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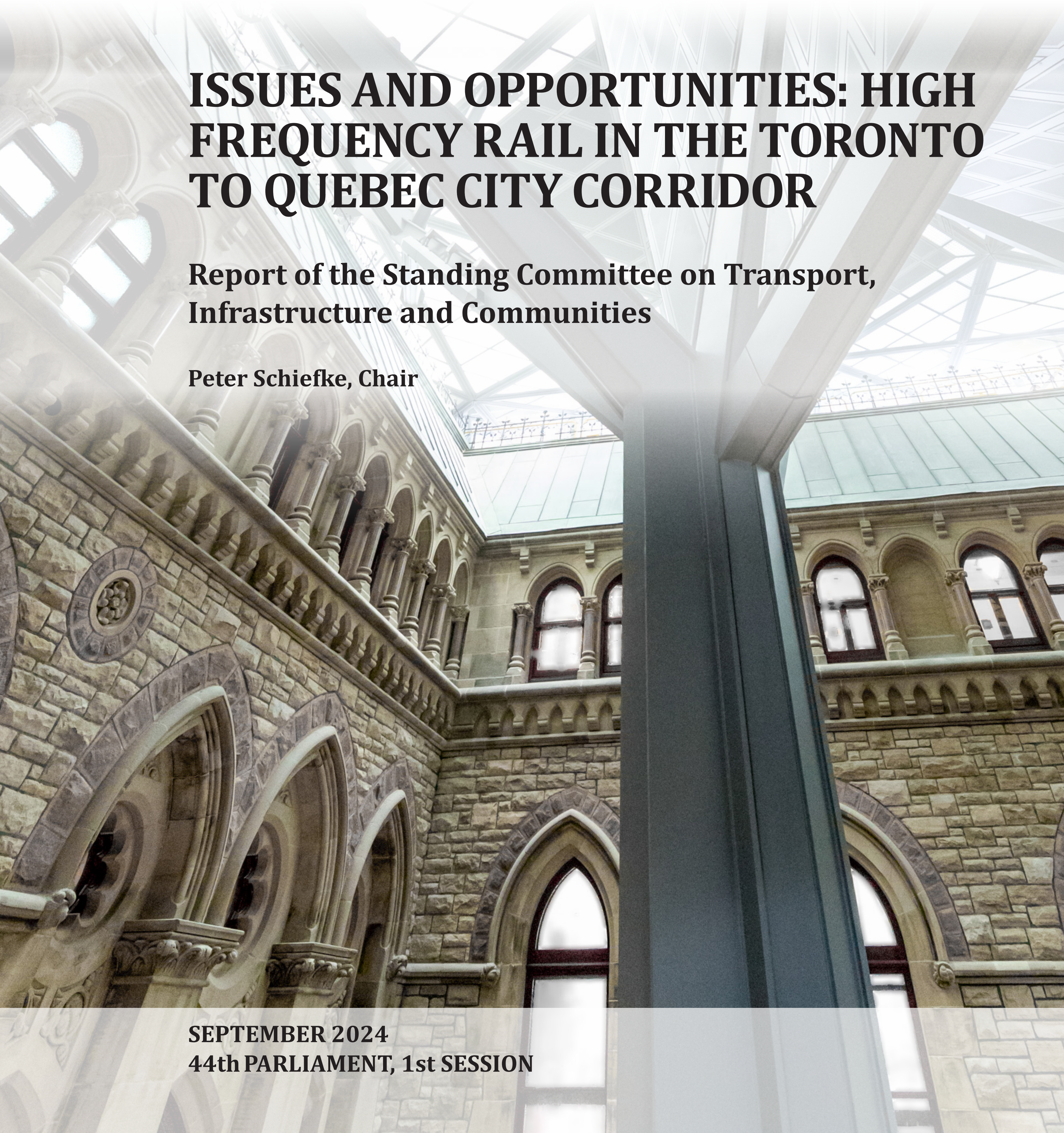

ISSUES AND OPPORTUNITIES: HIGH FREQUENCY RAIL IN THE TORONTO TO QUEBEC CITY CORRIDOR

Report of the Standing Committee on Transport, Infrastructure and Communities

Peter Schiefke, Chair

SEPTEMBER 2024
44th PARLIAMENT, 1st SESSION

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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has the honour to present its

EIGHTEENTH REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied projects of high frequency rail between Quebec City and Toronto, between Calgary and Banff, and between Calgary and Edmonton and has agreed to report the following:

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SUMMARY

A proposed high-frequency rail (HFR) project would provide services between Toronto and Quebec City, passing through Peterborough, Ottawa, Montreal, and Trois-Rivières. This project is currently in its procurement phase, with the selection of a private co-developer expected by the end of 2024. The House of Commons Standing Committee on Transport, Infrastructure and Communities (the Committee) heard from witnesses on the anticipated development of the project, continuing through the construction and operation of a dedicated rail line for HFR service.

Witnesses debated the pros and cons of the public-private partnership approach to this project, regarding its development and construction, the future operation of passenger rail service in the Toronto to Quebec City Corridor, and the potential impact on public passenger rail service in the rest of Canada.

The Committee also heard testimony on the importance of clearly defining the high frequency rail project's objective before determining how it will be delivered. Witnesses discussed the difficulties of assessing the potential cost of the project, particularly as some aspects such as the route and speed remain undefined at this stage in the process. They also discussed whether high-speed rail should be prioritized over frequency, which municipalities should be served by an HFR station, and where within towns and cities these stations should be located.

Throughout the study, members of the Committee heard testimony that reflected the crucial importance of ensuring smooth connections between modes of transportation, particularly with public transit, to reduce downtown-to-downtown travel time as much as possible.

LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

That VIA HFR-VIA TGF Inc. collaborate with provinces, municipalities, destination marketing organizations, and local tourism businesses in planning the development of the HFR rail network, and that VIA HFR-VIA TGF Inc. prioritize the inclusive growth of rural and regional tourism businesses as part of its broader economic development goals for the project.

Recommendation 2

That VIA HFR-VIA TGF Inc. collaborate with provinces, municipalities, destination marketing organizations, and eco-tourism businesses in designing promotional materials emphasizing the environmental benefits of HFR, and promoting the project to ecologically minded tourists.

Recommendation 3

That VIA HFR-VIA TGF Inc. consult with Indigenous governments, Indigenous tourism operators, Indigenous tourism associations, Indigenous financial institutions, and provincial and municipal governments to ensure the HFR project supports the flow of tourists to Indigenous tourist destinations, and supports the growth of the Indigenous tourism sector.

Recommendation 4

The Minister of Transport require VIA HFR-VIA TGF Inc. to provide within six months a budget and a timetable for completing this project, including an analysis of the incremental cost between HFR and HSR, and that this report be tabled in the House of Commons and reported to committee.

Recommendation 5

That the government look to countries with successful publicly operated high-speed rail systems, such as Spain, Switzerland, Austria, and Germany, to inform the procurement and operations model of the HFR project.

Recommendation 6

That the government release the Joint Project Office's full, unredacted report on the HFR project.

Recommendation 7

That the Government of Canada and VIA HFR-VIA TGF Inc. ensure that the design of the future HFR service be centred on the objective of providing a mode of transportation that is competitive with travel by car and by air, in order to maximize modal shift.

Recommendation 8

The Minister of Transport require VIA HFR-VIA TGF Inc. to provide, within a reasonable timeframe, an analysis of the impact a dedicated rail line will have on the use of the existing VIA rail service in the Toronto-Quebec City corridor. The report must look at the impact of ridership on the existing line after a new faster dedicated line is in operation, the viability of maintaining current services on the existing line both the number of trains and on time performance, and the possible impacts on freight traffic of continuing passenger rail service on the corridor and that this report be tabled in the House of Commons and referred to committee.

Recommendation 9

That VIA HFR-VIA TGF Inc. collaborate with provinces and municipalities to ensure seamless connectivity between the HFR service and local and regional transit systems, and that travel time between municipalities served by the HFR network be calculated from downtown-to-downtown, including transit connections as needed.

Recommendation 10

That the Government of Canada and VIA HFR-VIA TGF Inc. ensure that HFR does not result in a reduction of service to communities currently served by VIA Rail and that VIA's regional rail services be connected to the future HFR service wherever possible.

Recommendation 11

That a stop for the future train service be implemented to serve the city of Trois-Rivières.

Recommendation 12

That layout plans for infrastructures associated with the hub role be developed, in cooperation with the City of Drummondville, to promote the harmonious and appropriate integration of these infrastructures with the projects currently being analyzed by the City for the central station.

Recommendation 13

That work be undertaken to develop train schedules for Drummondville departures and arrivals; these revised schedules should address concerns about train frequency and service times and should ensure that VIA Rail meets the commitment it made several years ago to increase the number of trips a day from five to eight.

Recommendation 14

That a governance mechanism be quickly put in place to make coordinated decisions, thus allowing effective communication and collaboration with cities.

Recommendation 15

That VIA HFR-VIA TGF Inc. ensure that the future HFR service will operate, as much as possible, on dedicated tracks to ensure the reliability of passenger rail service while also limiting disruptions to the freight rail network.

Recommendation 16

That work be carried out to identify all available spaces on the Montreal – Quebec section to double the tracks or, at the very least, add sidings to reduce the number and duration of the all too frequent stopping periods of the train and, thus, ensure greater reliability.

Recommendation 17

That stations be located at strategic crossroads which will maximize connectivity with other modes of transport.

Recommendation 18

That VIA HFR-VIA TGF Inc. work with, where possible, Amtrak, as well as regional, municipal, and provincial transportation services, in developing the HFR network, to improve intermodal and international travel and enhance tourism.

HIGH FREQUENCY RAIL IN THE TORONTO TO QUEBEC CITY CORRIDOR

INTRODUCTION

High Frequency Rail (HFR) is a proposed passenger rail network that would operate in the Toronto to Quebec City Corridor. In discussion for several years, it was mentioned in Budget 2018, which allocated $8 million over three years to continue an in-depth assessment of a proposal by VIA Rail.[1]

The Government of Canada issued a news release on 6 July 2021 to announce the procurement process for this project, which it described as "the largest transportation infrastructure project seen by Canada in decades."[2] VIA HFR – VIA TGF Inc (VIA HFR), is a Crown corporation that was established in December 2022 to "manage the development" of the project.[3]

On 7 March 2023, the House of Commons Standing Committee on Transport, Infrastructure and Communities (the Committee), agreed to the following motion:

> That the committee undertake a study of the government's proposed high frequency rail (HFR) project between Quebec City and Toronto, as well as the projects of high frequency train between Calgary and Banff, and between Calgary and Edmonton, examining the advantages and disadvantages of the various options, including high frequency rail (HFR), in terms of ridership, route, stations, connectivity and cost. That the committee hold a minimum of four meetings on this study.

1 Government of Canada, *Budget 2018: Equality and Growth – A Strong Middle Class*, 27 February 2018, Annex 2, p. 316.

2 Transport Canada, *The Government of Canada is taking the first steps in preparing for the procurement process to build a new train service in the Toronto to Quebec City Corridor*, News release, 6 July 2022.

3 Transport Canada, *Minister of Transport announces the establishment of the VIA Rail subsidiary to support High Frequency Rail and appoints three founding members to its Board of Directors*, News release, 15 December 2022.

However, on 18 September 2023, the Committee agreed to extend the study.

While the motion calling for this study included an examination of passenger rail projects in Alberta, the bulk of witness testimony focused on the ongoing high frequency rail project in the Toronto to Quebec City Corridor. This focus is reflected in the report.

In total, the Committee held six meetings to study high frequency rail (HFR) in the Corridor between 20 September 2023 and 29 February 2024. It heard from 33 witnesses and received four briefs.

