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Monday, November 16, 2009

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Chair

Mr. Merv Tweed

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• (1535)

[Translation]

The Vice-Chair (Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ)): Good afternoon, colleagues.

I am pleased to be replacing our chairman, Mr. Tweed, who, just like our deputy chair, Mr. Volpe, cannot be here today. It is my privilege therefore to chair this meeting.

As per the agenda, we will begin by hearing from witnesses, including Mr. Miller, Chief Safety and Transportation Officer at Canadian National. We will then hear from representatives from the Department of Transport. We will be discussing high speed rail, a study which is already underway.

You have all received the correspondence from the Minister of Transport, Mr. Baird, dealing with Bill C-37. We will have an opportunity to discuss this during committee business, perhaps 15 to 20 minutes before the conclusion of this meeting.

Mr. Jean, you have the floor.

[English]

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): I'm not sure if it's the translation, but I just want to draw attention to the fact that while the minister is not going to be here, two officials from the minister's office, including the assistant deputy minister, will be here. That might be a glitch in the interpretation. But the minister is not here today.

[Translation]

The Vice-Chair (Mr. Mario Laframboise): That is correct.

However, we will be discussing Bill C-37 during committee business, at the end of the meeting.

Mr. Bevington, you wanted to say something?

[English]

Mr. Dennis Bevington (Western Arctic, NDP): Thank you, Mr. Chair.

In looking at the agenda, I see that we're scheduled to go to 5:30 with the witnesses, followed by committee business, and I think that's an extension. Could we see the agenda tightened so that we complete our business by 5:30?

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Why don't we do 3:30 to 4:15, and then 4:15 to...?

[Translation]

The Vice-Chair (Mr. Mario Laframboise): Are you moving a motion on this, Mr. Bevington?

Mr. Dennis Bevington: Yes. I am. Thank you.

The Vice-Chair (Mr. Mario Laframboise): Everyone is in favour of the proposal. We will therefore shorten the time allocated for questions in order to cover all the items on the agenda.

Mr. Miller, the floor is yours. You can begin by making a presentation and then respond to members' questions.

Mr. Paul Miller (Chief Safety and Transportation Officer, Canadian National): Thank you, Mr. Chair.

[English]

We're very pleased to be here. Thank you for the invitation. I'll make my remarks very brief to maximize the time available for the committee's questions.

At CN we are strong supporters of passenger rail operations in Canada as well as in the U.S. Here in Canada, about 77% of all passenger train miles are operated on CN's network. VIA Rail Canada, GO Transit in Toronto, and Agence métropolitaine de transport in Montreal are our three largest passenger train customers. There are others as well, such as the Rocky Mountaineer and our own operation on the former Algoma Central.

Safe service, efficient service, and reliable service are the keys for this business. For the first 10 months of this year, our on-time performance for our three largest customers has averaged about 92%. It's a little bit less for VIA Rail, and it's a little better than that for our commuter customers in Toronto and Montreal.

Another example of CN support for passenger rail in Canada is our strong relationship with VIA, with which we are working on upgrades to CN infrastructure to support additional train starts and improve schedule reliability in the Toronto-Montreal-Ottawa corridors.

I understand that your current study concerns high-speed passenger rail operations, which are an exciting reality in Europe and Asia and are currently receiving significant support in the U.S. This committee, the government, and Parliament as a whole will have a central role in determining whether or not Canada embarks on a true high-speed rail initiative.

It's an important and timely public policy decision involving significant costs but also significant benefits. Your decision will become a key element of long-term transportation policy in Canada.

Frankly, I do not envy you the task of balancing the mobility, energy efficiency, and environmental benefits of rail transportation with the competing investment needs that you must all deal with. But if I may, please allow me to summarize what CN feels are some of the key attributes of a safe and efficient high-speed rail passenger implementation.

First, we feel that it should operate on a dedicated and fenced right-of-way, without operations co-mingled between passenger and freight. There should be no public crossings at grade on that right-of-way, either public or private.

It should provide for electrified operation and electric locomotives. It should be protected, from a train control and safety point of view, with a positive train control type of system.

It should afford gentle gradients and curvature in order to obtain the types of speeds that the modern equipment can make. It should be efficiently linked to other transportation systems, particularly regional and urban public transportation systems.

I know that your committee has heard about the option that's generally termed "higher-speed" rail. This would be an incremental approach that would see passenger trains running marginally faster than today, still co-mingled with freight operations.

While I am not here on behalf of CN to say no to anything, this is not an option that CN would recommend. A maximum passenger train speed in excess of the current maximum of 100 miles per hour on existing heavy freight corridors is fraught with difficulties: in maintaining the track to the close tolerances required for passenger operations under those speeds, due to the heavy loads imposed by freight trains; in balancing the super-elevation of the curves required for the mix of both fast and slow trains; and in protecting against road and rail conflicts at crossings at grade and against the possibility of trespass. I would note that on our line, our Kingston subdivision between Toronto and Montreal, we have 246 public and 203 private crossings at grade.

Finally, in terms of maintaining schedule reliability as capacity consumption increases due to the increased difference in train speeds, which causes more frequent overtakes of slower trains, I note that in most territories outside the northeast corridor in the U.S., Amtrak, the passenger train operator there, is limited to 79 miles per hour, versus our current maximum here in Canada of 100 miles per hour between Toronto and Montreal. While maximum speeds for Amtrak are much higher in the northeast corridor—and again, I know your committee has studied this—there are very few freight trains operating in that territory, except on the short segments serving the Baltimore area. As well, the northeast corridor is completely grade-separated.

● (1540)

To summarize, CN believes that the best approach for high-speed passenger rail operations is on a dedicated right of way such as we see in Europe and Japan. However, we are willing to work with all participants on any option that affects our network or right of way. Our concerns with operating on a non-dedicated basis and co-mingling freight and passenger operations at higher speed include safety—and we would certainly want to have the rail safety group from Transport Canada at the table in any sort of discussion—

passenger schedule reliability, and protection of our ability to move our customers or freight in an efficient manner.

Mr. Chair, I'll end there. I look forward to the committee's questions.

[*Translation*]

The Vice-Chair (Mr. Mario Laframboise): Thank you, Mr. Miller.

We will now move on to questions with seven minutes for each party.

Mr. Dhaliwal.

Mr. Sukh Dhaliwal: Thank you, Mr. Chair.

[*English*]

Thank you, Mr. Miller, for coming here.

You have said that you would like to see a dedicated right of way. From your perspective, if we were to have a dedicated right of way on the Quebec–Windsor corridor, would there be substantial gains for the freight trains?

Mr. Paul Miller: There's ample capacity for freight train operation in the Quebec City to Windsor corridor now, sir. We're presently operating about eight trains in each direction, and the heaviest portion of that is between Toronto and Montreal, plus some local freight. It's a double-track network, so there would be ample capacity.

Currently, with the additional passenger trains on that network, there are some capacity improvements that I'm sure your committee is well aware of that have to go on there. But that's really to make sure we can keep the freight trains out of the passenger trains' way and maintain the schedule reliability of the passenger.

So we don't see a big benefit for freight. There would be an improvement in reliability, in that we wouldn't have to stop and clear passenger trains at certain locations. But it would not be a quantum leap in capacity or service for freight.

Mr. Sukh Dhaliwal: Very close to my home in British Columbia, there is a century-old swing bridge in New Westminster. I'm certain you are very familiar with it. It's a key step to improve passenger rail service if we have to go on the Seattle–Vancouver corridor. Would upgrading this swing bridge provide significant benefits to the freight operators as well?

