that at the very end you talked about Detroit to Windsor. In your opinion, because this is phase two, today, for Amtrak, Detroit to Windsor—and you spoke about high-frequency rail up to 110 miles an hour, I understand, in the United States—what impact will it have if the Windsor-to-Toronto corridor doesn't get done, for the folks you're looking to move to Windsor? My concern is that once you get to Windsor, you're stagnant.

Do you have any thoughts on that?

Mr. Robert Eaton: First of all, we're working very closely and very hard to establish that service between Windsor and Detroit, even without the high-frequency corridor. I think that connectivity will provide some utility. However, obviously, as I said in my testimony, as we continue to invest in the services, increasing frequency, increasing speed, that will actually move more passengers back and forth between those two cities.

It's a starting point, and then you build on that starting point.

Mr. Chris Lewis: Thank you, sir.

I just go back to the mayor's opening comments. She spoke about the strategic geographical location of Drummondville—and Essex County is very much Windsor, geographically.

When we see here that it's the second phase, in what time frame do you believe Amtrak—all the infrastructure, all the resources—will “land in Windsor”, so that we have an idea to be prepared to connect this back to the rest of the system?

• (1200)

Mr. Robert Eaton: We don't like to say “time frames”, because we know what happens in transportation, but I can definitely give you a better idea. Our network development team is leaning into this. We actually have preliminary designs. We're talking with the U.S. CBP and CBSA about the design of the pre-clearance facility in Windsor. I understand there's some motion on the Canadian side for funding for that project as well, through Transport Canada. We have both railroads—Via and Amtrak—CBSA and the U.S. CBP, as well as local government, coalescing around this issue with all diligence. I don't have an exact timeline, but we can keep you abreast of the situation.

Mr. Chris Lewis: I appreciate that. That would be great.

You sounded like government when you said you don't like to talk about time frames. That's respectable, and I appreciate your honesty.

This project to date has seen some pretty significant cost overruns. What does it look like in the United States? How have the budgeting and forecasting been with regard to the success the United States has had? I know you mentioned a few jurisdictions that are very successful. How many cost overruns were there?

Mr. Robert Eaton: I'm sorry, but I don't have any specific information on cost overruns.

I know our network development and state-supported departments work closely with the DOT on planning, forecasting and annual budgets at the state level. It's an annual process in terms of incremental investment over time.

Mr. Chris Lewis: Thanks very much. I appreciate it, Mr. Chair.

The Chair: Thank you very much, Mr. Lewis.

Next we have Mr. Iacono.

[*Translation*]

Mr. Iacono, you have the floor.

[*English*]

Mr. Angelo Iacono (Alfred-Pellan, Lib.): I move to adjourn debate on the motion of my colleague across, Mr. Strahl.

Mr. Taylor Bachrach: On a point of order, I heard Mr. Strahl say the motion is moved. I think he meant to put it on notice. Perhaps we could get clarity.

Mr. Mark Strahl: I put it on written notice on Tuesday. I wanted to move it in the public forum, but I'm okay with our moving on to the....

We should probably have adjourned the debate prior to Mr. Lewis's questions, but I guess it's not a dilatory motion.

The Chair: From a procedural standpoint, I want to make sure we have the vote to adjourn debate on that for the public record.

Are all in favour of doing that?

Some hon. members: Agreed.

The Chair: It's approved.

[*Translation*]

Mr. Iacono, you have six minutes.

Mr. Angelo Iacono: Thank you, Mr. Chair.

I would like to thank all the witnesses for joining us this morning.

Mr. Pineau, can you tell us how high-frequency rail could help the government meet its environmental objectives?

The Chair: I think Mr. Pineau is no longer connected. Unfortunately he had something else to do.

Mr. Angelo Iacono: Okay.

Will I be losing the few seconds it took me to speak, Mr. Chair?

I would like to start over again.

The Chair: I will add the 20 seconds you've lost.

Mr. Iacono, you again have six minutes.

Mr. Angelo Iacono: You are very kind, Mr. Chair.

I will ask my next question.