Potential Benefits of Improved Passenger Rail Service

In discussing the need for a high frequency rail service in the Toronto–Quebec City Corridor, Martin Imbleau, Chief Executive Officer of VIA HFR – VIA TGF Inc, summarized the current situation as follows: "that corridor between three capitals—two of the largest cities—does not have an adequate train service, which is desperately needed." Other witnesses also mentioned the concentration of population along this linear stretch of land, and the need to ensure adequate transportation capacity to meet both current and future needs.[4] Many more indicated their belief that improved rail connectivity would have a clear economic benefit,[5] with some witnesses suggesting a positive impact on the Canadian economy as a whole.[6]

More concretely, the Committee heard that improved regional connectivity would result in significant social benefits, allowing easier and more frequent contact with friends and family,[7] connections to (and between) education and knowledge centres,[8] as well as

4 Standing Committee on Transport, Infrastructure and Communities (TRAN), *Evidence*, 44th Parliament, 1st Session: Vincent Robitaille, Assistant Deputy Minister, High Frequency Rail, Department of Transport; Marco D'Angelo, President and Chief Executive Officer, Canadian Urban Transit Association; Karl Blackburn, President and Chief Executive Officer, Quebec Employers' Council; and Friedemann Brockmeyer, Director, civity Management Consultants GmbH & Co. KG.

5 TRAN, *Evidence*: Patrick Massicotte, President, Chambre de commerce et d'industries de Trois-Rivières; Mario Péloquin, President and Chief Executive Officer, VIA Rail Canada Inc.; Blackburn; Steeve Lavoie, President and Chief Executive Officer, Chambre de commerce et d'industrie de Québec; Phil Verster, President and Chief Executive Officer, Metrolinx; D'Angelo; Michel Leblanc, President and Chief Executive Officer, Chamber of Commerce of Metropolitan Montreal; Jennifer Murray, Director, Atlantic Region, Unifor; Yonah Freemark, Lead, Practice Area on Fair Housing, Land Use and Transportation, Urban Institute (as an Individual); City of Montreal (brief); and City of Drummondville (brief).

6 TRAN, *Evidence*: Mr. Leblanc; Brockmeyer; and Stéphanie Lacoste, Mayor, City of Drummondville.

7 TRAN, *Evidence*: Massicotte; Péloquin; Blackburn; and D'Angelo.

8 TRAN, *Evidence*: Blackburn; Lavoie; Massicotte; and Robitaille.

increased tourism.[9] Several witnesses also spoke to the potential benefits for businesses, not only in terms of faster and more productive travel time,[10] but also in gaining access to an expanded and more fluid labour pool through fast and reliable commuting options.[11] Mario Péloquin, President and Chief Executive Officer of VIA Rail Canada Inc., pointed to the example of high-speed rail services in France and suggested that the proposed High Frequency Rail network would have a similar effect of allowing workers to commute larger distances into cities.

Patrick Massicotte, President of the Chambre de commerce et d'industries de Trois-Rivières, and Marc Brazeau, President and Chief Executive Officer of the Railway Association of Canada, told the Committee that improved passenger rail service in general would result in reduced congestion in urban centres by providing a more attractive alternative to travel by car. Karl Blackburn, President and Chief Executive Officer of the Quebec Employers' Council, added that this would result in fewer accidents and collisions, while also reducing the usage (and therefore the maintenance costs) of highway infrastructure. It would also, according to the testimony of several witnesses, have a significant impact in reducing Greenhouse Gas (GHG) emissions.[12]

Mr. Péloquin stated that trains produce fewer carbon emissions than the equivalent aircraft or approximately 250 cars needed to transport the same number of people the same distance. Meanwhile, Yonah Freemark, Lead of the Practice Area on Fair Housing, Land Use and Transportation, Urban Institute (appearing as an individual) told the Committee that Canada's "dependence on flights and cars," which he claimed to be the result of a lack of adequate rail service, "has resulted in Canada having some of the highest per capita transportation sector carbon emissions in the world—up to three times as high as in peer countries." Pierre-Olivier Pineau, Professor, Chair in Energy Sector Management at HEC Montréal, (appearing as an individual) also lamented a lack of alternatives and estimated that rail is much easier and less expensive to electrify than planes or cars "in the medium-term".

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9 TRAN, *Evidence*: Massicotte; Péloquin; D'Angelo; Blackburn; Lavoie; City of Montreal (brief); and City of Drummondville (brief).

10 TRAN, *Evidence*: Massicotte; D'Angelo; and Lavoie.

11 TRAN, *Evidence*: Robitaille; Lavoie; Pierre Barrieau, Lecturer, Faculty of Environmental Design, School of Urban Planning and Landscape Architecture, Université de Montréal (as an individual); Leblanc; City of Drummondville (brief); and Jean Lamarche, Mayor of Ville de Trois-Rivières.

12 TRAN, *Evidence*: Martin Imbleau, Chief Executive Officer, VIA HFR – VIA TGF Inc.; D'Angelo; Péloquin; Blackburn; Lamarche; Freemark; Marc Brazeau, President and Chief Executive Officer, Railway Association of Canada; and Leblanc.

According to some witnesses, long-term underfunding of passenger rail in Canada is to blame for a current lack of adequate service along the Toronto to Quebec City Corridor.[13] Indeed, Dr. Freemark told the Committee that his research has demonstrated that "Canada's per capita rail investment has been the lowest of all G7 members in every year but one since at least 1995," with investment levels "less than half, and sometimes as low as one-tenth" those of France, Italy, or Japan.

Sharing Tracks with Freight

VIA Rail passenger trains currently operate mainly on rail lines owned by the freight companies Canadian National Railway (CN) and Canadian Pacific Kansas City Ltd. (CPKC). As several witnesses told the Committee, having both freight and passenger trains sharing tracks has had substantial negative impacts on VIA Rail's on-time performance.[14] It also, as Mr. Imbleau explained, presents a barrier to increasing the frequency of passenger trains along the corridor:

> [I]t's no longer possible to add trains to the current corridor because the tracks belong to someone else. Consequently, even though we want people to take the train instead of their cars, there's no room for more passengers. We would have to prioritize passengers over freight, which is virtually impossible on tracks that now belong to other railway companies. We therefore have to build something new.

Dr. Freemark indicated that a separate, dedicated line for passenger trains would allow for a "substantial increase in freight movement along the line," which would be of significant benefit considering ongoing increases in demand for freight rail traffic.[15] Eric Harvey, Assistant General Counsel, Policy and Legislative Affairs, for the Canadian National Railway Company, echoed this point and further explained that conflicts arise as passenger trains operate at higher speeds (at times, nearly double) compared to freight trains. This complicates the task of coordinating traffic and arrival times on shared tracks. He added that CN shoulders a disproportionate burden, in that VIA Rail trains operate much more on CN tracks than on those owned by CPKC.

As Mr. Imbleau clarified, however, the intention is not to completely remove VIA Rail passenger service from shared tracks. Rather, existing service would continue while the new High Frequency Rail project would operate in parallel on its own tracks, thereby

13 TRAN, *Evidence*: Barrieau and Murray.

14 TRAN, *Evidence*: Péloquin and Lacoste.

15 TRAN, *Evidence*: Brazeau and Péloquin.

allowing increased frequency for passenger rail without increasing the "burden" on freight operators.

PROCESS: THE HIGH FREQUENCY RAIL PROJECT

Vincent Robitaille, Assistant Deputy Minister, High Frequency Rail, with the Department of Transport, described the High Frequency Rail project as having five phases:

1) the initial review of an existing proposal by VIA Rail Canada;

2) the (current) procurement phase;

3) the co-development phase;

4) the actual construction of the project; and

5) the operations and maintenance of a delivered high frequency rail service.

Phase One: Review of Existing Proposal by VIA Rail Canada

As Mr. Robitaille noted, the first phase of the project took place from 2017 to 2021. In fact, some witnesses noted that some form of project aiming to improve passenger rail service along the Windsor to Quebec City corridor (whether in terms of speed or frequency, and in a variety of routes) has been in discussion for many years, or even decades.[16]

Indeed, prior to the development of the current High Frequency Rail project, VIA Rail Canada had already undertaken studies to determine the feasibility of a high-frequency rail service. Terence Johnson, President of Transport Action Canada, told the Committee that VIA Rail had a ridership forecast, a business plan, and an infrastructure assessment—efforts and expenses which, in his view, have since been wasted. He explained that High Frequency Rail as it was initially announced "was supposed to quickly triage Canada's ability to run trains on time and operate enough trains to meet demand, putting Via Rail Canada back on a sound financial footing and getting it ready to build on that foundation across the country." The project, according to him, "was decision-ready by summer of 2018" and could have been in service by 2025. He

16 TRAN, *Evidence*: Massicotte; Leblanc; Murray; Freemark; and Pierre-Olivier Pineau, Professor, Chair in Energy Sector Management, HEC Montréal (as an Individual).

lamented that the Government of Canada "hesitated" and instead chose to create a joint project office "with a mandate to de-risk the project and a budget of $71 million."

Mr. Robitaille confirmed to the Committee that preliminary work was undertaken following VIA Rail's proposal, including "engineering studies performed by firms like Aecon and Arup, as well as the contracts with Ernst & Young." He also confirmed that $18 million had been paid to the Canada Infrastructure Bank (CIB) for these services, which had been subcontracted through the CIB. When asked how Transport Canada ensures that companies that worked on preliminary studies don't have an advantage over other bidders in the Request for Proposals (RFP) process, he responded that all information gathered for this type of preliminary work is made available to all RFP bidders, to ensure that "everybody has access to the same information."

For her part, Jennifer Murray, Director, Atlantic Region, for Unifor, viewed "the current process as a delay tactic, as a way to involve more consultants, repeating the studies that have already been done, to build something we already know how to build, a delay because it is an expensive project and there is a constant fear of spending big money."

Phase Two: Procurement

The second, and current, phase of the project was announced in the Government of Canada's Budget 2022.[17] The government also established a new Crown corporation, VIA HFR—VIA TGF Inc., in 2022 to serve both as project delivery office for the project and as technical and commercial adviser during the procurement phase. While it is a subsidiary, VIA HFR is meant to be kept "at arm's length" from VIA Rail Canada.[18] Mr. Imbleau described VIA HFR's current role as "to handle the procurement phase, jointly with our Transport Canada colleague".

The purpose of the procurement phase is to select a private partner with which the Government of Canada (through VIA HFR) will co-develop the project.[19] A request for qualifications was launched in February 2023, and in July of that year, three consortia were selected and invited to participate in the RFP: Cadence (CDPQ Infra, SNC-Lavalin, Systra Canada, and Keolis Canada); Intercity Rail Developers (Intercity Development Partners, EllisDon Capital, Kilmer Transportation, First Rail Holdings, Jacobs, Hatch,

17 Government of Canada, *Budget 2022: A Plan to Grow Our Economy and Make Life More Affordable*, 2022, p. 81.

18 TRAN, *Evidence*: Robitaille; and Péloquin.

19 TRAN, *Evidence*: Imbleau.

CIMA+, First Group, RATP Dev Canada, and Renfe Operadora); and QConnexiON Rail Partners (Fengate, John Laing, Bechtel, WSP Canada, and Deutsche Bahn).[20]

The three bidding teams are expected to provide their proposals in the summer of 2024, with evaluation of the proposals to be complete in late 2024. Proposals must include two possible approaches to meet the project's objectives: one with speeds of up to 200 km/h and one with some high-speed segments to reduce overall travel time.[21]

The details of the project therefore remain undefined, as the three consortia prepare their own proposals for meeting the government's objectives, with further analysis and deliberation expected after the selection of the private co-developer. On 16 December 2022, then-Minister of Transport, Omar Alghabra, provided a mandate letter to VIA HFR's Board Chair, Rob Prichard. This letter, which is included as Appendix 1 to VIA HFR's *2023–24—2027–28 Corporate Plan and 2023–24 Operating Budget*, describes the High Frequency Rail project as creating "a faster, more frequent, more reliable rail service among Québec City, Trois-Rivières, Montréal, Ottawa, Peterborough, and Toronto."[22]

Mr. Imbleau described the objective as building "a train that is as frequent, as fast, as reliable and as economical as possible", clarifying that the methods used to achieve this goal will be defined later in the process, in collaboration with the selected private codeveloper. Mr. Robitaille similarly told the Committee that "the objective of HFR is to offer faster, more reliable and more frequent rail service."

Mr. Robitaille also confirmed that, as of 11 October 2023, the Government of Canada has spent over $28 million on contractors, a number which he indicated "would be expected […] given the size and scope of this project." When asked about measures being taken to ensure proper budget management throughout the High Frequency Rail project, he replied that the establishment of VIA HFR was the first step: "It is essential to have the best experts on our side to manage the project over the long term." He added that competition throughout the process would also serve to control costs.