Mr. Paul Miller: We are limited... I wish I knew the exact number. I believe our freight speed limit is 10 miles per hour on the Fraser River bridge. So anything that would increase that would of course be a benefit. But again, you're operating through a congested terminal area from our Thornton yard in Surrey over towards downtown and to the north shore. So it's not like we're going to be running trains at 30, 40, or 50 miles an hour through most of that territory. I'm not saying there would be no benefit, sir, but it would not be a quantum step.

Mr. Sukh Dhaliwal: When we look at the Seattle-Vancouver corridor, on the U.S. side they have made quite substantial improvements to their infrastructure. When we look on the Canadian side, it's been ignored. Do you see the federal government playing a role in making improvements to the Seattle corridor on the Canadian side?

Mr. Paul Miller: As you're probably aware, that trackage is actually owned by Burlington Northern Santa Fe. And the question of whether the government would or should make a priority for investment to improve passenger train of course is more a question for you, ladies and gentlemen, than for me, but certainly there would be the possibility of improved service. In fact, there was a bit of infrastructure added there in the not too distant past to enable the operation of a second Amtrak train from Seattle to Vancouver—a second in each direction, I should say.

• (1545)

Mr. Sukh Dhaliwal: You said that safety and reliability in every sense is the key to the railway operations. When I look at the railway from the CN perspective, there have been many accidents in the past, and that has jeopardized lives. Would it be fair to say that instead of CN taking steps forward, the federal government now has come in to provide you with the leadership when it comes to railway safety?

Mr. Paul Miller: There's nothing more important to CN, or to any freight railroad or passenger railroad, than operating safely.

Certainly the Railway Safety Act review that was carried out in 2007—their report was published in 2008—involved all players at that table. There were unions, the railway companies, the federal government of course, and the provinces were involved as well. We are pleased to be working on taking the 56 recommendations that group made and bringing them from the 30,000-foot level, if I may, to the operating level. It's about what changes we will make, what things we are going to do differently as an industry.

Mr. Sukh Dhaliwal: If we have to go high speed and use the same tracks that we use for the freight trains, do you see any difficulty achieving the safety measures—those 56 recommendations that have been made?

Mr. Paul Miller: Not so much from the perspective of those 56 recommendations, sir, but certainly to go any faster than we're going now in our key Toronto-Montreal territory for passenger trains would be a next step up in the class of track. That involves closer tolerances to the geometry and the geometric tolerances at which the track must be maintained.

Yes, we do see challenges there. We're not saying it's insurmountable. But we are saying that at 100 miles an hour we're at the edge of where the industry is worldwide—other than in a few spots on the northeast corridor—in terms of mixing higher-speed

passenger trains and lower-speed freight trains. That's why our goal is that it would be on a dedicated corridor. However, we are willing to work with any and all stakeholders, if people want to do a very detailed review of what it would take to go to the next step.

[Translation]

The Vice-Chair (Mr. Mario Laframboise): Thank you.

Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ): Welcome, Mr. Miller. I would like to thank you for being here today.

In your short presentation, you did not refer to the environmental measures that would absolutely have to be taken if high speed rail were to become a reality. The terrible problems that France is facing come to mind. In some regions dominated by swamp lands where there are frogs, the French had to build a special corridor in which frog noises were reproduced so that the frogs would get used to using the tunnel. That one mile section alone ended up costing around \$10 million. There are all manner of environmental considerations.

Not taking that into account, do you have an idea of any additional costs on top of the estimate you have already submitted?

[English]

Mr. Paul Miller: Sir, I don't have any cost data whatsoever to discuss with you. I know that's something the Government of Canada is working on with the governments of Ontario and Quebec.

In terms of the environmental mitigation measures you mentioned, you're absolutely right: they apply not only to high-speed passenger rail but to freight rail as well. We have a fishway through the middle of our intermodal terminal in Surrey, British Columbia, for example, and in our recent purchase of the Elgin, Joliet and Eastern Railway in the U.S., outside Chicago, we had issues involving the protection of butterflies and turtles.

It's a common thing for a linear network, of any type, to have to deal with these sorts of issues. You're absolutely right that this would be among the costs, both doing the reviews and the consultations with the people. Any time you have property acquisitions that might involve aboriginal or first nations communities, for example, they have to have their say, and they have their environmental experts comment on the uses of that land as well. It is a significant cost.

Again, it's for the government, and people such as yourselves, to weigh those costs against the benefits, including environmental benefits, you get from rail transportation, much as they have done in France and elsewhere in Europe, and in Japan.

• (1550)

[Translation]

Mr. Louis Plamondon: Thank you.

France, California and Japan all had different approaches in developing high speed rail, however all three did decide to set aside a dedicated track for the HSR. This track is not used to transport freight in either California, Japan or France. Am I mistaken?

[English]

Mr. Paul Miller: That is generally correct, sir, especially the very high-speed types of operations: 240 to 300 kilometres per hour is a completely dedicated track. The one exception to that is in the northeast corridor in the U.S. between Baltimore and Washington and Boston, which I believe your committee has studied. Sections of that are operated at 135 to 150 miles per hour. One section of about 30 miles does have fairly significant freight volumes, and they manage their way through that, but I don't think it's their choice. It is not something they would like to have for the long term, because it does pose the sorts of challenges I spoke about in my remarks.

Generally speaking, for the bulk of the operations you describe, it is a separate infrastructure.

[Translation]

Mr. Louis Plamondon: Has CN expressed an interest in being a partner in such a large-scale project as, for example, the Quebec-Windsor corridor?

And aside from the federal government, other stakeholders have expressed an interest, including the mayor of Quebec City, who came out strongly in favour of the project, and the Premier of Quebec. Has your organization made contacts at this level, or has it had meetings with the two orders of government to discuss the project?

[English]

Mr. Paul Miller: None that I am aware of, sir—none at what I would call the working level, people such as myself, in terms of developing any sort of project plan or outline of parameters of what it might look like. I'm sure there have been discussions at a high level in a general sense, because, as you say, there is considerable interest from provincial governments. Certainly the mayor of Quebec and the federal government have been very interested. So I expect there have been general discussions with our senior executive but nothing that I'm aware of in terms of developing how CN might participate in this. We're the freight guys, and there are other very competent passenger operators here in Canada who I am very sure would be interested in playing a leadership role in developing this type of project.

[Translation]

The Vice-Chair (Mr. Mario Laframboise): Thank you.

Mr. Bevington.

[English]

Mr. Dennis Bevington: Merci.

Thank you for coming today, Mr. Miller. I appreciate your comments.

I've been one of the ones on the study tour to the northeast corridor. I think you've really come up against our big decision on the study to determine whether we're going to recommend incrementalism in the system or the advancement of dedicated alliance. To understand that better and understand what incrementalism in the system would mean as the Amtrak planners are working.... Even incrementalism is very expensive, billions of dollars being invested in what appears to be relatively little increase in speed.

Having said that, they have also taken operational steps in terms of freight and passengers in giving the passenger the priority in the daytime. Do you have any priorities on your system now between Montreal and Toronto?

• (1555)

Mr. Paul Miller: Certainly our obligation and our expectation is that we're going to run the passenger trains on time, and we're contractually incented to run them on time. So if they are late we'll do whatever we can to get them back on time.

That's not to say that every individual dispatch decision will always be passenger over freight. Sometimes it makes more sense for the fluidity of the overall network to get the freight train out of the way. But generally speaking we do our best to get the passenger trains the high clear signal to get them past the freight trains and not to be delayed by the freight trains.