[*English*]

Can you talk about the safety of passenger rail in Canada? Would HFR increase passenger rail safety, Mr. Eaton?

Mr. Robert Eaton: I'm not a safety expert, so I would look to Via Rail and your host railroads to talk about safety.

However, I know that, in the U.S. and Canada, safety is of primary importance—making sure the operation of trains is safe, as well as the public.

Mr. Angelo Iacono: Thank you.

Is it fair to say that the northeast corridor shows that, even in North America, high-speed rail can succeed, flourish and be the dominant public transportation mode in terms of market share? This is the mode operating on electric energy. It must have a large positive environmental and socio-economic impact, moving a lot of people efficiently.

Do you think it would be appropriate to have, similarly in Canada, what we're looking at doing between Quebec and Windsor, in the corridor?

● (1205)

Mr. Robert Eaton: We have demonstrated that the northeast corridor is operationally very successful. Our ticket revenue covers the cost of our operations. However, it takes vast amounts of capital funding for the infrastructure, not only for the implementation but also the annual maintenance of it.

That being said, and as I said in my remarks, the U.S. government supports that infrastructure in order to benefit the public. There is a model for it in the U.S., so Canada can take the lessons from there and implement them here. However, it needs support from the federal government.

Mr. Angelo Iacono: Thank you.

Madame Lacoste, can you share with the committee how HFR will foster Canada's economic prosperity?

[Translation]

Ms. Stéphanie Lacoste: One of the ways is to provide quality service to the north shore as well as the south shore. As I mentioned in my opening remarks, given that the south shore is very densely populated, we think that if we create a hub in Drummondville and make sure that the train is more reliable, passengers will increasingly choose this means of transportation. This will certainly have a knock-on effect across Canada.

If we can make this a viable alternative, people will come around and opt for this means of transportation between cities.

Mr. Angelo Iacono: To continue in the same vein, what would you say about tourism? What would be the impact on tourism?

Ms. Stéphanie Lacoste: More and more people from major centres are looking to settle in the regions. Those who come to Drummondville, which is currently served by train, will be able to go to shows in Montreal or Quebec City and then return to Drummondville. The problem at the moment is the availability of service and the schedule, which means this can't all be done on the same day.

However, if this can happen, people will move to the regions, which will help us develop our economy. People will be able to keep in touch with their family and friends in the big cities. I think that, this way, we'll be able to better develop our regions.

The whole battery supply chain is coming to Centre-du-Québec. Consequently, this project will become necessary not only for tourism, but also for the workforce, in order to develop alternative energy solutions and meet the related targets.

Mr. Angelo Iacono: Thank you.

[English]

Mr. Eaton, when it comes to the future of transportation and its infrastructure, where do you believe governments, regardless of level, should be investing in regard to moving people safely and efficiently?

Mr. Robert Eaton: Speaking as a former mayor who actually built a train station in my community in central Washington, I think local governments, state governments and the federal government should be integral. Moving our people, as well as our goods, in an efficient way is very important. As I said in my remarks, it's productive time. However you define "productivity", whether you're sleeping with your grandchildren or actually moving men and women in the business sector back and forth so they can be productive, it's important. I think, from a society perspective, we all should be leaning into it.

Mr. Angelo Iacono: Okay.

[Translation]

Thank you.

The Chair: Thank you very much, Mr. Iacono.

Mr. Barsalou-Duval, you have six minutes.

Mr. Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Thank you very much, Mr. Chair.

I thank all the witnesses for being here today.

My first questions will be for Amtrak's Mr. Eaton.

I'm hoping you can confirm this. I've heard that Amtrak trains, so passenger trains, have priority over freight trains in the United States. Is that true for the entire rail system or just on the tracks operated by Amtrak? Does that also hold true on the tracks that don't belong to Amtrak? Do your trains run on tracks that don't belong to Amtrak?

It's a very broad question, but I'm hoping to understand how this works, because here, freight trains have priority.

• (1210)

[English]

Mr. Robert Eaton: Regarding preference, at Amtrak we do have preference on all the routes we operate. That was part of our origination in 1970. I spoke to that.