20 Transport Canada, *Government of Canada announces the groups that will be able to submit a proposal for the High Frequency Rail project*, 20 July 2023.

21 TRAN, *Evidence*: Robitaille and Imbleau.

22 See Mandate letter of Minister of Transport to Chair of VIA HFR as Appendix 1 to: VIA HFR – VIA TGF, Summary of the 2023–24—2027–28 Corporate Plan and 2023–24 Operating Budget.

Phase Three: Co-Development

Mr. Imbleau explained to the Committee that VIA HFR's role following the procurement phase will be to "take over supervision of the work that's done" and "co-develop the project with a private partner so we can select solutions, make sure they are economic and identify the right trade-offs." The Crown corporation will then make a final recommendation for the High Frequency Rail project, following which it is expected that both the Government of Canada and the private partner will invest in the project, in proportions to be determined. He added that VIA HFR is expected "to build extensive expertise in all fields so we can be a supervisor, manager and watchdog […] to protect the money that's invested in this project and to make the best choices for the coming decades."

Public Private Partnerships in Construction

Witnesses held a range of views on the merits and drawbacks of developing the High Frequency Rail project in conjunction with a private partner. Labour representatives in particular were explicit in their opposition to the project in its current form. Joel Kennedy, National Rail Director of Unifor, with the International Transport Workers' Federation (ITWF), stated "we don't support the government's proposal on HFR". Ms. Murray and Bruno Dobrusin, Manager of the Urban Transport Department of the ITWF, both recommended that the government review the current High Frequency Rail project's structure in favour of a fully public approach. Mr. Kennedy further suggested that it would be "irresponsible" to pursue the project, given the opposition of the main labour unions representing passenger train operators.

Ms. Murray explained the concerns of both Unifor and the ITWF with public-private partnerships (PPPs or P3s) in general, and particularly in the transportation sector. These, she suggested, are more costly to the taxpayer than public projects, given the commercial interests involved. Ryan Katz-Rosene, Associate Professor with the School of Political Studies of the University of Ottawa (appearing as an individual), also expressed concerns that "a private firm has a fiduciary responsibility to obtain profits." This responsibility, according to him, can result in reduced accountability, cost-cutting measures that impact safety, and higher user fees, all of which may ultimately reduce the competitiveness of the service with other modes of transportation and negatively impact its overall effectiveness. He added that research has indicated that private projects and P3s "have a higher risk of project failure, which means that government comes in afterward and essentially has to pay more." Mr. Dobrusin echoed this concern:

> The evidence is they end up paying more. I think the example of the U.K. may be one of the most tangible for us to see. After 30 years of rail privatization and public-private partnership projects all over its rail system, it's now one of the most expensive rails in Europe, not just to operate but for the passengers. It also has worse working conditions for workers when compared to other systems, like the French or the German ones, which have remained in public hands.

Other witnesses also pointed to the U.K. as a cautionary example of developing passenger rail.[23] However, Graeme Hampshire, Project Director with VIA HFR – VIA TGF Inc., disagreed with these characterisations of the U.K. experience:

> I think one needs a balanced approach here. One needs to take the best of the public sector that we've seen in Europe and the best of the private sector. I don't quite share the doomsday scenario presented by my colleague [sitting to my] left concerning U.K. rail because I was involved in that for a number of years. There were significant benefits from involving the private sector. The model has now moved on. The model has matured, and we can learn lessons from that, I think.

In contrast, Mr. Dobrusin pointed to successful publicly-funded high-speed rail systems in Germany, Spain, and South Korea, which he said have delivered "reduced travel times, economic development and improved connectivity." Graham Cox, National Representative for Unifor, agreed with this positive assessment of public passenger rail systems in Spain and Germany, pointing to the presence of two state-owned companies (Renfe Operadora and Deutsche Bahn) from these countries among the three bidding teams for the High Frequency Rail project. Dr. Freemark noted that "Spain has some of the lowest high-speed rail infrastructure costs in the world, which is interesting, because it is true that it has taken a purely public sector approach." Ms. Murray suggested that the potential involvement of these "two state-owned European rail companies just shows how ridiculous the notion that we need private sector expertise is."

Concerns regarding diminished working conditions, wages, and attention to health and safety were expressed both with respect to P3s in general,[24] and specifically regarding some of the companies associated with the three consortia bidding for the High Frequency Rail project. Mr. Dobrusin, when asked about the record of these bidders, suggested that even publicly owned entities operate very differently internationally than they do in their home country, particularly with regards to labour relations and safety issues. He specifically expressed concerns regarding the Spanish-owned operator Renfe. He added, however, that public entities might have more "familiarity" in interacting with

23 TRAN, *Evidence*: Terrence Johnson, President, Transport Action Canada; Freemark; and International Transport Workers' Federation (ITWF) (brief).

24 TRAN, *Evidence*: Joel Kennedy, National Rail Director, Unifor, International Transport Workers' Federation.

multiple levels of government than would private actors and suggested that this is demonstrated in Europe by "stronger control of state-led companies."

Ms. Murray suggested that, by privatizing the construction and maintenance of large, costly, nation-building infrastructure, particularly to foreign companies, "we forgo a significant part of the economic benefits of building rail and further divide our rail system."

According to Dr. Freemark, "the key issues—more than who is ultimately building or managing the line—are transparency, and assurances from the government that the government is controlling the day-to-day project design, planning and construction." Insufficient public sector involvement, he feared, would likely result in cost escalations and problematic design changes. That being said, he did not agree that a P3 approach would be "necessarily wrong," but rather he disagreed with the idea that P3s "will definitively produce a project more cheaply and more quickly than a public entity would."

Prof. Katz-Rosene recommended contracting one of the three private consortia "as a master builder to bring the (High Frequency Rail) project to fruition, an entity with experience and a proven track record of success," while restructuring the overall project to utilise VIA Rail "to support the government's advantage" and help it "to achieve broader public objectives."

Friedemann Brockmeyer, director of civity Management Consultants GmbH & Co. KG, presented Austria and Switzerland as positive international examples despite having different operational models, as Switzerland's federal railways are operated by a single national operator, while Austria has two "very successful" operators: one state-owned and one private. Their key to success, he suggested, lies in a long-term approach to planning. Norma Kozhaya, Vice-President of Research and Chief Economist of the Quebec Employers' Council, also pointed out that there are examples of both successful and failed P3 projects:

> It is important to have an effective link between Quebec City and Toronto or other cities, as the case may be. I also believe that a public-private partnership can reduce the risk and cost of public debt, because public debt has a cost. We can draw inspiration from examples that have worked elsewhere, but there are examples that have not worked.

Mr. Blackburn supported the mixed approach between private and public sectors, pointing to successful P3s in Quebec "including the Autoroute 25 bridge (and) Autoroute 30." Marco D'Angelo, President and Chief Executive Officer of the Canadian

Urban Transit Association, added some transit examples to this list: the Valley Line in Edmonton, the Canada Line in Vancouver, as well as transit in the region of Waterloo.

Mr. Imbleau told the Committee that he considers the co-development approach taken for the High Frequency Rail project to be "the best of both worlds":

> If this project were completely handed over to the private sector, without the supervision of a well-informed office staffed by a good team, we'd be, in a way, navigating in the dark. On the other hand, it would also be difficult to develop such a complex civil, technological and electrical project solely within government because we probably wouldn't have access to innovations and new techniques that are out there, such as technologies and construction techniques, as well as competition among various firms.

This competitiveness, he explained, is central to the project: "We want the private sector to not only help us but to remain competitive and to compete with one another." Mr. Brockmeyer told the Committee that competitiveness is also key to passenger rail operators in Europe which, with some exceptions, are state-owned and subsidized, "but they are competing and they are successful from this perspective." He added that it is common for a P3 approach to be used in the absence of domestic capabilities or experience, pointing to some Scandinavian examples: "(t)hey hired all the engineers they could get from all over Europe—from Spain, Portugal and Italy—and brought them to Norway and Denmark and set up the system in their publicly owned infrastructure management. They bought all the capabilities from the engineering consultancies."

Phase Four: Construction

Mr. Imbleau described the High Frequency Rail project as "first and foremost, a civil engineering project designed to build civil infrastructure, which is done locally," When asked about existing industrial capacity and expertise in Quebec, he replied that "Building tracks and installing power lines are definitely things that are done locally. Right off the bat, the project will really maximize Canadian impacts simply as a result of geography. General contractors and firms from here generally reap the main economic benefits of these infrastructure projects," He also acknowledged the need to "obviously abide by our international economic free-trade obligations". He added, however, that the construction of locomotives and railcar components would generate "quite limited economic impact compared to the rest of the budget", and that international obligations would also apply.

For his part, Michel Leblanc, President and Chief Executive Officer of the Chamber of Commerce of Metropolitan Montreal, recommended commitments to ensure that

investments in Canada "are commensurate with project expenditures", pointing to the *Inflation Reduction Act* in the United States as an example.

Timeline

While there is no explicit timetable for completion of the High Frequency Rail project, nor for when construction would even begin, Mr. Imbleau stated that he expects the co-development process (during which VIA HFR and the co-developer will establish the details of the eventual project) to take "a couple of years" before the government and the co-developer make a final investment decision. He also told the Committee that VIA HFR's mandate "is to take adequate time and apply the right resources to pin down the right scope for Canadians and ensure that what we build is at the right cost and is affordable but is also economical for the future."

Dr. Freemark suggested that, given the lack of detail available at this stage of the project, "a number of years of additional planning" would be needed. He estimated implementation of the project would not take place before "a minimum of 10 years […] and probably more like 15 years". Pierre Barrieau, Lecturer with the Faculty of Environmental Design, School of Urban Planning and Landscape Architecture, at the Université de Montréal (appearing as an individual), similarly suggested that a 10-year timeframe was reasonable for construction of the project, adding however that lengthy expropriation cases before the courts could add significant delays. This would not apply, he suggested, to stretches of the proposed Corridor like the Ottawa to Montreal line, which are already owned by VIA Rail. As no expropriations would be needed in this case, he indicated that such a segment could be operational much sooner than the rest of the High Frequency Rail service.

Mr. Dobrusin expressed concern that the private codeveloper would want to renegotiate terms within a few years, leading to further delays, while Mr. Johnson worried that "it's going to be years before we even begin to lay any track and, at the end of the day, it's going to cost Canadians more for the same train that we had a blueprint for in 2018."

Phase Five: Operations and Maintenance

Upon delivery of the High Frequency Rail project, as Mr. Imbleau explained, the private partner will operate all passenger rail service within the Toronto to Quebec City corridor, while the Government of Canada will retain ownership of the service and its

infrastructure. He also stated that local or regional hubs and spur lines would be added to expand the service, centred on the main High Frequency Rail line.[25]

Mr. Robitaille confirmed that the private partner will be required to maintain existing collective agreements and benefits and to work with existing unions and ensure that all VIA Rail employees working in the corridor will be employed in the new service, with no job losses. He also stated that the expected increase in ridership throughout the corridor will require the creation of "thousands of good new jobs," in addition to existing VIA Rail positions. He further confirmed that new positions created will also be required to be unionized.

Mr. Robitaille explained that the High Frequency Rail project is designed to prevent competition with the old service, instead using a whole of system approach to better coordinate the movement of trains throughout the corridor and therefore achieve economies of scale. Mr. Barrieau, however, suggested that any existing lines in the corridor would necessarily lose ridership to the new, faster, main High Frequency Rail service.

Mr. Imbleau added that one of VIA HFR's mandates during the operations phase is to limit the subsidy required for the High Frequency Rail service. In a written response to the Committee, VIA HFR indicated that bidders to the RFP process are requested to provide a solution which will, over time, eliminate subsidies along the Toronto to Quebec City corridor, while achieving a predefined level of customer satisfaction.