You raised a very important point. We do not run all our freight at night. We run our freight on a fairly balanced schedule throughout the day, again recognizing we obviously try to avoid the heaviest passenger train times by schedule. But because of the nature of our operation, the fact that our trains are coming from long distances away, they are not all running at night, as I believe they do, as you probably learned, at that one little spot on the northeast corridor.

Mr. Dennis Bevington: I'm interested in this relationship between freight and passenger rail, and the future for freight in the corridor as well. If we're going to spend \$50 billion on high-speed rail and ignore the requirements of freight.... To me, in a planning sense, we should be taking the trucks off the highways and putting them on rail. That would open up space on the highways for smaller vehicles. It would change the relationship.

What's the likelihood of the expansion of the freight section on this existing corridor over the next 20 years?

Mr. Paul Miller: As I mentioned in a previous answer, we can add a lot of freight now. We can put more freight on each train, and we can certainly run more trains. It's a double-track network between Toronto and Montreal, and it's equipped with very high-capacity, single-track networks on both sides.

In terms of the public input for increasing freight, we're very happy to pay for capacity expansion of our own railroads or our own earnings in revenue, as we've shown over the past years. We've expanded, particularly in western Canada, due to the fact that that's where we've had a lot of the growth we've experienced. We've been very happy to make our own investments in longer sidings, and improve signalling and so on in that territory. If we ever got to the point where our capacity was constrained in eastern Canada, we'd be very happy to invest our own funds there as well.

Mr. Dennis Bevington: Are you competitive right now with trucks in the corridor?

Mr. Paul Miller: It's a very interesting question. We're not time-competitive strictly between Toronto and Montreal. For conventional intermodal operation, where you take a truck off the road and put it on rail, you have to have a certain amount of running time and distance in order to run out the time and cost inefficiencies that you have at each terminal location. Then you have to look at where the freight is actually coming from and going to. From Oshawa to Cornwall, we're not going to be very competitive because we'd have to go from Cornwall back to.... Do you see what I mean?

The traffic we're competing for typically is a little bit of a longer haul, the Port of Halifax, the Maritimes-type business, and then the Quebec traffic typically is longer haul in the other direction.

Mr. Dennis Bevington: You talked about 400 level crossings that you'd have to deal with if you were going to do a dedicated line. You would bunch those, wouldn't you? You'd create a system of bunching them. Do you have any idea of how many overpasses you'd have to create in a system like that, with 400 level crossings?

• (1600)

Mr. Paul Miller: I would say it would look something similar to what you see on the highways, where they've built collector roads and funnelled traffic to major collector locations, which become overpasses. It would be like on the 401, something in that order of magnitude.

No, I couldn't give you a count or a cost to do that.

Mr. Dennis Bevington: That would be a very long-term, expensive project.

Mr. Paul Miller: You couldn't do it all in one season, certainly. It would be some number of years to do that.

Mr. Dennis Bevington: When you look at incrementalism, wouldn't you be identifying specific areas to do that in, heavy traffic areas?

Mr. Paul Miller: Of course, yes.

Mr. Dennis Bevington: There's a pattern you would follow to reduce accidents and to make that happen. In all likelihood, that's going to happen in the same fashion anyhow.

Mr. Paul Miller: Yes. The challenge there, sir, is that our railroad—if we use Toronto to Montreal—was built in about 1855, so it severs a lot of land and there are a lot of crossings there that you'd have to pick up.

[Translation]

The Vice-Chair (Mr. Mario Laframboise): Ms. Hoepfner.

[English]

Ms. Candice Hoepfner (Portage—Lisgar, CPC): Thank you very much, Mr. Chair. I'm going to be sharing my time with Mr. Jean.

When we began this study, we were looking at high-speed rail, and you've cited examples—Europe, Japan. We went to the U.S. anticipating we would see dedicated corridors being built and bullet trains on those dedicated corridors. That was not at all what we found. I think it was a very good experience, because I think economically we're a lot closer to what the U.S. is doing in terms of how much money we want to put into higher-speed rail and the demographics of our country.

You said you thought that the majority of lines in the U.S. were dedicated lines. I would tell you that was not what we found out. We were told the majority were shared lines with freight rail, and the only one that was a really, truly dedicated line with true high-speed rail was California.

Did I misunderstand you?

Mr. Paul Miller: No doubt I didn't express myself well. The only high-speed rail in any significant way in the U.S. is in the northeast corridor. The majority, by far, of the northeast corridor is dedicated to passenger. There is a section of about 30 miles, from Perryville, Maryland, to Baltimore, that has a considerable amount of freight on it. There are very limited amounts of freight elsewhere in the corridor. Much of the northeast corridor has triple or in some cases four tracks. They keep the freight off to the side and focus their attention and maintenance on the two inside tracks for the high-speed trains. That's the only place they're really running.

You're absolutely right. Amtrak does run on freight lines. They typically run at 79 miles an hour, with the exception of those territories where they have cab signalling—I don't want to get technical here—which is a sort of rudimentary form of positive train control. They run at 90 miles per hour, I believe.

Ms. Candice Hoepfner: Right. Obviously, with this \$8 billion the President is investing, the goal is to build a few more dedicated areas so that there can be higher speed in those areas.

Mr. Paul Miller: Yes.

• (1605)

Ms. Candice Hoepfner: Realistically, we have to look at that as an option. It is something on which we would need to cooperate, and we would need advice from people like you to find ways to make it a win-win scenario. If we were to decide that this would be the route we wanted to go, can you tell me what you think the top three priorities would be? For example, would it be finding areas where we can make those dedicated corridors so that there are effective linkages into cities so that passenger travel could quickly link up with other modes of transportation? Would it be crossings?

What would you say are the main priorities for us if we are to share the rail?

Mr. Paul Miller: The first priority would be safety. It would be how the freight and passenger operations interact with one another, and as you mentioned, the number of grade crossings you would have to deal with, trespass issues, and so on.

The second priority would be schedule maintainability. Again, how do the freight and passenger trains interact? How do they delay one another? What sorts of impacts do you see? Can those be mitigated, and if so, how?

The first step would be a major risk assessment. Everyone—locomotive engineers, track maintenance people, the people who do the actual work—would be brought together to do a detailed risk assessment. Transport Canada rail safety people, as well, would be at that table to work through that in great detail.

The other priority, if I may—I should have said this—is that you really have to define what it is you are looking for. Is it 110 miles per hour? That is one thing. Is it 125 miles per hour? That is quite different. As for 150 miles per hour, I just wouldn't go there in terms of a comingled operation. I would strongly recommend against doing that.

Ms. Candice Hoepfner: Okay, thank you very much.

[Translation]

Mr. Brian Jean: Thank you very much, Mr. Chair.

[English]

I'd just like to say welcome to Mr. Plamondon, first of all. I wanted to let him know that there is a community in my riding, actually, called Plamondon, which was settled by persons with that name. Indeed, I was there last week. I made an announcement about investing in their arena, and they were very pleased to receive government funding for that.

Ten miles away is a community called Lac La Biche, and I have a question specifically for our guests today in relation to that community.

I met with the council of Lac La Biche last week, and they had a specific question in relation to CN. As you know, CN now has a yard in the community itself. Their interest is safety and efficiency in the community. They have two crossings, and when a train comes through town, it actually cuts the town in half. It cuts the community in two, as it does in many communities across the country. Their question to me was whether CN would consider closing the yard and moving it to another location just outside of town if there were some ability to trade land or trade some sort of equity position with the town. Right now you are making an investment in that track of \$130 million. Would CN consider something like that at this stage?