In terms of other railroads and other passenger rail, commuter rail has different requirements and obligations, as well as enjoying different privileges of rail, but it's specific to Amtrak in terms of preference.

[Translation]

Mr. Xavier Barsalou-Duval: So only Amtrak has priority over freight cars. Only your trains enjoy that preference, not necessarily those that belong to other companies.

Does this have an impact on the efficiency of your operations?

[English]

Mr. Robert Eaton: While we do enjoy preference, sometimes that is not always adhered to. In terms of our preference, the better dispatching that we have improves our performance and our efficiency and our reliability for our passengers.

Did I answer your question?

[Translation]

Mr. Xavier Barsalou-Duval: Yes, thank you.

Ms. Lacoste, thank you very much for being here today.

I have a comment for everyone around the table. Some people have come before the committee to say that they'd like the train to stop in their town, and to argue how important that would be. Drummondville's case is a bit different. Drummondville is located on the south shore of the St. Lawrence River, so on the side that already has a rail line, and won't be serviced by the new train. As it currently stands, the plan is for the new company that will run the train on the north shore to also manage operations and time slots on the south shore. That means that a private consortium will be managing the time slots on the north shore, but also on the south shore.

Do you think that the time slots being managed by the new consortium will be a good thing for the south shore?

Ms. Stéphanie Lacoste: If it means that passenger trains will have priority over freight trains, then we're definitely open to the idea. Indeed, service reliability is currently one of the main issues. The freight trains and the tracks themselves belong to Canadian National, so they have priority, meaning that passenger trains often have to wait. This leads to service interruptions and significant delays, resulting in people not trusting the transportation system and deciding to drive instead.

We were promised in the past that Drummondville would become a hub of rail transportation to ensure the reliability and extent of train schedules, which would've allowed us to have efficient service, as much on the north shore as on the south shore, and to ensure adequate service in the cities already serviced by passenger trains.

Mr. Xavier Barsalou-Duval: Thank you, Ms. Lacoste.

I'll yield the rest of my time to my colleague Martin Champoux, the member for Drummond.

The Chair: You have two minutes, Mr. Champoux.

Mr. Martin Champoux (Drummond, BQ): Thank you, Mr. Chair.

Ms. Lacoste, I'll continue with you, because you just mentioned the rail hub that people have been talking about, from which trains could one day depart toward Quebec City, Montreal, and other destinations, which would undoubtedly be a huge asset for the region's socio-economic development. I'd like to hear more of your thoughts on that.

You mentioned it in your opening statement. To what extent would that rail hub be important—essential, even—to the economic development of the Drummondville area? What is the status of the municipality's efforts on this file? When you talked about this, you said that some commitments were made in the past.

Ms. Stéphanie Lacoste: Precisely.

We were told that the north shore and south shore projects would be rolled out together. The City of Drummondville acquired the lots necessary for the construction of the rail hub around the current station. We also set up a large-scale housing project in the area of the station in order to make it a focal point.

That said, the city is ready to welcome this rail hub that was promised to us. We were also told, among other things, that the number of train departures would increase. We currently have five, and there was talk of increasing that to eight.

Why's that important?

As I've already said, Drummondville has a vibrant economy. We need a lot of labour, among other things. We're looking to grow the entire service industry into a driving force for the region. We will also be welcoming the battery industry. All of these things are great opportunities, but they also come with their share of challenges. The train will allow us to get the skilled labour from major centres. These workers will be able to settle in the region, where the quality of life will be attractive to families.

• (1215)

Mr. Martin Champoux: Indeed, that's especially the case of Drummondville, which we know to be a great place to live.

Thank you very much, Madam Mayor.

The Chair: Thank you very much Madam Mayor, Mr. Champoux.

Last up in this first hour is Mr. Bachrach.

[English]

Mr. Bachrach, the floor is yours for six minutes, please.

Mr. Taylor Bachrach: Thank you very much, Mr. Chair.

Thank you very much to our witnesses for contributing to this study.