According to Dr. Freemark, "high-speed rail service operations in other parts of the world are almost universally profitable, which means they pay for their day-to-day operations", although not, he clarified, for their capital costs. Robert Eaton, Senior Director of Government Affairs for Amtrak, confirmed that ticket sales are sufficient to cover the operational costs for Amtrak's northeast services, although "it takes vast amounts of capital funding for the infrastructure, not only for the implementation but also the annual maintenance of it." According to Mr. Brockmeyer, in Europe, "(w)e have independent infrastructure managers, and then we have open access operators on the infrastructure, which operate commercially. That means all of the subsidies are in the infrastructure."

25 According to sections 266 and 267 of the *Budget Implementation Act, 2024, No. 1*, the subsidiary of VIA Rail Canada Inc. incorporated with the corporate name VIA HFR – VIA TGF Inc is, as of the date of its incorporation, an agent of His Majesty in right of Canada and may enter into contracts, agreements and other arrangements with His Majesty as though it were not such an agent.

Mr. Imbleau added that further details will be studied during the co-development phase but that financial independence for the service is not foreseeable, although federal subsidies could be kept to a minimum through high ridership.

Private Sector Involvement in Operations

Some witnesses expressed specific objections to the involvement of the private sector in operating the completed High Frequency Rail service. Mr. Johnson stated that "Via Rail is perfectly capable of running the service. The building of it was always going to involve the private sector—projects always do—but the operation doesn't need to be outsourced." Ms. Murray, meanwhile, expressed the view that "P3s for operations are a leftover from the previous era of ideologically driven privatization. Decades of failures of this model show there is no magic to be found and no actual competition resulting in higher-quality services, because transport like this is a natural monopoly."

Mr. Dobrusin indicated that a P3 model for operating a transportation system can seem appealing by offering reduced risks for the government. He warned against this view, however, stating that "at the end of the day what we've seen across the world in the vast majority of public-private partnership projects is that it ends up being on the public and it ends up being on the government, and not just the federal government but the other levels of government that may also jump into a proposal like this."

Potential Impact on VIA Rail Canada Services Outside of the Corridor

Looking to next steps for VIA Rail, Mr. Péloquin stated that "the eventual arrival of a new service in the corridor does not affect the fact that we must continue to serve off-corridor routes, including northern regions." He also stressed the need to renew VIA Rail's current rolling stock for long-distance and regional lines. He further told the Committee that, in his view, the new High Frequency Rail service would not impact the way that VIA Rail operates financially, nor its subsidy levels, as its lines are financially segmented. In a written response to the Committee, VIA Rail indicated that, in 2022, the combined average subsidy per passenger for travel from Toronto to Montreal and Montreal to Quebec City was $78.79.

Some witnesses, however, expressed concern for VIA Rail's ability to maintain services outside of the corridor if revenues from the Toronto to Quebec City routes (which

currently provide the vast majority of VIA Rail's revenue[26]) will be controlled by the High Frequency Rail operator.[27] Mr. Kennedy also echoed Mr. Péloquin's statement on VIA Rail's aging rolling stock and compared passenger rail service in Manitoba to the loss of Greyhound Canada, which progressively shrank its bus services until they were shut down completely. On this topic, Prof. Katz-Rosene also suggested the restoration of coach bus lines to ensure regional connectivity.

Mr. Johnson suggested that, "if the rest of Via Rail continues to operate as a public service, it needs a very much larger subsidy to provide all the core services that are currently shared with the corridor." He also expressed doubt that larger subsidies would be forthcoming and predicted the loss of regional services like the "Skeena" line, which provides service between Jasper, Alberta, and Prince Rupert, British Columbia. Mr. Péloquin mentioned that it is very difficult to restart a regional service once it has been reduced, due to the need for rolling stock, staff, and permission from the host railways. However, he was clear in his intentions to maintain—or even increase, if possible—VIA Rail's services outside of the corridor, particularly given the importance of rail service in some remote regions.

Mr. Johnson pointed out that VIA Rail's original plan for high frequency rail would not only have eliminated the need for a subsidy in the Quebec-Windsor corridor, but would also have resulted in "a small surplus, which could be redirected to the rest of its services across Canada."

For her part, the Mayor of the City of Drummondville, Stéphanie Lacoste, stated that Drummondville'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." Ms. Murray echoed this point on the importance of maintaining regional connections, arguing that "(i)nterest in commercial investments in one part of the system cannot be allowed to cannibalize needed investments in the rest of the system, a false division created by the plans for partial privatization." She added that the "fragmentation of HFR and VIA already shows that the focus of providing service to the entire Canadian public has been undermined."

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26 According to VIA Rail Canada's Annual Report 2023, 96% of passenger trips per train route were taken in the Québec City—Windsor corridor, with intercity travel within the same corridor providing 82% of passenger revenue per train route.

27 TRAN, *Evidence*: Johnson; Freemark; and Ryan Katz-Rosene, Associate Professor, School of Political Studies, University of Ottawa (as an Individual).

Mr. Johnson stated that the key to the success of European railways "is solid policy and financial backing from their governments" and recommended that this approach be ensured by the Government of Canada for VIA Rail.

DEFINING THE PROJECT

The Committee heard from some witnesses about the importance of clearly defining the project's main objectives before deciding on how it should be delivered, with Phil Verster, President and Chief Executive Officer of Metrolinx, advocating for "an obsession with what the customer base is you're trying to serve, rather than starting with what the infrastructure solution is." Prof. Katz-Rosene further warned against an "all of the above" approach, as some objectives may not be compatible.

As previously mentioned, Mr. Brockmeyer had presented Switzerland and Austria as successful examples for developing passenger rail services, largely due to their long-term planning. "They have a clear view of what the timetable will look like in 2070, so they can say at which stage and on which day of the week, in the year 2071, a freight train or high-speed train will go from Zurich to Geneva. Then they focused all their industry capabilities on this plan." He added that a clear agreement on such a long-term schedule (or timetable) is needed "very early on" if the project involves a private consortium to ensure alignment and avoid any changes later in the process.

The need for collaboration was also stressed, whether between different levels of government,[28] with local transit authorities,[29] or with future passengers.[30] Mr. Imbleau also spoke of the importance of discussions with Indigenous communities, while Mr. Robitaille stated that the project would "positively contribute to the Government of Canada's commitment to reconciliation with Indigenous peoples."

Cost

The need for a more defined project was clear throughout the study when witnesses discussed its potential cost. When asked about a $12 billion estimate that was released in 2021, Mr. Imbleau confirmed that this was "probably not adequate anymore." He would not, however, provide updated numbers, indicating that VIA HFR would "be in a position to provide better numbers in a few years' time." He added that "it would

28 TRAN, *Evidence*: Brockmeyer and Barrieau.

29 TRAN, *Evidence*: Barrieau and D'Angelo.

30 TRAN, *Evidence*: Imbleau and D'Angelo.

probably be imprudent to throw numbers out, because the scope is not defined. The corridor is, but the scope is not defined. The technology is not well defined yet."

This uncertainty, particularly with regards to the difference in cost between high-frequency and high-speed options, was a point of concern for some witnesses.[31] Mr. Leblanc expressed concern:

> I won't comment on other projects, but with respect to this one, with respect to this (project), I would say the numbers vary widely. As we are looking at two options for a given project, meaning high-frequency rail and high-speed rail, we need to understand all the financial factors, because they will have various repercussions on use. […]To be able to discuss the right solution, it's important to know the actual costs. To know the actual costs, a number of assumptions have to be made about things like inflation, financing costs, and complexities on the ground. Only after that can the right decision be made. The cost will be high, we agree, but we really have to know how high to make the right decision.

Mr. Blackburn and Ms. Kozhaya recommended looking to international examples to gain a better understanding of cost comparisons between the two speed models. Mr. Johnson, meanwhile, suggested that VIA Rail had initially opted for high-frequency over high-speed because "when you go above 110 miles an hour, costs hockey stick" and can even double to ensure the flat, straight rail line needed to ensure safety at high speeds. He added his concern that:

> If the cost of this project doubles, that means there are other projects that Canada cannot deliver to other parts of the country that don't get a train service. That's where we would say there is a real problem with what's happening here, and the cost and the scope of this are getting further ahead.

Mr. Robitaille confirmed the additional needs for higher speeds, explaining that "once the train goes faster than 200 kilometres per hour, the difference is that you need a fully protected right of way. This means that the tracks are fenced. There cannot be at-grade crossings. That means viaducts [overpasses] over the road. It also means that the curves cannot be as great." In a written response to the Committee, Transport Canada confirmed that an analysis of international HSR projects has been done to determine a cost range for capital costs of a fully high-speed network between Toronto and Quebec City. They stressed, however, that this analysis was "high-level".

As a way to reduce costs, Dr. Freemark recommended acquiring land as early as possible once the route is confirmed, in order to avoid costly delays. Mr. Blackburn suggested that the High Frequency Rail corridor should be seen "as an investment for the coming

31 TRAN, *Evidence*: Blackburn.

decades. It's important not to see it as a short-term investment, but for the next 50, 60 or 75 years. We'll never have a second chance to get this project off to a good start." Meanwhile, Mr. Imbleau confirmed the need for significant financial involvement from the government while adding: "our job is to keep it as low as possible and ensure that we have the right balance with the private partner to make a service that is affordable."

Ridership

As Mr. Brockmeyer told the Committee, "in the end it's all about customer satisfaction" in order to ensure competitiveness with other modes of transportation, as well as existing rail services. Dr. Freemark described rail ridership in Canada as "extremely low compared to that in other G7 nations" The average Canadian, he said, takes the train for an intercity trip once every ten years. In Germany, by comparison, the average resident takes 25 intercity rail trips every year.

Some witnesses expressed confidence that the demand for improved passenger rail between Toronto and Quebec City already exists and that, with high frequency rail service, ridership would necessarily increase.[32] More specifically, Mr. Imbleau and Mr. Robitaille referred to projections that the High Frequency Rail service would increase annual ridership in the Corridor from approximately 4 million today (Mr. Robitaille indicated that the pre-pandemic peak was 4.9 million) to 17 million. Mr. Blackburn suggested that this number could increase even further with a high-speed rail service.

As an example of service investments driving ridership increases, Mr. Eaton pointed to passenger rail services between Washington D.C. and various points throughout the State of Virginia. State-level investments increased the frequency of services from one daily round trip in 2009 to eight daily round trips currently. Ridership has increased 48% in the past ten years due to "increased reliability, greater convenience, and improved customer experience", and a further state-led initiative is aiming to add another five daily round trips by 2030.

Throughout this study, witness testimony revealed four main factors that might lead to an increase in ridership for passenger rail service: reliability, frequency or availability, the cost of fare, and of course travel time. Mr. Brockmeyer viewed most of these factors as flowing from one to the other with reliability (being on time) coming first, followed by frequency, then finally adding speed to reduce travel time: "because it makes no sense to have a very high-speed system with one train per day." He added: "for speeds,

32 TRAN, *Evidence*: Leblanc; D'Angelo; and Péloquin.

frequency is a necessary condition, and if you have high speed, the frequency should ultimately be a result of it."

Reliability

Steeve Lavoie, President and Chief Executive Officer of the Chambre de commerce et d'industrie de Québec, explained the importance of reliability in terms of uncertainty: when the arrival time of a train is not known, it makes it difficult to make plans upon arrival, discouraging that mode of travel. Mr. Imbleau also believed that "reliability is key," particularly in terms of drawing ridership to passenger rail from personal vehicles.

As Mr. Péloquin reminded the Committee, VIA Rail's current reliability issues stem largely from the fact that most of its services do not operate on dedicated tracks. In fact, VIA Rail's on-time performance on its own (limited) network of tracks is higher than 90%, compared to 60% on the rest of its services operating on host railroads.[33] Mr. Eaton indicated that Amtrak shows a similarly marked increase in on-time performance on its network of dedicated tracks.

Mr. D'Angelo argued that dedicated tracks for the new High Frequency Rail service would improve reliability and therefore help draw ridership from other modes of travel. Both Mr. Imbleau and Mr. Robitaille confirmed to the Committee that the intention is to have dedicated tracks for "the majority" of the High Frequency Rail service.

As some witnesses pointed out, dedicated tracks for passenger rail would also serve to improve the reliability of freight transportation, ensuring smoother supply chains.[34] However, as previously indicated, existing VIA Rail lines would continue to operate on tracks owned by CN and CPKC.