Mr. Paul Miller: Sir, we'd definitely consider it. As I mentioned to you when we were speaking, I haven't been up to that part of the country in quite some time, so I am not very familiar with it. I've been through Lac La Biche on the train a grand total of once. But yes, we would definitely consider that and see if something could be worked out that would meet the needs of the community and also, hopefully, keep us more or less whole on the financial side. We'd be happy to do that. They could call me directly, or I could call them on my return to the office.

Mr. Brian Jean: Thank you, Mr. Miller. I'll let them know that, because they're very interested in that. They are concerned about the safety issues on an ongoing basis, as I think many communities are across the country.

Those are all my questions. Merci.

[Translation]

The Vice-Chair (Mr. Mario Laframboise): Mr. Scarpaleggia, five minutes.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you, Mr. Chair.

[English]

The passenger line from Montreal to Ottawa, Montreal to Toronto—that's along the CN line?

Mr. Paul Miller: Montreal to Ottawa is along CN to Coteau, Quebec. Then VIA owns most of the route from Coteau to Ottawa.

Mr. Francis Scarpaleggia: Is that right?

Mr. Paul Miller: Yes. It's our former Alexandria subdivision.

Mr. Francis Scarpaleggia: But there are freight trains that go out there?

Mr. Paul Miller: There's very limited freight service out there. And it's six passenger trains, I believe, in each direction per day.

Mr. Francis Scarpaleggia: It's dedicated basically to passenger trains.

Mr. Paul Miller: Well, we have trackage rights or running rights from them so that we can operate our freight service. By and large, though, yes; at a guess, I'd say 85% of the train traffic out there is passenger train traffic.

Mr. Francis Scarpaleggia: Montreal to Toronto is all CN, I gather.

Mr. Paul Miller: Yes, sir.

Mr. Francis Scarpaleggia: When you take the train from Toronto into downtown Montreal, it gets pretty congested there, at I think Pointe-Saint-Charles.

Mr. Paul Miller: Yes. There's a lot of activity there.

Of course, you're into a number of interlockings and higher degrees of curvature. For those last four to six miles, as you go into Montreal, the zone speed is 40 miles per hour or 45 miles per hour, I believe. There would be a permanent slow order at a lower speed than that. Then, depending on whether your train had to cross over to avoid another train, you could be down to 25 miles per hour, and in some cases even 15 miles per hour.

Mr. Francis Scarpaleggia: If there was a dedicated high-speed line—you know, real high-speed—between, say, Toronto and Montreal, that last leg going through the city would be just like a regular passenger train. Could it share track in that segment with freight, or would we have to look at expropriating homes and so on?

• (1610)

Mr. Paul Miller: The nub of your question, of course, is all about trip time and what trip time you can accommodate. Whether it's at 70 miles per hour through that territory is probably less important than what the total trip time is from Toronto to Montreal.

We would certainly work very closely with whoever the passenger operator was to try to find a way to get them in there, commensurate with the needs of the schedule. Whether that would be even a single dedicated track, a way to keep the other trains out of the way.... But your initial point is exactly correct. It is a tough spot going through there.

Mr. Francis Scarpaleggia: If a dedicated track were built between, say, Toronto and Montreal, it would be built on CN land? The corridor of the land that you own is wide enough?

Mr. Paul Miller: Generally not; the corridor out in the countryside is typically 90 feet to 100 feet wide. Depending on the height of the embankment, there's pretty much a two-to-one side slope on the embankment. It's easily 50 feet or 60 feet up, in some cases probably 70 feet, of that 90 feet to 100 feet. Of course, by and large it goes down the middle, so what you're left with is on either side.

To illustrate the point, for the third track that we're building with VIA and with the funding from the Government of Canada, we've had to acquire land just to build one track, not the whole separate dedicated route for electrified positive train control, fenced territory.

Mr. Francis Scarpaleggia: Sorry—where will that third track run again?

Mr. Paul Miller: There are three sections, all west of Brockville. The Brockville to Toronto section has both the Toronto-Ottawa trains and Toronto-Montreal trains. It's three sections in total, and I believe it's a total length of 42 miles.

Mr. Francis Scarpaleggia: Could that be incorporated into a dedicated system, or are we now locked into a system with that third track that we can't get out of without wasting the investment?

Mr. Paul Miller: I wouldn't want to say "locked in", but it's not built, and it could not be built, with the idea of running a lot faster than you are on a track that's a 15-foot track centre away. It's being built to the same standard as the Kingston subdivision.

Mr. Francis Scarpaleggia: My time is up.

[*Translation*]

The Vice-Chair (Mr. Mario Laframboise): Mr. Plamondon won't hold it against me if I use some of his time.

As a follow-up to what Mr. Scarpaleggia was saying: Amtrak really does control passenger transport between the hours of 6 a.m. and 5 p.m., and freight transport is done at night.

Could that be done in Montreal? Would it be possible to transport passengers in the daytime and freight at night?

[*English*]

Mr. Paul Miller: Not easily, sir. Again, one of our objectives as we move through this process is to try to protect the interests not only of the passenger operator but also of the freight. If the ship is late coming into the port of Montreal and the port of Montreal is late getting it loaded, but that traffic has to get to Chicago or Memphis and beyond, quite frankly we need the flexibility to be able to run that train when it's available to us. To put those sorts of restrictions on us, we don't have those now on infrastructure that we own and control. And it's similar to the point that Mr. Bevington made, that we want to move forward with both the freight and the passenger. That would be very difficult.

The reason that Amtrak is able to do that on the corridor is that for most of the 450 route-miles of the corridor there is very little freight. For 30 to 40 miles, there is. It's probably a similar volume to what we see between Toronto and Montreal in terms of train count. They do restrict it just exactly as you say. They're the owner of the

infrastructure, and those trains aren't coming from miles and miles around. In most cases they're trains that are being billed at the port of Baltimore to get to where they're going.

So it would be very, very challenging to do that.

[*Translation*]

The Vice-Chair (Mr. Mario Laframboise): Ms. Brown? No.

Mr. Watson? It's okay.

Mr. Storseth.

•(1615)

[*English*]

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you, Mr. Chairman. I know I'm all the way down at the end, but you're doing an excellent job in the chair, I can tell you. I've not seen anybody keep Mr. Jean to such short questions, so you're to be commended already.

Mr. Miller, I'd like to thank you for coming.

You said you have 92% on-time performance for your passenger stops. That's a pretty high number. Are these stops or passengers? What is that based on?

Mr. Paul Miller: It's based on train arrival at destination.

Mr. Brian Storseth: So that would be stops at destination.

Mr. Paul Miller: Yes. It's based on the final stop for the route, on the theory that if you left on time and you arrive on time, hopefully your stops are made as well. It's a bit higher, sir, for the commuter operators such as GO Transit, and AMT in Montreal. And for VIA, we're probably more in the 85% range right now.

Mr. Brian Storseth: Still, that's very impressive.

You talked about the contractual incentives to do this. What kinds of contractual incentives are we talking about here?

Mr. Paul Miller: For example, to use the case of VIA, which is our largest passenger customer, they pay us basically a trackage right fee to operate on our railroad, which we negotiate with them. There is a target percentage on-time performance in the contract. If we go above that, they pay us a little bit more money. If we fall below that we have to rebate some of the money to them, so it's money out of our pocket.

Mr. Brian Storseth: This takes some very detailed record keeping.