I'd like to start with Mr. Eaton on the topic of comparing passenger rail in Canada to passenger rail in the United States. It seems that one of the key differences is this federal legislation that you described, which gives Amtrak's passenger trains preference or priority on the tracks it shares with freight trains. Could you talk about what it would look like in the United States if Amtrak did not have that federal legislation?

Mr. Robert Eaton: I think that if we did not have that preference, conditions could be worse, but I want to finish up with that in terms of how we have a very strong relationship with our host railroads.

Even though the statute was given to us during our formation in 1970, we've been working with that, and we strive to work with our host railroads to have open communication and to solve the issue on preference and on-time performance. We work together to identify areas where capital investment would benefit both freight and passenger.

I think it's very important, regardless of the foundation, that the communication between passenger rail and freight exist and they keep moving it forward.

Mr. Taylor Bachrach: We've had Via Rail before our committee, and its leadership has cited statistics around on-time performance. On the track Via Rail owns, it can deliver 90-plus per cent on-time performance. On the tracks Via Rail shares with freight traffic, that's down near 60%, so significantly less on-time performance. Of course, as the mayor has cited, that's a major challenge in terms of the dependability of passenger rail. Could you talk about the on-time performance of Amtrak, both on shared tracks and on the tracks it owns?

Mr. Robert Eaton: I think we have similar statistics on tracks we own and tracks we are hosted on. On the northeast corridor, we have a very high percentage of on-time performance. Last December, it was 81% on-time performance for the tracks we own on the northeast corridor. When it comes to our long-distance and state-supported services, the on-time performance does drop. It ranges based on the host railroad as well as the region and type of service. Again, it's anywhere from 89% down to the sixties.

Mr. Taylor Bachrach: In the recent Inflation Reduction Act, the Biden administration made a substantial investment in passenger rail in the United States. I believe it was over \$60 billion. Proportionally that would be a \$6-billion investment in Canada, which is many times more than Canada has been investing in passenger rail each year. What is that investment allowing Amtrak to do?

Mr. Robert Eaton: Rail in the United States received \$66 billion under the legislation you're talking about, \$22 billion of which came directly to Amtrak, so we're actually modernizing our fleet. We're buying all new train sets and modernizing our infrastructure so we can support passenger service. The remaining \$44 billion went to the Federal Railroad Administration, where it's been key to administering grant programs and additional corridors. That opportunity is allowing both passenger rail and freight rail to get together with the FRA to identify corridors that will be new, but also to identify, through service development plans, where improvements need to be made to improve service.

Mr. Taylor Bachrach: My understanding is that the fleet you're replacing was put into service in the 1970s. Is that correct?

Mr. Robert Eaton: It was before that, similar to the situation with Via Rail's fleet. It was in the 1970s and 1960s.

Mr. Taylor Bachrach: I'll turn now to Mayor Lacoste.

You may be aware that I have a private member's bill that would create a federal law similar to the one in the United States, which would give passenger trains priority on shared tracks. You mentioned that the waits that are involved on the tracks that serve your community are a big problem for passenger rail. Is that a law you would support?

• (1220)

[Translation]

Ms. Stéphanie Lacoste: Indeed, when people who live in Drummondville need to get to Montreal or Quebec for work, they tend to drive, because the train schedules aren't suited to their needs and they're worried about having to wait too long and arriving late to work. For those reasons, fewer people ride the train.

We're located right in the centre of Quebec, and many people who live in Drummondville work either in Montreal or Quebec City.

We need to ensure the reliability of rail transport so that, once or twice a week, these workers can get to their employers' headquarters, which are in the major centres, and then return home.

I'd like to remind you that we're located 90 minutes away from 75% of the population of Quebec. So we're a provincial hub.

Mr. Taylor Bachrach: Thank you.

The Chair: Mr. Bachrach, Madam Mayor and Mr. Eaton, thank you.

Unfortunately, our time is up.

We'll need to take a break to give our next witnesses the opportunity to make their statement and answer questions.

[English]

Thank you so much for being here with us. We will suspend for two minutes to allow our next group of witnesses to set up.

This meeting stands suspended.

• (1220)

(Pause)

• (1225)

The Chair: I call this meeting back to order.