Prof. Katz-Rosene referred to potential legislation to give priority to passenger rail over freight. Mr. D'Angelo suggested that this idea merited further study and pointed to a recent incident in which Metrolinx' transit service was impacted by CN's temporary loss of Internet connectivity. As CN manages the rail corridor around Union Station in Toronto, Metrolinx was unable to provide services for a few hours, impacting passengers as far as London, Ontario.

As Mr. Péloquin pointed out, federal legislation in the United States gives Amtrak priority for its passenger trains over freight. Mr. Eaton confirmed this priority, although he

33 TRAN, *Evidence*: Rita Toporowski, Chief Service Delivery Officer of VIA Rail Canada Inc.

34 TRAN, *Evidence*: Lamarche; Imbleau; Barrieau; and Brazeau.

indicated that it "is not always adhered to." He added that schedule conflicts are more preferably addressed in collaboration with host railroads, with whom he said Amtrak has "a very strong relationship."

Mr. Verster echoed this point regarding Metrolinx' own relationship with both CN and CPKC in Canada, which he referred to as "integral partners," although he confirmed that Metrolinx owns 85% of its network, and its "punctuality is in the order of 96% or 97%."

Frequency / Availability

Mr. Lavoie told the Committee that,"(w)hen it comes to transportation, we know that demand is influenced by supply. The better the availability, the more people will use it". Similarly, Mayor Lacoste indicated that "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." Mr. D'Angelo also spoke of the benefits of having many options for schedules and routes, saying: "People want it to be easy to take a high-frequency train."

Fare Cost

According to Prof. Katz-Rosene," the number one determinant for modal choice for intercity transport is the cost, the price." He expressed concern that the involvement of a private partner may drive up fares to recoup the costs of the project more quickly, particularly in the case of a more expensive high-speed rail service. Mr. Brockmeyer referred to European examples of ticket management systems for high-speed operators which mark up prices (from 50% to 100%) based on the speed of the train. According to him, shorter travel times will result in more "willingness to pay on the part of the customers."

When it comes to comparing costs, however, Mr. Pineau pointed out that the cost of driving is often underestimated, as it includes the cost of road maintenance. He estimated that, for a business trip from Montreal to Ottawa, an employer might reimburse for a car expense rate of 70¢ per kilometre, for an approximate total of $280 for a 200 km distance. A round trip train ticket, by comparison, would only be $120.

Travel Time

Despite the importance of reliability, frequency, and fare costs, it was speed, or more specifically shorter travel times, that was identified by several witnesses as a key factor

to significantly draw ridership from other modes of travel.[35] According to Mr. Blackburn, 94% of current trips in the Toronto to Quebec City corridor are by car, compared with only 2% by passenger rail service. He indicated that speed would be "vital" to shifting travellers' behaviour. Dr. Freemark echoed this, suggesting that international examples show that high-frequency rail service can increase passenger rail ridership to between 30% and 60% of the overall market share. A high-speed service, however, which would reduce travel time between Toronto and Montreal to under three hours, could increase market share to 80%.

Dr. Freemark estimated that the current High Frequency Rail proposal would see a travel time of approximately four hours ("maybe three and a half hours, if we're lucky") between Toronto and Montreal. This, he argued, despite being an improvement over the current service times, "would not provoke a massive mode shift away from cars and flights of the kind that we've seen in corridors where high-speed rail has been integrated."

Some witnesses made the distinction, however, between drawing ridership from cars and from flights. Mr. Imbleau indicated that the latter would be "a side benefit" more than a "key objective," with the focus being more on attracting car users to the train.

Prof. Katz-Rosene suggested that travel time for a flight between Toronto and Montreal, including time to reach the airport and go through security, would be approximately three hours and 15 minutes. According to Mr. Brockmeyer, European examples show that rail service "dominates" over air when travel time is below four hours, and that "there are no flights" when rail service travel times drops below three hours. Dr. Freemark stated that "(h)igh-speed rail service would make most air travel from Toronto and Montreal to Ottawa superfluous."

In terms of attracting ridership from cars along the Montreal to Quebec City route, Mr. Imbleau indicated that the slowest of the two scenarios requested from the bidding consortia would result in a travel time of 2 hours and 50 minutes from downtown to downtown, which he stated to be faster than by car. The second scenario would reduce travel time to 2 hours and 15 minutes. In Mr. Leblanc's estimation, 2 hours and 50 minutes from Montreal to Quebec City is "definitely not fast enough" to significantly draw ridership.

Mr. Brockmeyer stated that high-speed rail services in Europe tend to be between 10% and 40% faster than travel by car, though he added that train travel has the additional

35 TRAN, *Evidence*: Leblanc; Robitaille; Norma Kozhaya, Vice-President of Research and Chief Economist, Quebec Employers' Council; Blackburn; and Lavoie.

benefit of convenience in terms of productivity during the trip. He also stressed the importance of calculating travel times to include the "first and last mile," (the travel between the points of departure or arrival and the first and last modes of transportation) with strong intermodal connections throughout the system.

In a written response to the Committee, Transport Canada confirmed that it has preliminary analysis showing that both high frequency and high-speed services would take some market share away from the air and auto markets but is working on a more detailed analysis on this front.

Speed

Mr. Imbleau told the Committee that "(t)he objective is not top speed for the sake of speed. It's about saving time. Faster average speed that shortens travel time is the way to go." He acknowledged, however, the debate between high frequency and high-speed rail as the better option for improving passenger rail service between Toronto and Quebec City. This debate was widely discussed throughout this study.

One concern that was expressed is whether the climate in the proposed corridor would allow for high-speed rail at all. Mr. Péloquin explained that the issue is not merely the extreme cold during winter, but rather the wide range of temperatures throughout the year. He indicated that he was not aware of any examples of high-speed trains that operate in regions where the temperature can vary by up to 70°C from winter to summer, including drastic changes within a season, or even a single day.

Dr. Freemark, however, dismissed these concerns, pointing to rail service in cold regions "like Moscow-St. Petersburg, northern sections of Japan and parts of South Korea," and to the high-speed rail network in China, which includes some regions that "experience many of the weather concerns that Canada experiences." Mr. Brockmeyer also told the Committee that the technology does exist for high-speed rail in a harsh climate, although some additional design features to "build it to be a bit more robust" may result in additional costs. He added that no transportation system can keep running in all situations, and that extreme weather events such as a heavy snowstorm would also impact air travel.

Mr. Péloquin was of the view that either high-frequency or high-speed rail would be an improvement, as they would both provide more service. Mr. Massicotte similarly did not express a preference, indicating that, without the necessary expertise to judge either way, his priority was ensuring a station in Trois-Rivières "to promote the region's economic development." Mr. Eaton, meanwhile, pointed to the success of both Amtrak's

high-speed Acela trains and its high-frequency routes, particularly in the northeastern United States.

Meanwhile, Mr. D'Angelo argued that high-speed rail would be less effective in linking many communities and maximising ridership, stating that high-frequency rail would be better suited to achieving "routes that are useful, reliable and available to as many people as possible."

Some other witnesses, however, argued that high-speed rail is necessary to deliver the shortened travel times necessary to draw ridership from other modes of transportation.[36] Dr. Freemark, for example, highlighted the importance of drawing ridership toward rail and away from more polluting alternatives such as air travel. Mr. Lavoie, while expressing support for high-frequency rail, added that speed is also an important consideration and that "(t)he line between Quebec City and Montreal clearly needs to be high-speed."

In addressing this discussion, Mr. Imbleau argued that there is "a false debate about what is frequent and what is fast," adding that the High Frequency Rail service will be "as frequent, as fast, as reliable and as economical as possible" in considering the long-term needs of passengers. Mr. Robitaille reiterated that the bidding consortia are required to present two solutions, one of which will include high-speed segments, to "allow for a rigorous assessment of the costs and benefits of incorporating high-speed rail on each segment of the corridor."

Mr. Massicotte expressed that such a hybrid system "might be the optimal scenario," while Mr. Barrieau discussed the possibility of gradual, local, speed increases on a high-frequency rail network. An important consideration, as Mr. Brockmeyer told the Committee, is the effect of geography on the cost of building a high-speed rail service, given the need for flat terrain and straight lines, and the increased costs of viaducts and tunnels.

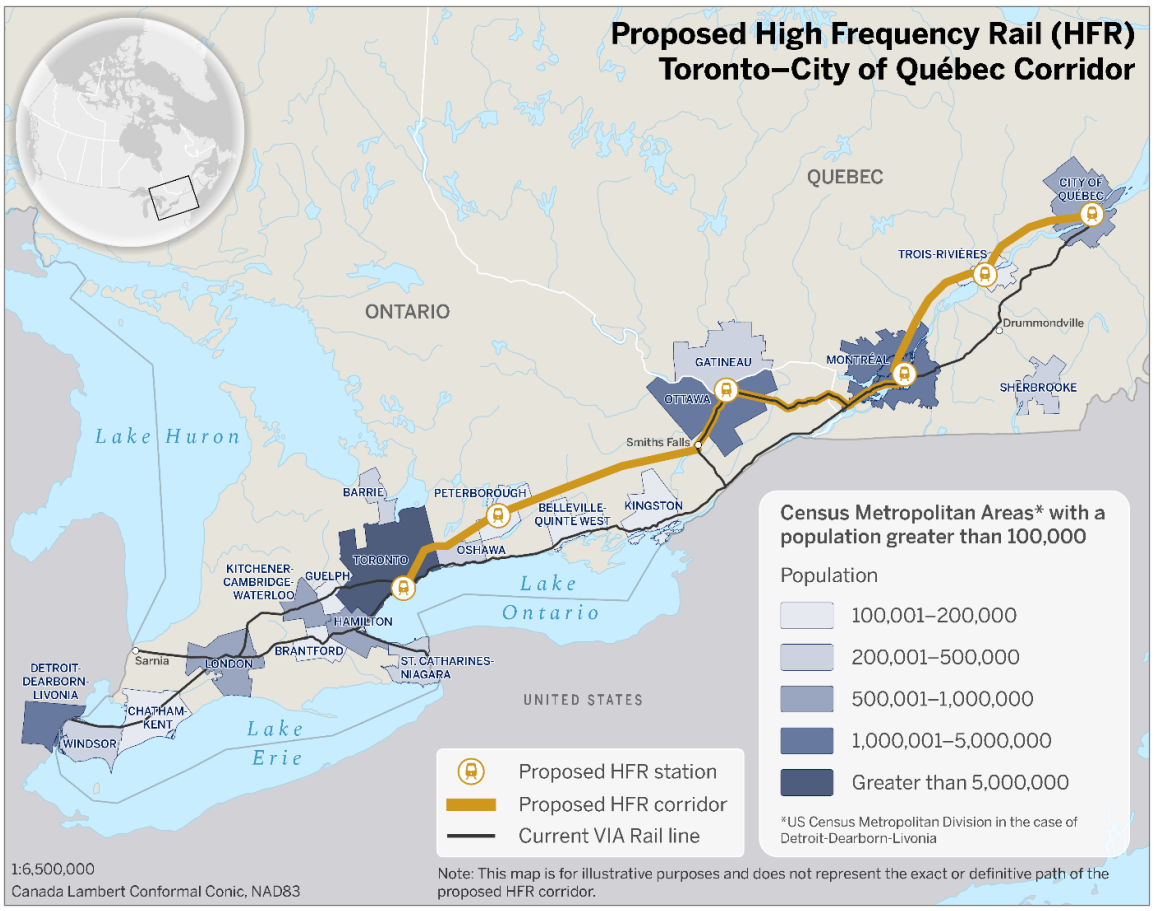
36 TRAN, *Evidence*: Barrieau; Leblanc; and Blackburn.

Route

Several witnesses discussed the route that the High Frequency Rail service should take. On this topic, Mr. Imbleau told the Committee that certain essential stations have been established through a mandate letter from the Minister of Transport (these are Toronto, Peterborough, Ottawa, Montreal, Trois-Rivières, and Quebec City[37]). Any additional stations, he explained, would be determined in collaboration with the private co-developer to ensure "the best possible service," while also minimizing the number of stops to ensure shorter travel times. He added that the determination of a final route would depend upon many factors, including distance, the number of stations, population density, geography, any track-sharing that may be required, as well as natural obstacles such as Mount-Royal in Montreal. These will be balanced with service needs, environmental factors, and cost.