Mr. Paul Miller: Yes, we do that cooperatively with the—

Mr. Brian Storseth: What would your on-time performance be for freight rail?

Mr. Paul Miller: In terms of trip plan, it's a different measure. It's not train arrival; it's arrival of the car at the customer's siding. It's about 92% now. And I know you'll ask, "Well, how could it be higher?" That is based on a car that's picked up at a local yard, switched at an intermediate yard, put on a long-haul train or two, and it has had several switching events, so there is an ability to meet that trip within all of those portions.

The freight train arrival on-time percentage right now is about 78%.

Mr. Brian Storseth: Okay. That's interesting.

There is one other thing I want to comment on. You talked about the expansion of rail sidings and longer sidings in western Canada. Could you table with the committee a list of those? Because all I've heard about are the 53 sidings that CN is shutting down in western Canada.

Mr. Paul Miller: Yes, we would be happy to do that.

Mr. Brian Storseth: Thank you.

Now, when you talk about a dedicated, fenced right-of-way, it seems to make sense. It seems it would be the safest, most efficient way to go about bringing passengers on and off. But it strikes me that there must be a cost to this. This would be new infrastructure. Any idea what the cost would be?

Mr. Paul Miller: I don't know. I know that Transport Canada, Ontario, and Quebec are updating a study. My suggestion would be that you ladies and gentlemen might want to have a look at that when it's prepared. It's multi-million dollars per month.

Mr. Brian Storseth: Surely your organization has had some talks about cost-sharing and what you're going to participate in.

Mr. Paul Miller: Not that I'm aware of.

Mr. Brian Storseth: Would it be reasonable to talk about the cost-sharing and infrastructure? One of the problems that I've experienced with some of the rails is that the Government of Canada, the people of Canada, build these things but then have little say when they start getting shut down. A little bit of flesh in the game would ensure that these things are built to your—

Mr. Paul Miller: If it's a dedicated right of way, I'm not sure that I'd see our having any flesh in that game. As for flesh in the game, overall, in freight railroading ours is about \$1.5 billion to \$1.8 billion a year.

Mr. Brian Storseth: Not being a member of the committee, I'm totally off the wall here. If it was a dedicated right of way and you didn't have any flesh in the game, then would it not make more sense for there to be a bidding process to see who gets to run these right of ways?

Mr. Paul Miller: That would be a decision for you ladies and gentlemen to make. You have a capable, experienced passenger operator in VIA Rail Canada.

Mr. Brian Storseth: Would it make sense to go that way?

Mr. Paul Miller: Yes, if there were private companies that wanted to entertain it, they should probably be afforded the opportunity.

[*Translation*]

The Vice-Chair (Mr. Mario Laframboise): We will take a break for a couple of minutes to allow our other witnesses to take their places.

Thank you very much, Mr. Miller, for your participation.

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_____ (Pause) _____

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• (1620)

The Vice-Chair (Mr. Mario Laframboise): Good afternoon, Ms. Borges.

Good afternoon, Mr. Lawless.

You are regulars at our committee. You will have an opportunity to make a very quick presentation. I am sure you are ready to answer my colleagues' questions about high speed rail.

The floor is yours, Ms. Borges.

Ms. Helena Borges (Associate Assistant Deputy Minister, Policy, Gateways & Infrastructure, Department of Transport): Thank you. I am pleased to be back. I do not have much to add today to what I said last time, in May, when I spent two hours with the committee.

[*English*]

I'll start with just reminding people of what we said when we were here in May. I think what we did was take you through the different types of rail systems in terms of conventional, higher speed, and high speed, and tried to explain the differences between them. I also provided a bit of a summary of the previous studies that have been undertaken concerning high-speed rail with different parties and also with our provincial colleagues—Ontario and Quebec—and provided an overview of the update of the studies we are currently undertaking jointly with the two provinces. Also, I had noted at that point that we were making investments in VIA Rail that are ongoing now. The government announced two instalments: \$516 million in 2007, and \$407 million as part of the economic action plan earlier this year, for a total of \$923 million of improvements on VIA Rail's networks, a lot of that going into the Quebec-Windsor corridor.

As well, I provided a bit of an overview of what we understand to be the program the U.S. government has launched in terms of its vision for high-speed rail. And I understand the committee had the opportunity to go to Washington and New York and had some discussions with the congressional representatives, Amtrak, the Government Accounting Office, and others. You probably know more about it than I do, so I would look forward to any insights you can provide us with about that program.

The one thing that I think you have been hearing, following some of the hearings that happened before the committee, is the importance of looking at a gradual system of higher speed to high speed. The approach that we are taking right now with VIA Rail is very much that. The investments are really to try to improve the service that VIA provides today, to improve the timeliness of the service, the on-time performances, improve the speeds but also add a few more frequencies. In fact, we view that as a transition. If ever high-speed rail does become feasible, we will be able to have tested whether or not additional riders will get on to VIA with improved service.

Other than that, I think you probably heard—just like we told you when we were here last—that there are key factors of success for high-speed rail. You probably heard that in the United States. We need to keep in mind that these systems are very expensive and that ultimately we need sufficient ridership in order to make the systems self-sustaining, and even in that we haven't yet found any system around the world that covers its operating cost or its capital cost. We are doing a study that I mentioned earlier with Ontario and Quebec, and we hope we are on target right now to finish that in the first quarter of 2010.

With that, I will open it up for questions.

• (1625)

The Vice-Chair (Mr. Mario Laframboise): Mr. Dhaliwal.

Mr. Sukh Dhaliwal: Thank you, Mr. Chair.

Thank you, Madame Borges, for your presentation.

You said you support the high-speed rail infrastructure in the future. I'm going to take it very locally, to the lower mainland in British Columbia, where I come from. There is one bridge that is a century old, the swing bridge in New Westminster, and I'm certain you're familiar with that. It's a key bottleneck when it comes to railway infrastructure of the lower mainland. Are Transport Canada and the provincial ministry looking forward to doing anything to replace it or to doing any studies?

Ms. Helena Borges: As you may be aware, as part of the government's Asia Pacific gateway and corridor initiative, we have over the past three years announced numerous investments in rail infrastructure in the lower mainland. What we have been doing is systematically studying where the bottlenecks are in the rail infrastructure and then making improvements—studying what improvements need to be made, and then making improvements with partners. Those partners include the province; TransLink, the regional transit authority; and the port of metro Vancouver. In all cases they have included the municipalities as well as the railways.

The New Westminster rail bridge that you mentioned over the Fraser River is the last piece of the corridors that we are looking at. We've addressed what is called the Roberts Bank rail corridor, which goes directly from western Canada into Deltaport. We've already looked at the rail corridor at Burrard Inlet on the north shore. We made an announcement there in March of this year. Just a few weeks ago, in October, we made an announcement on the south shore on the terminals on the Vancouver part of the rail corridor.

The New Westminster rail bridge is our next study area, and we're hoping to launch the detailed engineering study on the possibility of

replacing it. We've done some preliminary work with TransLink in looking at whether it would be possible to do a replacement bridge jointly with the replacement of the Pattullo Bridge. We've done that work with them. That is possible, but it's just that some of the height issues and the cost issues are quite large. We're just going to look at replacing the rail bridge itself and what the cost of that would be, because it's not just the bridge you have to look at; it's also the connecting rail lines that connect to the bridge.