I'd like to welcome our witnesses for the second panel. From Canadian National Railway, we have Mr. Hoang Tran, senior director, regulatory, system safety and passenger operations, and Eric Harvey, assistant general counsel, policy and legislative affairs.

From Metrolinx, we have Phil Verster, president and chief executive officer. He is joining us by video conference.

Finally, from the Railway Association of Canada, we have Marc Brazeau, president and chief executive officer.

Welcome to all of you. Unfortunately, I want to share with you that as a vote has once again been called, it looks like we will only be able to give you an opportunity to share your opening remarks with us on the record. I'm hoping that I get approval from all of you to allow us to submit questions electronically by email. We can then get your responses back in written form for the benefit of our analysts, who can include it as testimony.

Does that work for you?

I'm seeing thumbs-up, even from Mr. Verster online. That's perfect.

Do I have unanimous consent to keep going, colleagues?

Yes, Mr. Bachrach.

Mr. Taylor Bachrach: On a point of order, could I propose an alternative? Instead of having five-minute opening statements followed by no questions in person, could we ask our witnesses to make shorter opening statements and allow for a 2.5-minute round per member?

I think that would allow us to get it done before the vote.

The Chair: As long as the math works, perhaps we don't allow for opening remarks, which would have taken 15 minutes, and we do allow for one four-minute round of questions each.

Is that something that would be beneficial to members?

Mr. Taylor Bachrach: Yes.

Mr. Mark Strahl: With a 12:45 hard stop.

The Chair: With a 12:45 hard stop...?

I need to abide by that, colleagues, to get my unanimous consent.

Mr. Mark Strahl: We want to hear from them, as you proposed.

Mr. Vance Badawey (Niagara Centre, Lib.): Mr. Chair, I would recommend that we give them the time. We can always submit questions after the fact, as you mentioned earlier. Let's give them the floor.

You guys, it's your show.

• (1230)

The Chair: It looks like the only way I'm getting unanimous consent is by allowing you, our witnesses, to provide your opening remarks. Then we, as members, will submit questions electronically. We very much appreciate your time in providing us with those answers.

We'll begin with Mr. Tran.

Mr. Tran, the floor is yours. You have five minutes for your opening remarks.

Is it Mr. Harvey? Okay.

Mr. Harvey, please go ahead.

[*Translation*]

Mr. Eric Harvey (Assistant General Counsel, Policy and Legislative Affairs, Canadian National Railway Company): Good day, Mr. Chair and hon. members of the committee.

Thank you for inviting us to discuss the high-frequency rail project.

Canadian National, or CN, is Canada's largest railway, transporting over 300 million tonnes of freight per year over a 30,000-kilometre network spanning Canada and the central United States. CN's mandate is to support Canada's economy by moving freight securely and efficiently to our client markets. The goods we carry are going to and coming from a great many of your ridings; they're essential to everyday life, from cars to clothes, food to raw materials.

A large part of these goods are commodities for export, in support of the Canadian economy. We acknowledge the importance of rail freight in supporting Canada's trade balance and we thank our clients for their trust.

The Canadian railways that transport freight own their own corridors, infrastructure and rolling stock. They're also responsible for their maintenance.

Canadian railways need to make massive investments to increase their capacity and meet the rising demand of their clients while supporting economic growth and jobs. To illustrate this growth, we'd simply like to mention that, in 1994, the last year before CN's privatization, we ran 2.3 million cars originating from Canada. These last few years, we reached 3.5 million cars, representing an increase of almost 55%. CN's current rail system is completely different compared to what it was before privatization. CN has had to invest massively to meet that growth and continue to support the Canadian economy.

We want to emphasize that, last year alone, CN invested \$3.2 billion, or 19% of its gross revenues, to maintain the system and increase capacity. Still, the sustained increase in demand for freight service is such that certain segments of the supply chain are at full capacity, or near full capacity.

[*English*]

Canadian railways are subject to a level of service obligations. Simply put, Canadian railways cannot say no, and must, without delay and with due care and diligence, receive, carry and deliver the traffic. Here, the act refers to the freight traffic tendered to railways.