37 TRAN, *Evidence*: Robitaille.

Figure 1—Proposed High Frequency Rail Service



Sources: Map prepared in 2024, using data obtained from Natural Resources Canada (NRCan), *National Railway Network – NRWN – GeoBase Series*; Uday Rana, "Can high-frequency rail help growing transport woes in Ontario and Quebec?," *Global News*, 9 October 2023; Statistics Canada, *2021 Census – Boundary files*; Statistics Canada, "Table 17-10-0135-01: Population estimates, July 1, by census metropolitan area and census agglomeration, 2016 boundaries," Database, accessed 28 February 2024; United States (U.S.) Census Bureau, *TIGER/Line Shapefile, 2020, Nation, U.S., Metropolitan Divisions*, 2020; U.S. Census Bureau, "Annual Resident Population Estimates for Metropolitan and Micropolitan Statistical Areas and Their Geographic Components for the United States: April 1, 2020 to July 1, 2022 (CBSA-EST2022)," in *Metropolitan and Micropolitan Statistical Areas Population Totals: 2020–2023*; NRCan, *Administrative Boundaries in Canada – CanVec Series – Administrative Features*, 1:5M, 2019; NRCan, *Lakes, Rivers and Glaciers in Canada – CanVec Series – Hydrographic Features*, 1:5M, 2019; and NRCan, *Wooded Areas, Saturated Soils and Landscape in Canada – CanVec Series – Land Features*, 1:5M, 2019. The following software was used: Esri, ArcGIS Pro, version 3.2.2. Contains information licensed under the *Open Government Licence – Canada* and the *Statistics Canada Open Licence*.

As previously mentioned, Mr. Brockmeyer estimated that geography, specifically how level the land is, can have a significant impact on the cost of building a rail line in

general, and particularly one that anticipates operating high-speed trains. He also confirmed that higher-speed trains need tunnels or viaducts when intersecting with highways, given the safety concerns with level crossings.

Stations

According to Mr. Robitaille, studies with regard to the placement of stations along the route are currently being undertaken as part of the RFP process, and more will take place after the selection of the private co-developer. Mr. Imbleau, meanwhile, reiterated that the intention is to limit the number of stations as much as possible, beyond the six mandated stops. This concern of negatively impacting the speed of the service by adding too many stations was echoed by Mr. Blackburn, who stated that too many stops would "run the risk of compromising one of the main objectives, which is to improve speed and frequency."

Dr. Freemark proposed running both an express service and a regional service in parallel along the corridor. This seems in line with VIA HFR's position that current regional VIA Rail service would continue, though they would be managed and coordinated by the private co-developer.[38] Mr. Barrieau suggested collaboration with other levels of government to expand commuter rail services along the corridor, instead of continuing to run existing VIA Rail services whose trains, he worried, would be "mostly empty."

Mayor Lacoste advocated for developing a hub, with expanded regional services, in Drummondville, Quebec, to ensure connections throughout the south shore of the St-Lawrence with the main High Frequency Rail line. This, she argued, would be of great benefit to the city and region, allowing a greater flow of labour with larger urban centres. The City of Drummondville, in its brief, also suggested that such a hub, and the corresponding improvement of passenger rail service between the south shore and Montreal, could be done "independently of the development and delivery phases of the HFR project, and without any further delay."

Some witnesses also suggested that High Frequency Rail lines could be connected to a larger North American passenger rail network, whether through Detroit, New York City, or Chicago.[39] In fact Mr. Péloquin confirmed ongoing discussions between VIA Rail and Amtrak, and indicated that the later has expressed interest in expanding its services in Canada. Mr. Eaton also indicated ongoing discussions to improve cross-border service

38 TRAN, *Evidence*: Imbleau.

39 TRAN, *Evidence*: Barrieau; Kozhaya; and Freemark.

through pre-clearance expansion and confirmed that Amtrak would be "delighted" to see increased cross-border passenger rail.

Downtown Connections

Some witnesses also debated the best location within a city for a High Frequency Rail station: in the downtown core, or on the outskirts. The City of Montreal, for example, in its brief, recommended that a stop be established "in downtown Montreal to boost the city's economy, raise its international profile and stimulate tourism." Mr. Imbleau indicated that multiple options in each municipality were being considered and that the decision would be made in collaboration with the private co-developer, to "determine the best economic sites for a maximum number of passengers and to promote intermodality for passengers."

This idea of intermodal connections, particularly links with urban and regional transit networks, was repeated by several witnesses.[40] Mr. Barrieau, speaking specifically with regard to a potential Montreal High Frequency Rail station, recommended avoiding the downtown area in favour of efficient connections to urban transit such as the Réseau express métropolitain (REM). He also pointed to the suburban train stations in Osaka and Tokyo, Japan as successful examples that avoided more costly downtown stations.

Indeed, Mr. Robitaille pointed out that downtown areas may not be able to accommodate new tracks, which would require the use of existing freight lines, exposing both the passenger and freight networks to potential delays. Mr. Brockmeyer also indicated that most European rail networks, with the exception of Spain, similarly have stations on the outskirts of cities, rather than in the downtown cores, to reduce costs. He stressed, however, the more important need to ensure connectivity with urban transit and recommended that the High Frequency Rail line "go to the city centres of the most important cities—Toronto, Ottawa, Montreal, and Quebec [City]—and build the stations outside of the smaller cities if possible."

Mr. Leblanc clarified that the importance of "downtown-to-downtown" travel does not necessarily require a High Frequency Rail station in the city-centre, but rather an easy and fast connection to the city-centre from the High Frequency Rail station. He and Mr. Brockmeyer both stressed that this additional transit must be factored into the High Frequency Rail project's overall calculation of travel time between cities. Dr. Freemark agreed with the importance of keeping the "distance" between High Frequency Rail stations and the centres of population as short as possible and added that this distance

40 TRAN, *Evidence*: Blackburn; Freemark; Brazeau; and Péloquin.

could be “reduced by improved urban transit or by having the terminus in a very central location,” depending on the city. He warned that without meeting this key objective, travel time to and from the rail station would be “similar to what (passengers) experience with airports today, which would defeat the point for investing in the rail service. You need to get those rail stations in central, very transit-accessible locations.”

Mr. Verster told the Committee that Metrolinx has been engaged with VIA HFR for several years to ensure that its own infrastructure improvements will be compatible with the new service’s future needs. Planned changes to Union Station in Toronto, for example, will increase the station’s capacity from 36 trains per hour to 80 trains per hour. As a “great example of service integration,” Mr. Barrieau pointed to suburban Los Angeles, “where a monthly pass holder can jump on the Amtrak train or on the Metrolink of Los Angeles between the same stations, and that permits people to try Amtrak and use it sometimes.” He added that this seamless system increases ridership, which in turn reduces passenger cost.

In addition to transit connections, Mr. Blackburn spoke to the need to look at the High Frequency Rail network “holistically, in complementarity with the other modes of transportation we have access to in Canada, such as air, road, of course, and even waterborne.” When asked, Dr. Freemark agreed that all modes of transportation, including municipal transit, trains, ships, and airports, should all be in close proximity to each other.

Mr. Barrieau specifically spoke of the importance of connections with airports, stating that “the two main drivers for ridership” are “airports and downtowns.” He also stressed the need for collaboration with municipal governments in establishing an effective passenger rail system. In its brief, the Greater Toronto Airports Authority (GTAA) recommended strong collaboration between the High Frequency Rail project office and the GTAA “to plan and design a HFR connection at Toronto Pearson to develop a second major transportation hub in the Greater Golden Horseshoe area.” It also recommended that “linking nationally important federal transportation air & rail modes” be made a core priority for the High Frequency Rail during its co-development phase, stating that “(m)ajor international airports have demonstrated commercial success by linking rail and air modes together to create a seamless passenger experience.” The City of Montreal, in its brief, also recommended considering a stop near the Montréal-Trudeau international airport, with connection to the REM.

Windsor (High Frequency Rail Phase 2)

Some witnesses also spoke of a potential extension of the High Frequency Rail service from Toronto to Windsor, offering full High Frequency Rail service throughout the entire Windsor to Quebec City Corridor. Mr. D'Angelo referred to the need for a safe mode of transportation in the southwestern portion of the corridor, particularly during inclement weather, adding: "(s)o many people are choosing to drive from Windsor to the Detroit airport to take a flight to Montreal. These are things that don't make sense."

In its brief, the GTAA also recommended "continue(d) investigation of Southwestern Ontario rail improvements with specific attention to Toronto Pearson for future rail expansion." According to Dr. Freemark, "even though London, Windsor, etc., are not enormous metropolitan areas, the size of Toronto as a huge population centre could make investing in a substantially improved rail service from Toronto to Windsor actually worth it," particularly if the service further connected internationally into Detroit. Mr. Eaton, meanwhile, clarified that Amtrak's consideration of service connections between Windsor and Detroit are not contingent on extending the High Frequency Rail corridor.

Mr. Johnson indicated that he was aware of a Transport Canada-led study into a High Frequency Rail "phase 2" in southwestern Ontario. He argued that, unlike the rest of the Corridor, service issues between Toronto and Windsor could easily and immediately be solved by increasing the frequency and speed of VIA Rail trains to Windsor and Sarnia. He added his concern that the separation between VIA Rail and VIA HFR has resulted in VIA Rail being "in somewhat lame duck mode and doesn't know what it's supposed to do for the next 10 years to tackle the challenges we have right now, whereas they could be doing all of the things at once, because these things are synergistic. They all feed each other."

Mr. Imbleau also referred to these ongoing studies by Transport Canada but was clear that VIA HFR's mandate is specific to the Toronto to Quebec City corridor.

Mode of Propulsion

According to Mr. Robitaille, "(a)s an electrified service, (High Frequency Rail) will deliver significant reductions in GHG emissions." Mr. Imbleau also confirmed that "the intent is to have fully electric trains," although he clarified that some portions of the line may require other technology such as biodiesel or diesel-electric, "for instance in seriously congested communities." He added that the decision on electrification would be made in collaboration with the private co-developer, and that the efficiency of available

batteries would be a significant factor, particularly in stretches of the service along which a catenary overhead electrical line is not possible.

In terms of alternative technologies, Mr. Leblanc pointed to international examples of hydrogen rail projects and proposed domestic development for passenger rail. Mr. Imbleau again confirmed that all options would be considered, though he indicated that green energy in Quebec and Ontario makes electrification particularly attractive for the High Frequency Rail line. He also pointed to the fact that one of the world's major hydrogen rail projects has been abandoned in Germany, as it was determined that "full electric was just more efficient and cheaper to operate." Mr. Johnson made the distinction between shorter services such as those being proposed in Alberta, for which hydrogen power may be economical, and high frequency or high-speed services. For these, he concluded that a fully electric system was the most efficient choice.

ALBERTA PROJECTS

Although testimony throughout this study focused on the High Frequency Rail project in the Toronto to Quebec City corridor, some witnesses also raised proposed rail projects in Alberta. Mr. Barrieau, for example, expressed support for a link between Calgary and Edmonton. Dr. Freemark also approved of such a project due to the large populations in both metropolitan areas and the "reasonable travel time" (he estimated no more than two hours) between them. He added that the creation of a passenger rail link could have a "dramatic" impact on market share, and that the lack of geographic obstacles would likely result in a lower per kilometer cost to build, in comparison with the High Frequency Rail line in the Toronto to Quebec City corridor.

Mr. D'Angelo also expressed interest in these potential new rail projects in Alberta, while Mr. Péloquin told the Committee that they would "be of great benefit economically and socially to a larger segment of our population."

APPENDIX A:
LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee's webpage for this study.