• (1630)

Mr. Sukh Dhaliwal: Madam Borges, you mentioned that you made some announcements of some improvements in the past. When I look at the lower mainland, Vancouver, and the Seattle-Vancouver corridor, that is key for the tourism industry. The tourism industry is already dying because of the roadblocks we get as a result of many other issues. I won't go into taking GST credits away and what not, but on that particular corridor, if you say that you were partnered there with the municipalities and the local government, why did the local government, the provincial government, have to go by itself to upgrade the rail sidings infrastructure and the federal government did not play any role?

Ms. Helena Borges: I should clarify. The investments that we've been making in partnership with others have focused on what we call the public infrastructure, so the points that connect to the local road infrastructure and the public facilities. We ourselves have not provided any funding directly for the railways to improve their infrastructure. You may know that that rail line is owned by Burlington Northern Santa Fe, which is a U.S. company, and that company, just like CN and CP, has an obligation to improve and maintain its infrastructure. We do not contribute to their infrastructure directly, unless there is a direct public benefit to it.

Mr. Sukh Dhaliwal: Certainly when we see tourism, that's a direct public benefit to small businesses, which comprise 95% of the businesses on the lower mainland. If I look at the Surrey and Delta areas, and Vancouver and beyond, they're all small businesses and a direct public benefit. That's why I ask why the federal government did not take a leadership role in making improvements to this side of the tracks.

Ms. Helena Borges: We didn't because of two things. One, both the owner of the railway and the user of the railway, Amtrak, are U.S. companies. We invest in VIA infrastructure, as you've heard from me and from Mr. Miller. We don't invest in Amtrak infrastructure, because that's a U.S. company that is generating revenues. I think the Province of British Columbia made a decision that it would benefit the local or regional economy, and it was their prerogative to make that decision.

Mr. Sukh Dhaliwal: So you agree that British Columbia, when they made that decision, kept British Columbians in mind, but the federal government ignored.... Anyway, my next question.

You mentioned municipalities. I'm going to take you right there. As the recent OECD report informed us, Canadian cities have dismal rankings on transport infrastructure compared with other cities, even if we look at the former Eastern Bloc. Isn't it time for the federal government to make a real commitment and show leadership on urban transit?

Ms. Helena Borges: I won't quote numbers because I don't have them at my fingertips, but I can tell you that the federal government has invested significant amounts of money in urban transit, particularly since 2001-2002.

Mr. Sukh Dhaliwal: I'm talking about in the last four years.

Ms. Helena Borges: Over the last four years, they have actually made even more. I think the last figures we calculated showed that when you take into account the Building Canada fund, the public transit capital trust—there have been three different announcements or installments of it—the programs under the economic action plan.... In the Toronto area alone there have been investments in both the TTC with the Spadina subway extension, the streetcar enhancements, the St. Clair line, and other improvements that support the transit city, and Go Transit—and that's not to mention the improvements that we made in the TTC back in 2006-2007. The federal share of that was \$350 million for a project that was over a billion dollars.

In GO Transit, again in 2003-2004, there were announcements that are coming to fruition now—again, over a billion dollars—and this year there has been an announcement of over \$500 million for GO Transit to improve its network in the greater Toronto area. There have been investments in York region. There have been investments in Mississauga and Brampton, all in the greater Toronto region.

• (1635)

Mr. Sukh Dhaliwal: Nothing in British Columbia, though.

[Translation]

The Vice-Chair (Mr. Mario Laframboise): The floor is yours, Mr. Plamondon, go ahead.

Mr. Louis Plamondon: Welcome to our committee, Ms. Borges. I am sitting on the committee for the first time this year. I spoke earlier to another witness about environmental impact studies. You also spoke earlier about studies you presented here in May. I assume they were financial impact studies.

Did the study's findings uncover any major environmental roadblocks to the development of high speed rail in the Quebec-Windsor corridor, and if so, were the difficulties that you identified surmountable? In other words, are there any major issues from the environmental standpoint? What did your studies show?

Ms. Helena Borges: The studies I referred to were carried out jointly with the provinces of Quebec and Ontario from 1992 to 1995. They were feasibility studies, the purpose of which was to determine whether high speed rail was an option. They were not really environmental impact studies.

Mr. Louis Plamondon: So that was not really your focus.

Ms. Helena Borges: No, however we did identify a number of potential environmental issues. For example, if we start acquiring land to build a dedicated track for the network, there would be implications in terms of the flow of rivers, for example. If we do go

further with this project and carry out more in-depth studies, well at that point we will conduct environmental impact studies, but for the time being there have not been any.

Mr. Louis Plamondon: What would be the total cost in today's dollars for the 1995-1999 studies? They were not in-depth studies, and the environmental component, which has gained a lot of importance over time, will undoubtedly push that cost up.

But how much would those studies cost in today's dollars?

Ms. Helena Borges: The cost was \$18 billion in 1995. In today's dollars, that might be \$23 billion or \$24 billion. We are in the process of updating those studies and, in 2010, we will have new figures.

Mr. Louis Plamondon: In the context in which this project would become a reality—you stated that the department hoped that the high speed rail project would be carried out—you were always planning to have a dedicated track, and not a shared track for both passenger and freight. Was it not always an issue of a single track?

Ms. Helena Borges: Yes. In the case of a high speed system, the theory is that we would need a dedicated corridor that is completely separate from the other routes.

Mr. Louis Plamondon: In your exchanges with the government of Ontario and Quebec, there was talk of their wanting to be financially involved as well. The users, which would be private sector business, also showed great interest in being financially involved. This involvement would therefore include two levels of government and private business.

Ms. Helena Borges: Currently, both governments are interested in conducting further studies and bringing them up to date, as are we. The studies will allow us to know what the costs are and to see whether or not it is possible to involve the private sector in this kind of project. According to the 1995 studies, the various governments would contribute 75% of the capital cost of the system, and the private sector—in a public-private partnership—could be interested in contributing up to 25% or 30% of the costs.

However, the project was not carried out and this is speculation.

• (1640)

Mr. Louis Plamondon: Thank you.

Thank you, Mr. Chairman.

Would you like to finish the question period?

The Vice-Chair (Mr. Mario Laframboise): Yes, I will do so.

You are aware that Quebec City carried out a study with other cities, and that the French National Railways expressed interest in a public-private partnership. Are you aware of that? Are you familiar with this study?

Ms. Helena Borges: Yes, we have a copy of that study.

We are in the process of preparing a study with a German company that controls the German railways. This company is part of the consortium that is carrying out our studies. We are aware of that.

However, there are other companies. I believe you have invited representatives from Bombardier or from SNC-Lavalin. There are others. Many have expressed interest in this regard.

If the government decided to undertake this kind of project, we should invite the private sector companies through a request to see if they would be interested in getting involved.

The Vice-Chair (Mr. Mario Laframboise): Thank you.

Mr. Bevington.

[English]

Mr. Dennis Bevington: Thank you, Mr. Chair.

Witnesses, it's good to see you again.

A voice: Thank you. It's nice to be here.

Mr. Dennis Bevington: We've heard from promoters of the Alberta high-speed rail system. They came out with numbers that on the surface appeared to be quite a bit better than those in the corridor. They claimed that there were a lot fewer problems in developing a dedicated line in Alberta. They were well acquainted with the number of level crossings and the land assembly issues. Have you had a chance to review that particular project in any detail?

Ms. Helena Borges: We participated with the Government of Alberta back in 2005, I think it was, in doing their first group of studies, when we contributed \$100,000 towards that effort. At that time, the numbers that came out of that study were a little bit different from what we understand the current numbers to be.

The studies looked at a couple of options in terms of the potential system they could use there. I'm assuming that the numbers you're referring to are probably what I'll call equivalent to a higher-speed system using the current corridor.