Some of our customers have certainly engaged with you to express the need for more rapid growth or for more service. Recent years have been challenging for the Canadian supply chain. Major and unpredicted variations in demand are part of the new reality that we must collectively deal with. Importantly, this requires network capacity to adjust when needed.

Since the privatization of CN in 1995, Via has operated on CN's network under a train service agreement. Nearly 85% of Via's current service operates on CN's network. This represents a significant commitment for CN.

The coordination of both freight and passenger service presents a sustained challenge. Our freight service has a maximum speed of 55 miles per hour, while Via operates in some segments of our network at 100 miles per hour.

We have two additional comments.

First, increased demand for our freight service is causing more operational conflicts with Via. Nevertheless, we do our best to accommodate Via's operations, understanding that it's not always possible to do exactly as Via wants.

Second, asking one freight railway company to host 85% of the passenger service while its direct competitor provides only a marginal contribution to that passenger service creates an imbalance that must end.

Last September, representatives of HFR appeared before you and explained that their project involves a corridor dedicated to passenger service. The stated purpose is to ensure the long-term viability of both passenger and freight service by removing the inefficiencies and complexities of having both types of train operating on the same tracks.

CN totally agrees with this critical aspect of the project and supports the establishment of a corridor dedicated to passenger service. We welcome HFR's approach in recognizing the importance of protecting railway freight capacity for the growth of the Canadian economy.

At CN, we believe the Canadian vision for rail transportation should be one in which both freight and passenger services can deliver on their respective mandates, including enabling their respective growth. This is why we believe the HFR proposal has many of the right features to provide the long-term rail capacity Canada needs.

Thank you for your attention.

• (1235)

[*Translation*]

The Chair: Thank you very much, Mr. Harvey.

We'll now go to Mr. Verster.

[*English*]

You have five minutes, please.

Mr. Phil Verster (President and Chief Executive Officer, Metrolinx): Thank you very much, Chair and committee members, for the opportunity to talk to you.

We have an extensive program of improvement for our Go network, which will be a multi-billion-dollar project with lots of construction. That will increase the capacity of our network by a factor of around three in terms of ridership, so that's a significant improvement in capacity.

For years now—since 2020—we have worked closely with Via HFR to make sure that the infrastructure we're building and the services we're planning will be capable of accommodating Via. To give you a broad number so you have a mental picture, at Union Station in the busiest hour of the peak, we can currently take 36 trains per hour, and our capacity increases will take that to 80 trains per hour. All of our planning incorporates keeping the capacity and footprint for Via in that design and operation.

For the topical item of this conversation, the thought I'd like to leave you with is that whatever you decide on and whatever the strategies are for implementing Via HFR, they have to be driven by an obsession with what the customer base is you're trying to serve, rather than starting with what the infrastructure solution is. Compare your needs to service customers and secure revenue as a driving force for the infrastructure choices that will have to follow afterwards.

I want to give a sense that the class I freight operators, CN and CP, are integral partners for Metrolinx. We work with these two organizations continuously. They are hugely committed to moving both freight and passengers, and no matter what the operational commercial issue is, we always find a way forward with them.

I can give you another sense in terms of punctuality and services. We have consistently improved our punctuality across our network over the last couple of years. Our trains run over CN track as well as CPKC track, but we own 85% of our network, and our punctuality is in the order of 96% or 97% for our services. Obviously, we already run the high-frequency regular services on Lakeshore East and Lakeshore West.

I just want to leave a last thought with the committee and say the type of product that HFR can be—if it's driven by an understanding

of what the real customer markets are that we are serving—can contribute significantly to the economy of Canada.

Thank you very much for the opportunity to share a few thoughts with you.

The Chair: Thank you very much, Mr. Verster.

Next, we have Mr. Brazeau.

[*Translation*]

Mr. Brazeau, you have the floor for five minutes.

Mr. Marc Brazeau (President and Chief Executive Officer, Railway Association of Canada): Thank you, Mr. Chair.

The Railway Association of Canada is the voice of Canadian railways.