Organizations and Individuals	Date	Meeting
Chambre de commerce et d'industries de Trois-Rivières	2023/09/20	77
Patrick Massicotte, President		
Transport Action Canada	2023/09/20	77
Terence Johnson, President		
VIA HFR – VIA TGF Inc.	2023/09/20	77
Graeme Hampshire, Project Director		
Martin Imbleau, Chief Executive Officer		
Marc-Olivier Ranger, Corporate Secretary		
Canadian Urban Transit Association	2023/11/06	87
Marco D'Angelo, President and Chief Executive Officer		
Chamber of Commerce of Metropolitan Montreal	2023/11/06	87
Michel Leblanc, President and Chief Executive Officer		
Unifor	2023/11/06	87
Graham Cox, National Representative		
Jennifer Murray, Director, Atlantic Region		
VIA Rail Canada Inc.	2023/11/06	87
Mario Péloquin, President and Chief Executive Officer		
Rita Toporowski, Chief Service Delivery Officer		
Ville de Trois-Rivières	2023/11/06	87
Jean Lamarche, Mayor		

Organizations and Individuals	Date	Meeting
Department of Transport	2023/11/08	88
François Camiré, Director General, Technical, Engineering and Impact Assessment, High Frequency Rail		
Chantale Côté, Director General, Policy and Governance, High Frequency Rail		
Luis Miguel Izquierdo Martin, Acting Director General, Commercial and Procurement, High Frequency Rail		
Vincent Robitaille, Assistant Deputy Minister, High Frequency Rail		
As an Individual	2024/02/08	99
Yonah Freemark, Lead, Practice Area on Fair Housing, Land Use and Transportation, Urban Institute		
Ryan Katz-Rosene, Associate Professor, School of Political Studies, University of Ottawa		
Quebec Employers' Council	2024/02/08	99
Karl Blackburn, President and Chief Executive Officer		
Norma Kozhaya, Vice-President of Research and Chief Economist		
As an Individual	2024/02/13	100
Pierre Barrieau, Lecturer, Faculty of Environmental Design, School of Urban Planning and Landscape Architecture, Université de Montréal		
Chambre de commerce et d'industrie de Québec	2024/02/13	100
Steeve Lavoie, President and Chief Executive Officer		
civity Management Consultants GmbH & Co. KG	2024/02/13	100
Friedemann Brockmeyer, Director		
International Transport Workers' Federation	2024/02/13	100
Bruno Dobrusin, Manager, Urban Transport Department		
Joel Kennedy, National Rail Director, Unifor		
As an Individual	2024/02/29	104
Pierre-Olivier Pineau, Professor, Chair in Energy Sector Management, HEC Montréal		

Organizations and Individuals	Date	Meeting
Amtrak	2024/02/29	104
Robert Eaton, Senior Director, Government Affairs		
Canadian National Railway Company	2024/02/29	104
Eric Harvey, Assistant General Counsel, Policy and Legislative Affairs		
Hoang Tran, Senior Director, Regulatory, System Safety, and Passenger Operations		
City of Drummondville	2024/02/29	104
Stéphanie Lacoste, Mayor		
Thomas Roux, Director, Mayor's Office		
Metrolinx	2024/02/29	104
Phil Verster, President and Chief Executive Officer		
Railway Association of Canada	2024/02/29	104
Marc Brazeau, President and Chief Executive Officer		

APPENDIX B:
LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's webpage for this study.

City of Drummondville

City of Montréal

Greater Toronto Airports Authority

International Transport Workers' Federation

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

A copy of the relevant *Minutes of Proceedings* (Meetings Nos. 77, 87, 88, 99, 100, 104, 116, 117, 119 and 123) is tabled.

Respectfully submitted,

Peter Schiefke
Chair

Conservatives call for greater transparency and accountability on VIA_HFR

Conservative Members of Parliament on the Standing Committee on Transport, Infrastructure and Communities would like to thank the Committee, its staff, analysts, and number of witnesses who shared their valuable insights on a proposed high-frequency rail (HFR) project between Toronto and Quebec City passing through Peterborough, Ottawa, Montreal, and Trois-Rivières.

Conservatives were disappointed that while the original motion giving rise to this study included specific references to high speed rail proposals in Alberta that almost no discussion of these projects took place during the study. We strongly recommend that the Committee conduct future hearings on new passenger rail projects proposed for regions outside of the Toronto to Quebec City corridor.

Conservatives are committed to improving Canada's rail network to make it more reliable, efficient, and cost effective. We believe governments must support our entire transportation system, including rail, air, marine and road networks to ensure the efficient movement of people and goods.

While we were glad to see that our proposals to increase transparency on the project and its costs to taxpayers have been included in the final report, we remain concerned that the details of this project, including costs, remain undefined.

In 2021, former Transport Minister Omar Alghabra estimated the project would cost up to $12 billion. Since then, the Liberal-NDP government has refused to provide an updated cost estimate, however some analysts have described the cost for the project as being "astronomical."

Under this Liberal-NDP government Canadians have been forced to pay for massive cost over runs for government-run large infrastructure projects like the Trans Mountain pipeline, which was originally forecast to cost $7.3 billion to build, but ended up costing $34 billion, or nearly five times as much.

At this stage the true cost of this project is unknown, critical consultations with municipal and Indigenous governments have not taken place and decisions on routing have not yet been determined or shared with Canadians. The VIA HFR project is still in the development phase and as a result it is impossible to accurately determine the strengths, weaknesses, opportunities and threats that will be posed by the final project at this time.

Conservatives will continue to push for greater clarity on the VIA HFR project, the costs of which are expected to run into the tens, if not hundreds, of billions of dollars. It could take years before the first shovels hit the ground and many more years until the project is up and running. The government must remain vigilant to ensure that taxpayers are protected while the project continues through this critical development phase.

SUPPLEMENTARY REPORT
OF THE
NEW DEMOCRATIC PARTY OF CANADA

High Frequency Rail

Modern passenger rail presents a tremendous opportunity for Canada to embrace sustainable, efficient, safe, and equitable transportation. Yet, our country continues to lag behind most of our global peers when it comes to infrastructure and investment. While Canada's New Democrats support investing in dedicated passenger rail infrastructure on the Toronto-Quebec City corridor, we are disappointed the Standing Committee on Transportation, Infrastructure and Communities' report on the government's High Frequency Rail (HFR) project fails to address major concerns witnesses brought forward over the course of the Committee's study.

New Democrats are happy to have worked with other parties to support several of the report's recommendations, based on strong witness testimony. These recommendations include:

- looking to countries with successful publicly operated high-speed rail systems to inform the procurement and operations model of the HFR project;
- releasing the Joint Project Office's full, unredacted report on the HFR project;
- ensuring seamless connectivity between HFR and local and regional transit systems, through collaboration with provinces and municipalities; and
- guaranteeing that HFR does not result in a reduction of service to communities currently served by VIA Rail.

However, these recommendations do not address significant concerns regarding the public-private partnership model and the likely impact of the HFR project on Canada's current public passenger rail system.

This supplementary report highlights witness testimony not included in the Committee's main report, as well as recommendations New Democrats feel are necessary to achieve a modern, efficient passenger rail system that benefits all Canadians. These recommendations include:

- developing policy and legislation that gives VIA Rail a mandate, and promotes reliable passenger rail all across Canada; and

- meeting Canada's climate goals by shifting passenger travel from flights and car trips to rail transportation.

Prioritizing public ownership over privatization

Despite the majority of witness testimony regarding the procurement model of the project expressing grave concerns with the government's decision to use a public-private partnership (P3), rather than a public model, the main report does not include recommendations reflective of this testimony.

Witnesses expressed concerns with the HFR P3, including lack of transparency; timeline delays; increased financial burden on taxpayers; loss of economic benefits; prioritization of private profit over public good; conditions for workers; adverse effects on the rest of VIA's service; and numerous international examples of poor outcomes from P3 rail projects.

Transparency

For a project as big and costly to the Canadian taxpayer as HFR, transparency and accountability are essential to ensuring the viability of the project. But handing planning, development and operation of the project over to private corporations comes with significant risks. As Dr. Ryan Katz-Rosene pointed out:

> *"[A] private firm has a fiduciary responsibility to obtain profits. I see a couple of risks there. One that's well-documented in the literature is a lack of transparency. If this is a government-funded project, a public project, there's an accountability process and a transparency process built into that, and I think that's worth keeping."*

This sentiment was reiterated by Dr. Yonah Freemark from the Urban Institute, who pointed out that a lack of accountability and oversight could lead to major changes to the project, resulting in considerable cost escalations:

> *"[T]he key issues—more than who is ultimately building or managing the line—are transparency, and assurances from the government that the government is controlling the day-to-day project design, planning and construction. Without high levels of capacity coming from the public sector, you're likely to see some major problems with cost escalation and major problems with design changes over time."*

The government's decision to use a P3 has already resulted in a lack of transparency, and the timeline delays and cost overruns that Dr. Freemark described. Mr. Terrence Johnson, President of Transport Action Canada, pointed out moving the HFR project from its original public model under VIA Rail to the current P3 model has already contributed to timeline delays and cost overruns, information about which has been hidden from the public:

> *"HFR was decision-ready by summer of 2018, but our government hesitated. Had it followed its Crown corporation's advice, HFR would already be in the final stages of construction today and would be in service by 2025. Instead, the JPO (Joint Project Office) was created with the Canada Infrastructure Bank in 2019 with a mandate to de-risk the project and a budget of $71 million. The tasks it was assigned, including further engagement with indigenous communities, do not appear to have been accomplished. Its report wasn't published. Information obtained under an access to information request was in heavily redacted form."*

The NDP is concerned about the lack of transparency and accountability shown to date and is glad the Committee recommended the federal government release the Joint Project Office's full report.

Increased costs to taxpayers

Witnesses highlighted evidence that P3s have much higher rates of project failure and cost overruns than publicly developed projects. Mr. Bruno Dobrusin from the International Transport Worker's Federation shared that the organization's experience with both public and P3 models has shown that P3 projects are far more likely to experience significant cost overruns, which, despite the claims that P3s reduce risk and financial burden on taxpayers, fall to taxpayers and passengers to subsidize:

> *"The ITF has found that privatization has led to fragmented and inefficient rail systems and contributed to a decline in the quality of the services and the quality of work for the workers involved through P3s. Public-private partnerships in major national and international transport services have incurred some significant financial losses. Unrealistic bids from the private sector to secure contracts have resulted in failures on major routes, burdening governments with financial responsibilities and often leading to substantial subsidies from taxpayers and passengers. Private sector financing has proven more expensive than the public sector alternative, with profits going directly to shareholders and thus causing underinvestment in services."*

This sentiment was echoed by Dr. Katz-Rosene, who shared how academic research has shown that P3s are far more likely to result in project failure, resulting in increased costs to taxpayers:

> *"[T]he scholarly research on P3s suggests that the model could pose greater risk of cost overruns and project delays and could further limit the ability of the government to use the project to achieve broader public objectives. Failing to meet those objectives, in turn, could also translate into costs for the Canadian public down the line."*

Dr. Freemark cited a specific example from the United States, in which a P3 light-rail project collapsed entirely, resulting in massive delays and cost overruns, borne by the government and taxpayers:

> *"I would recommend that folks check out the example of the Purple Line. That is a light rail project in suburban Maryland outside of Washington, D.C., where a public-private partnership was expected to provide construction and 30 years of operation. That partnership collapsed entirely and resulted in the project having two years of construction and then a pause. Then the government had to re-contract the whole situation. The result was way more money than originally proposed being spent on the project."*

Mr. Dobrusin also discussed the myth that P3s offload project risk onto private companies:

> *"A 2012 study of rail P3s globally revealed that these projects are successful only when public authorities guarantee profits for private concessionaires. Rail projects for which concessionaires assume financial risks tend to fail."*

Mr. Johnson noted the government's initial plan for a public model would have cost less than the current P3 approach, and that switching to the new approach has already resulted in significant project delays:

> *"By taking revenue risk and putting it on the table, it's going to cost more, it's going to be years before we even begin to lay any track and, at the end of the day, it's going to cost Canadians more for the same train that we had a blueprint for in 2018 and could have got on with building."*

While the mantra of the current government and P3 advocates is that public-private projects offload project risk from taxpayers onto private companies, the reality is quite the opposite. Time and time again, it has been shown P3s not only cost the public more, but also result in the public sector assuming risk if and when private-sector "partners" run into problems.

Loss of economic benefits

If the HFR project can be profitable for a private consortium, it can also be profitable for a crown corporation. As such, handing future profits over to private investors precludes government reinvesting them in developing Canada's passenger rail network for public benefit.