Mr. Dennis Bevington: No, the dedicated....

Ms. Helena Borges: It's the dedicated?

Mr. Dennis Bevington: Absolutely. They were only—

Ms. Helena Borges: Okay. What was the number they provided? Because the number we heard for dedicated high-speed was fairly high. It was up to \$18 billion.

Mr. Dennis Bevington: Okay. No, that's considerably higher than the number presented here, I believe.

Ms. Helena Borges: Yes. The lower range, which is probably what you're thinking about, was about \$3 billion to \$4 billion.

Mr. Dennis Bevington: That's what they said.

Ms. Helena Borges: That's what they said, but that would be using the current line. It would be dedicated for passenger service, but it wouldn't necessarily be a high-speed service in the context of what we're looking at for the high-speed rail equivalent to the systems they have in Europe. That would be higher.

Mr. Dennis Bevington: Yes. Well, that does make a lot more sense, but they had certainly indicated that they felt the costs were considerably less than that. I'd have to go back to the minutes to get the precise details, but that was my understanding. It's good to get that clarification.

Are you engaged right now in any elimination of level crossings in your investment portfolio in the country?

Ms. Helena Borges: As I mentioned earlier, we've invested in quite a few grade separations in British Columbia and actually throughout western Canada. We're doing some work now in Calgary. We've announced some projects in Edmonton. We've done Saskatoon, Regina, and Winnipeg, and we've also done Toronto, through GO Transit and with VIA Rail as well. The GO Transit investment—

• (1645)

Mr. Dennis Bevington: What are the costs running like?

Ms. Helena Borges: It depends. If you look at a fairly heavily utilized four-lane road in Toronto, or for that matter in Windsor, as we've done a couple in Windsor.... The one in Windsor, which is a four-lane road in a somewhat industrial area, cost us over \$50 million for a grade separation. The ones in Vancouver, depending, again, on the level of road activity, are averaging between \$40 million and \$50 million.

Mr. Dennis Bevington: What about out in the countryside, out of the urban areas and in the open areas?

Ms. Helena Borges: If they're in the countryside, and again, depending on whether or not they need to be grade separated.... The one we're doing in Vancouver with the province, which is what I'll call a more rural kind of grade separation, is costing about \$20 million or \$21 million.

Mr. Dennis Bevington: Are you intending to bring a number of level crossings together at that grade separation?

Ms. Helena Borges: In fact, in Vancouver that's exactly what happened. We did a whole corridor analysis and identified which ones actually needed to be grade separated.

Because you can't be grade separating all over the place, what we did was selectively pick the roads that were busiest, and we're grade separating those. A couple of them are being closed and a couple of them are being connected through what are called access roads that are sort of parallel to the rail track, and then you go to the next busiest road.

So not in all cases do they need to be separated, and you have to be wary of how many grade separations you're building one right after the other. They're very expensive.

Mr. Dennis Bevington: So if you were taking an incremental approach, you'd be looking at cost and additional speed on the line. In your analysis, there are a number of issues that run together.

Ms. Helena Borges: Right. We look at the rail traffic and the road traffic, and they call that the cross-product. It has to do with the interference, how long trains might be taking to clear the lines. This relates to impeding traffic, safety, the number of accidents that happen between vehicle traffic and train traffic. There can also be problems with pedestrian mobility, bicycles, those kinds of things.

In some cases, particularly in the urban areas, if they aren't grade-separated and it's a level crossing, the train's also going to have to do a lot of whistling, so that makes other kinds of noise. We take all those factors into account in deciding whether to grade separate or not. A lot of the times, it's the amount of time that a vehicle has to sit and wait for the train to cross. Windsor is a good example. We were having trucks coming out of Chrysler plant having to wait 15 to 25 minutes for the train to cross, because it's a busy corridor.

Mr. Dennis Bevington: When it comes to investing in commercial freight movement, the railways pay their own way. But trucks don't—we pay for the transportation costs.

Ms. Candice Hoepfner: In taxes.

Mr. Dennis Bevington: What is the percentage of taxes a truck pays on the highway vis-à-vis the cost of the system in place?

Ms. Helena Borges: I don't have a number at my fingertips. They pay fuel tax. They pay registration fees for the trucks on an annual basis. There are other fees that the provinces collect. It's not the federal government. The provinces are the ones doing all the charging.

Mr. Dennis Bevington: The railways don't pay fuel tax.

Ms. Helena Borges: They do. Yes, railways pay.

Mr. Dennis Bevington: They pay fuel tax as well.

[*Translation*]

The Vice-Chair (Mr. Mario Laframboise): Ms. Brown, you have the floor.

[*English*]

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you for being here, Ms. Borges.

I wanted to say thank you, first of all, for outlining all of those investments in infrastructure that the government has made in the last few years. When this government came to power, it set out a document called “Advantage Canada”. It outlined the kinds of investments that needed to be made in infrastructure to move Canada forward and to have a long-term business plan.

You talked about the investments being made in Toronto and the York region, which I represent. We're certainly seeing the results of that. We have a bridge at the south end of Aurora that's going to be rehabilitated for our GO Trains. It's going to increase capacity for our GO Trains. Commuters to Toronto are going to find that it will be a tremendous advantage to them. The number of trains is going to be increased substantially.

Your intervention in May was a good overture for us in our preparation for our trip to Washington. I want to thank you for that. We had been talking about high-speed rail. What we found was that the discussion down there is not about high-speed rail—it's about higher-speed rail. We were introduced to the Amtrak perspective on the investments that are going into the northeast corridor.

Can you talk to us about how Canada is going to interface with those corridors in the northeast? What investments are we going to need to make in order to see an advantage in the connection between us and the northeast United States?

•(1650)

Ms. Helena Borges: As you probably heard, Washington hasn't yet announced its investments. I don't know if you were told, but we met with our counterparts at the Department of Transportation and the Federal Railroad Administration in early October to get an update. I think they've received about 278 different applications totalling \$103 billion worth of proposals for the \$8 billion they have available right now. It will be interesting to see how they pick through those to see what investments they make.

With the services already in place, VIA, in looking at making improvements to its network, does improve some of those corridors on which Amtrak also provides services, where they connect in Niagara Falls, for example. Those improvements are happening on the Canadian side.

Until we get a sense from the U.S. side as to where their investment is going to be, much of what we're hearing about the Amtrak investment is that it's probably going to be more in the loop that does Philadelphia, Washington, Boston, New York, and New Jersey. That's where the priority is for them to bring the train speeds up to a higher level. I think they currently could operate at 110 miles per hour, but they're not. In most cases they're operating at 79 miles per hour. They will be improving that much like we're trying to do with VIA, in focusing on the corridor where VIA has the majority of the traffic. We are talking to them a lot. We are keeping a very close eye on what they're doing.

You might be surprised, and I don't know if they told you this, but the General Accounting Office met with us a year and a half or two years ago to learn from us what we do with VIA. I think they're trying to mirror what we've been doing in Canada for the last little while. Now that VIA is getting the biggest amount of money ever in its history to do all these improvements, I think it will go a long way in setting up VIA to provide much better service in the future and to work with Amtrak to try to improve the services across the key points of connection.

We are engaging with them. I think you heard from the Cascadia corridor as well. We have entered into discussions with them. They're interested in hearing some of our perspectives on what we've been doing here to try to emulate that in the British Columbia-Seattle corridor. We'll continue those discussions with them.