We represent passenger railways—whether they are intercity like VIA or Tshietin, commuter such as Metrolinx or Exo, or tourism railways like Rocky Mountaineer and Train de Charlevoix. We also represent Class one railways like CN and CPKC and shortlines such as SRY in B.C., and QNS&L in Quebec and Labrador.

Every year, Canada's railways move millions of people and 380 billion dollars' worth of goods, including half of Canada's exports. Rail is the safest and greenest mode of ground transportation.

Railways of all types continue to play an essential role moving Canada. Dedicated tracks for passenger and freight are required for Canada to have the rail capacity needed for both to grow.

Any passenger service proposal must demonstrate that freight capacity to handle current and future anticipated volumes can be preserved. Otherwise, we are not supporting Canada's economy. Shippers that depend on freight capacity to move essential goods to communities and international markets depend on rail.

Canada was built by rail. With proper planning, consultation, and strategic decision-making and execution, Canada can continue to build and grow by rail.

Historical context is important. The story of passenger rail is older than Confederation. Railways fuelled the growth of cities in the east and led to the founding of urban centres in the west.

After dominating land transportation from the mid-19th century to the early part of the 20th century, passenger rail ridership fell in the 1940s and 50s as travel by car and plane became more economical.

By the mid-1970s, passenger rail across many parts of Canada's vast geography was no longer economically viable.

To prevent its disappearance and provide a basic level of intercity passenger rail service, the federal government created VIA Rail as a Crown corporation in 1977. VIA trains would run on private freight railway tracks under negotiated track access agreements.

• (1240)

[*English*]

Following continued ridership decline amidst the recession, the federal government rationalized Via's route network in the 1990s. The routes eliminated were primarily on the former CP network. Today, Via operates almost exclusively on CN track.

Via ridership displayed healthy growth in the years leading up to the pandemic. Ridership volumes are recovering strongly from pandemic lows. While passenger ridership grows, Canada's exporters and producers need freight rail services more than ever. Freight rail traffic, along with Canada's GDP, has roughly doubled over the past three decades, and freight demand is only expected to increase.

Freight railways are investing billions of dollars every year to meet that demand safely and efficiently. Any constraint on the ability of freight railways to meet customer demand would directly limit Canada's current and future GDP. We must, therefore, ensure that passenger rail and freight rail can continue to grow and flourish in Canada, in and outside of the Toronto-Quebec City corridor.

If Canada is serious about advancing high-frequency rail, dedicated tracks are not a "nice to have" but a "must have", and it must be done in a way that fully protects the freight capacity needed for today and the physical space needed to accommodate future growth. Passenger rail, just like freight, must be set up for long-term success. Without growing rail capacity, both passenger and freight, we face a future of higher emissions and more congestion on publicly-funded roads. Dedicated passenger rail tracks in densely populated economic regions are necessary at this important juncture in Canada's history. This must be done strategically, in close consultation with all stakeholders and rail experts, with both passenger and freight backgrounds.

This committee and all involved must carefully consider complex issues like grade separation, crossing safety, track differences, technology and infrastructure, among others. First-mile, last-mile connections and multimodal integration are critical. There is a high degree of complexity in urban centres in places like Toronto's Union Station and Montreal's Gare Centrale.

We are a country that has built big things before, and we can do it again.

Investing in dedicated tracks for passenger rail in the corridor will mean accessibility and economic, environmental and, most importantly, safety benefits.

Mr. Chair, Canada's population is expected to grow by 14 million by the year 2100. We must make wise, informed and inspired choices now. Anything less than dedicated tracks will hold Canada back at a time when we must be moving people, goods, our economy and our country forward.

Thank you.

[*Translation*]

The Chair: Thank you very much, Mr. Brazeau.

[*English*]

I'd like to thank all of our witnesses once again for being here and, of course, for their patience with and understanding of the parliamentary process.

If there are any questions that you may have for these witnesses, I'm going to invite all members to please submit them to me or to the clerk. We will make sure to get those to our witnesses and will include the responses in what we submit to the analysts.

With that, this meeting is adjourned.

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