Dr. Freemark noted in his testimony that the government would likely profit from the project, as is demonstrated around the world:

> *"From an operational perspective, high-speed rail service operations in other parts of the world are almost universally profitable, which means they pay for their day-to-day operations."*

Ms. Jennifer Murray from Unifor pointed out that, since the Canadian taxpayer is already going to be subsidizing the HFR project, we should not give up the opportunity to acquire the profits:

> *"Because they are costly, we must also make sure the wealth created by building and operating these systems stays right here. Rail is about nation building and economic development—not just the products and people who roll across the tracks, but the building, maintenance and work done to keep it going. If we continue to privatize these services to companies outside of Canada, or anywhere, we forgo a significant part of the economic benefits of building rail and further divide our rail system."*

This opportunity cost was echoed by Dr. Katz-Rosene in his testimony:

> *"There are also a lot of real challenges or risks associated with privatizing that entity, one of which is how we value these incredible assets if we're turning them over to the private sector. I'll leave my comments there, but yes, there's no reason that a publicly owned line could not derive revenues that could support the rest of the service."*

The NDP finds it irresponsible that the government is willing to forego the clear long-term benefits of a project model that reinvests future profits in the public good.

Effect on the rest of VIA's service

The privatization of VIA's most profitable corridor raised red flags for several witnesses, who expressed concern with how VIA Rail would continue to fund the rest of its passenger service nation-wide. The Toronto–Quebec City corridor accounts for the vast majority of VIA's revenue. Under the government's HFR scheme, revenues from passenger service on this corridor will flow to a private consortium, leaving VIA to operate its public services in the rest of the country with a small fraction of current ticket revenue. Mr. Johnson described his concern for the future of VIA's less-busy routes:

> *"[I]f the rest of Via Rail continues to operate as a public service, it needs a very much larger subsidy to provide all the core services that are currently shared with the corridor. That, I think, would be something that we feel wouldn't actually happen at all, and you would in fact see trains like the Skeena just disappear, because the government would look at that and say, "We can't possibly subsidize that."*

These concerns were echoed by Mr. Joel Kennedy, National Rail Director for Unifor, who predicted VIA could suffer a similar fate to that of Greyhound:

> *"What we've seen here is similar to the Greyhound story across Canada. We saw that was very good service at one time that was diminished, diminished and diminished, and it doesn't exist any more. That's exactly our fear once we start siphoning off the profits from the corridor. What's going to happen to the rest of the fleet? Via's fleet right now is aging. It's poor. It's not really practical at all anymore, and it's not reliable. It's a major concern of ours."*

While VIA's rural routes generate less revenue than the Corridor, they provide a vital service to people living in rural communities, who often lack access to other transportation options. Rail service can play an important role in helping rural residents access services such as medical treatment that are less available in smaller communities.

Lack of access to transportation in rural communities can force vulnerable populations into dangerous situations, such as hitchhiking. This is why access to affordable and reliable transportation is referenced in the Calls for Justice from the National Inquiry on Missing and Murdered Indigenous Women and Girls.

In order to avoid the degradation of critical services to rural Canada, the government must not hand over the majority of VIA's revenue to private interests.

Private profits vs public good

Private companies have a fiduciary responsibility to generate profits for shareholders — a goal that can be at odds with the public interest. In the case of HFR, witnesses expressed concern this conflict could lead to increased fares, higher greenhouse gas emissions, lower safety standards, and poorer conditions for workers. As Dr. Katz-Rosene told committee members:

> *"Another potential risk is a safety risk, or other risks, as a result of a private firm trying to cut costs to maximize the value gain. That's a real potential concern. If a firm is focused on maximizing the value and the return on investment, and all of a sudden something comes up that might be more expensive but is the right thing to do today because it's the climate-friendly option or the safer option, that could get pushed down as an objective. Another risk is that a private firm might want to see greater returns on investment quicker. We might end up seeing fares, the fee structure for tickets, go up. That places additional risks. It's like a ladder of risk in terms of the project potentially amounting to failure, because a firm may want to see greater returns."*

Dr. Katz-Rosene expanded on the issue of private companies deriving profits by increasing ridership fares, expressing concern that the higher fares would drive passengers away from the service, leading to even higher fares:

> *"One of the main risks there in terms of having a quicker intended return on investment is the potential for a higher fare structure. [..] The number one determinant for modal choice for intercity transport is the cost, the price. That ties in with HRS over HFR, because if you spend billions and billions of dollars on this massive project and you have a private firm trying to recoup those costs, you need to charge higher fares, and that is going to have an influence on your ability to take a share of the competing modes."*

Mr. Dobrusin told the committee that these adverse effects on passengers have been seen in other jurisdictions around the world. He specifically noted the United Kingdom:

> *"Nowhere is this clearer than in the United Kingdom. The privatized rail system requires more public funding than it did before the wave of liberalization. Ticket prices for passengers have surged, and U.K. rail users are some of the most dissatisfied passengers in Europe."*

He also described the effect privatization has on unionized rail workers, and how this in turn can affect the public at large:

> *"[U]sually these companies basically try to underbid each other, and one of the areas where they cut in those bids is labour costs. That later transfers not just to working conditions but to safety as well."*

Mr. Kennedy agreed with Mr. Dobrusin's point, describing how P3s tend to diminish good union jobs:

> *"When we see private enterprises come into these proposals, as my colleague, Bruno, has also mentioned, we see working conditions, wages and all sorts of things towards health and safety diminish as well."*

Through HFR, the federal government is considering investing tens of billions of public dollars in Canada's passenger rail system. It is imperative that the long-term public interest remain paramount, and that profit-seeking by private investors not be allowed to diminish important public objectives. We believe a publicly developed, owned and operated passenger rail system is the best way to achieve this.

Benefits of a public system

Witnesses not only expressed concerns with the P3 model, but also discussed the benefits of a publicly owned and operated passenger rail system, citing successful examples around the world.

Counterbalancing his critique of rail privatization in the UK, Mr. Dobrusin pointed to public systems in Spain, Germany and South Korea:

> *"Conversely, Germany, Spain and South Korea demonstrate successfully publicly funded high-speed rail systems. Positive outcomes include reduced travel times, economic development and improved connectivity."*

Dr. Freemark additionally pointed to Spain's successful public model; specifically how it has decreased costs to taxpayers:

> *"Spain has some of the lowest high-speed rail infrastructure costs in the world, which is interesting, because it is true that it has taken a purely public sector approach."*

Ms. Murray likewise noted that the consortia bidding on the HFR project include state-owned rail companies that operate successful public rail systems in their own countries:

> *"The fact that the RFP (Request for Proposals) involves two state-owned European rail companies just shows how ridiculous the notion that we need private sector expertise is."*

The NDP is pleased the Committee's main report recommends the government examine international examples of public rail systems to inform the procurement and operations model for HFR, especially since the government failed to consider public examples when evaluating potential procurement models for the project.[1]

The NDP strongly recommends the government heed the testimony referenced above, scrap its P3 approach for the HFR project, and instead pursue a public model that emphasizes public benefits while minimizing risks and cost.

Legislative changes

Over the past several decades, successive Liberal and Conservative governments have failed to adequately invest in passenger rail, and as a result, Canada has fallen further and further behind our international peers. Dr. Freemark described this situation to the Committee:

> *"I have demonstrated that Canada's per capita rail investment has been the lowest of all G7 members in every year but one since at least 1995. In recent decades, its investment levels have been less than half, and sometimes as low as one-tenth, of the levels of those in countries like France, Italy and Japan."*

[1] Government of Canada, response to Order Paper Question Q-1365, March 28, 2023.

Related to this lack of investment is the fact the federal government has never provided VIA Rail with a legislative mandate. This leaves its funding and service delivery expectations entirely at the discretion of the Minister of Transport, with no formal Parliamentary accountability. In the United States, federal legislation provides Amtrak with the mandate to provide passenger rail across the country. The NDP has long proposed the federal government pass similar legislation in Canada to define the crown corporation's public purpose, protect service levels and guide future expansion.

Another example of Canada lagging behind its southern neighbour is the lack legislation giving passenger trains priority on shared tracks. This has made it extremely challenging for VIA to deliver consistent, reliable service to passengers, as described by CEO Mr. Mario Péloquin:

> *"Since Via Rail owns only 3% of the tracks we use, our trains often have to wait behind freight and commuter trains, which unfortunately makes them chronically late. For example, on the Montreal-Ottawa line, where we have complete control of the tracks, our trains are on time more than 90% of the time, while on the rest of the network, where we run trains on other host railroads, we struggle to achieve 60% punctuality. This is very frustrating for passengers and for our company."*

The NDP recommends the government support legislation giving passenger trains priority on shared tracks, as is currently the case in the U.S. In 2023, MP Taylor Bachrach tabled private member's bill C-371, which would achieve this objective. Such legislation would allow for VIA to deliver better on-time performance, which would in turn attract greater ridership.

Emphasis on basic transportation and mode shift

While the NDP supports tourism as a vitally important component of Canada's economy, and while VIA's long-distance trains are world-renowned tourist attractions, we recommend the federal government's HFR project heavily prioritize passenger transportation objectives over other ancillary benefits such as tourism.

Passenger rail provides an affordable, sustainable mode of transportation for commuters, students, persons with disabilities, and people making regular trips to attend appointments, shop, or see family.

Canada's failure to invest sufficiently in passenger rail infrastructure has contributed to the current dominance of automobile and air transport. As the committee heard from Dr. Freemark regarding ridership statistics compared to international examples:

> *"Rail ridership in Canada is extremely low compared to that in other G7 nations, with the average Canadian taking an intercity rail trip just once every 10 years. That compares to rail travel in a country like Germany, where the average resident takes 25 intercity rail trips a year. […] Unavailability of frequent, rapid and affordable intercity rail access limits the ability of people without a car, with inadequate funds to afford a flight, or living far from an airport to move around the country."*

The dominance of car travel in the Toronto-Quebec City corridor was highlighted by Mr. Karl Blackburn from the Quebec Employers Council:

> *"Right now, only 2% of all trips in the corridor are by passenger rail service, compared with 94% by car."*

However, Dr. Freemark pointed out that providing fast, reliable and affordable passenger rail around the world has resulted in marked increases in rail's modal share:

> *"Based on evidence from corridors around the world, the HFR project may be expected to increase the rail share of the market on the Toronto-to-Montreal segment to between 30% and 60%. However, an investment in faster high-speed rail service could expand that market share to 70% to 90%.*

He further noted that Canada's poor passenger rail system has contributed to high emissions:

> *"The nation's dependence on flights and cars has resulted in Canada having some of the highest per capita transportation sector carbon emissions in the world—up to three times as high as in peer countries."*

The federal government has committed to reduce greenhouse gas emissions to 40 percent below the 2005 level by 2030, but a 2023 audit from Canada's Commissioner for the Environment and Sustainable Development found it is not on track to reach that goal. If the government is serious about reaching its 2030 and 2050 targets, it must reduce emissions from the transportation sector, which is among Canada's fastest growing sources of climate pollution. Facilitating mode shift from individual car trips and flights to rail travel should be an important part of this effort.

Conclusion

Building dedicated passenger rail infrastructure along the Toronto-Quebec City corridor represents an important opportunity for Canada, but New Democrats believe the federal government's decision to use a P3 model is misguided. This decision will cost taxpayers more, while facilitating private profits that could be better used to improve passenger rail across the country. The government's shift to the P3 model has already delayed the project timeline, and reduced transparency and accountability for Canadians.

There is a better way. The federal government *should* invest in new passenger rail infrastructure connecting Canada's most densely populated urban centers. It should do so in a way that builds on VIA Rail's proud legacy as a rail transport provider, and results in tangible long-term benefits for all Canadians, no matter where they live. In doing so, we can build a transportation system that is affordable, efficient, safe and convenient. We can support well-paid rail sector jobs. We can catch up to our international peers. And we can ensure our children and grandchildren have clean, sustainable transportation options for decades to come.

Recommendations

That the government re-orient the HFR project to emphasize public ownership and operation by VIA Rail.

That the government pursue legislation giving passenger trains priority on shared tracks throughout Canada, similar to that in the United States.

That the government introduce and support legislation giving VIA Rail a legislated mandate.