We've been approached by some of the states. Michigan and New York are interested both in terms of Montreal and Niagara. We'll continue those discussions and see how we can work together. If there are opportunities, we'll definitely talk to them about them.

Ms. Lois Brown: The bottom line is that Canadians who are going to be travelling between here and the United States are going to find that both countries have invested in improving their systems and it's going to be as seamless as possible.

Ms. Helena Borges: I think it's pretty seamless today. Is the speed as good as customers would like? Probably not on either side, but both countries are working to improve.

Ms. Lois Brown: Thank you.

Thank you, Mr. Chair.

The Vice-Chair (Mr. Mario Laframboise): Mr. Jean.

Mr. Brian Jean: Thank you.

I liked that so much I want to repeat it: the most money VIA has ever received in its history is from a Conservative government.

I understand somewhere in the neighbourhood of 34,000 to 35,000 people per year go back and forth between Canada and the U. S. at each of the three crossings. That's 35,000 a year total of Canadians or Americans. That's not a significant number of people. Is that correct?

Ms. Helena Borges: That's correct.

Mr. Brian Jean: I only have a minute left, and I want to make sure I find out exactly how the federal government decides on making investments. When we went to the United States we heard in essence that Amtrak makes investments based on increasing the average speed or minimizing the travel time between two destinations. They may find a particular piece of track that needs an upgrade either for size or an additional track. How do we do it in Canada? Is it similar?

•(1655)

Ms. Helena Borges: It's similar, but we take other factors into account. For example, the funding that VIA is receiving right now is for the portions of the network on which VIA operates that are not even signalized. It's called "dark territory". That is a huge safety concern for VIA and a big liability for VIA and the government. The number one priority is to address the safety issues VIA currently has in the corridor network. That's one criterion.

The second criterion is to try to improve on-time performance. I think Mr. Miller mentioned that things are improving, but I think he'll reinforce me when I say that just as recently as two or three years ago VIA's on-time performance in the corridor was very poor. It's been an imperative to get the service on schedule, because if it's not the customers will leave VIA, and we don't want that to happen.

Mr. Brian Jean: Is this why the federal government made a \$3.6 million investment on railway crossings—

The Vice-Chair (Mr. Mario Laframboise): Your time is finished.

Mr. Scarpaleggia.

Mr. Francis Scarpaleggia: There are a couple of contradictions between what you said and what the proponents of the Calgary-Edmonton line said when they came a couple of weeks ago. They suggested that high-speed rail networks are profitable in different countries. I had heard the opposite, quite frankly.

Ms. Helena Borges: We have heard the opposite also.

Mr. Francis Scarpaleggia: They explained the perception that they are not profitable by the fact that somehow their costs and revenues are being lumped in with a money-losing business unit or something like that. In other words, for them it seemed to have been an accounting issue.

Why would they make that kind of statement? Have you studied their statement? Should someone not be writing to them to say that's not true, or there is evidence to the contrary? Where is this coming from? That calls into question the credibility of their entire presentation, really. So where is that contradiction coming from?

Ms. Helena Borges: I don't know where they got their information, but I'll tell you that it's very difficult, first, to get good financial numbers from any other country. As part of our assessments we look at them. We compare VIA Rail and benchmark that to Amtrak because Amtrak tends to be the one with the best publicly available information. We have tried to get data from Japan, from the U.K., from France, from Germany, from Sweden, and for most of the numbers we are finding there is no system that covers its operating costs or its capital costs. In fact, we've only found one little railway—and I'll limit that to "little". The only one that does cover

its costs is the Heathrow Express, which is the dedicated rail line between downtown London and Heathrow Airport, which does basically a non-stop express service in that segment.

Mr. Francis Scarpaleggia: Does any passenger rail system cover its costs? Does VIA Rail cover its costs?

Ms. Helena Borges: VIA Rail does not cover its costs.

Mr. Francis Scarpaleggia: By that logic, we could just fold up VIA Rail as well.

Ms. Helena Borges: The government provides VIA Rail, and VIA Rail has been before this committee numerous times. I have to speak on VIA's accounts: they get an annual subsidy from the government of \$169 million.

Mr. Francis Scarpaleggia: You are making improvements to the passenger rail service, in eastern Canada anyway. What kinds of results are you expecting? Are you expecting to shave off a significant amount of time from the trip? It doesn't seem to me we are going to notice much of a difference at the end of the day. Perhaps it's just that we're liberating some freight track for freight trains or we're repairing track that needs to be repaired. Correct me if I'm wrong, because obviously you have the numbers, but I can't see those investments really changing consumers' choices. Do you?

Ms. Helena Borges: The passengers look not only at the time it takes to get from point A to point B. In fact, what customers really want is reliability. If they know they're going to be able to get from Montreal to Toronto in so many hours and they can basically count on that day after day after day, that is more important to them than taking an extra 15 minutes.

Mr. Francis Scarpaleggia: Sure, but Mr. Miller said that the reliability, unless I misunderstood, is 92%.

•(1700)

Ms. Helena Borges: I think he mentioned for his three passenger systems, so that includes GO Transit and AMT as well as VIA Rail. VIA Rail's is not at 92%; I can tell you that.

Mr. Francis Scarpaleggia: Will you be using some of that money to improve the railcars?

Ms. Helena Borges: Yes. In fact a big portion of the funding VIA is receiving is to overhaul the cars that are used in the corridor and the cars on the western service, the cars all over their system, as well as the locomotives. They are basically rebuilding the locomotives to be more environmentally friendly.

[Translation]

The Vice-Chair (Mr. Mario Laframboise): Thank you.

I will be using some of Mr. Plamondon's time.

It is a good thing that you highlight the merits of government investments, but if we take the study on Amtrak, we have to admit that we are far from achieving the same results as the Americans, as far as passenger rail is concerned.

A little earlier on, Mr. Miller said that 78% of trains generally arrive on time, which includes passenger trains and VIA Rail. Amtrak completely controls passenger transport in the corridor. They choose the schedules whereas we have not reached that point. We have not had such a rate of success. The Agence métropolitaine de transport de Montréal has had significant delays in the last year. We do not have such a rate of efficiency as far as respecting schedules is concerned.

Ms. Helena Borges: Today, VIA Rail is investing. That said, the company negotiated an agreement with CN to obtain results on improvements to arrival times in train stations as well as the entire duration of trips. It is the first time VIA Rail has ever signed this type of agreement with CN. In the past, this agreement did not exist. Now that investments have been made, I hope CN and VIA Rail will work together to obtain the results desired by VIA Rail.

I also know that the AMT and GO Transit are doing the same. They have agreements with CN regarding rehabilitating the system. I think it is starting to work.

The Vice-Chair (Mr. Mario Laframboise): Yes, beginning, but we are far from the results in the U.S.

My second question is simple. A reference was made to customs clearance, problems in B.C. and even in Montreal on the issue of customs clearance. People were saying that Canada was the problem. Is there an agreement? That is what people were telling us in the United States.

Ms. Helena Borges: The problem had to do with the Canada Border Services Agency, but I believe that has actually been addressed. It only has to do with the new frequencies, not for the system already in place. In Vancouver, there are plans for a new train this fall. The CBSA addressed the problem, and I believe everything has now been settled. However, I am aware of the fact that there were problems this spring.

The Vice-Chair (Mr. Mario Laframboise): Thank you very much, Ms. Borges and Mr. Lawless.

We will suspend the hearing for a few minutes and come back in camera for our meeting. We would therefore ask all of those who are not members or staff to leave, if you will.

[Proceedings continue in camera]

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