GET CANADA BACK ON TRACK: AN FAQ FACT SHEET ON THE PRIVATIZATION OF VIA RAIL

This Frequently Asked Question (FAQ) guide is intended to provide key facts regarding the proposed privatization of VIA Rail’s High Frequency Rail project along the Toronto-Quebec City corridor.

Unifor represents over 2,000 VIA Rail workers across the country. As workers, we are concerned about the implications of privatization on jobs and job security, working conditions, wages, and health and safety. As strong public transportation advocates, we know that privatization invariably results in higher public costs, lower quality of service, increased fares and no public transparency and accountability. We need to take strong action to ensure that the continued failures with privatization are not repeated at VIA Rail.

WHAT EXACTLY DID THE FEDERAL TRANSPORTATION MINISTER ANNOUNCE?

The Federal Transportation Minister, Omar Alghabra, recently announced that they are seeking private sector partners to develop VIA Rail’s High Frequency Rail (HFR) project. The HFR project consists of the construction of dedicated tracks along VIA’s busy Toronto-Quebec City Corridor route to increase train frequency and improve service. Rather than constructing the project themselves, the federal government wants to enter into a public-private partnership (P3) and contract out the design, finance, building, operation and maintenance of the corridor route to the private sector.

Omar Alghabra
Minister of Transport
WHAT IS A PUBLIC-PRIVATE PARTNERSHIP (P3) AND WHAT IS WRONG WITH THEM?

A P3 is when the government and the private sector enter into a project partnership to build infrastructure (e.g. highways, hospitals, bridges, etc.) or deliver services (transportation, utilities, etc.). Many times the private company (or a consortium of companies) will front the costs of the project with a promised return on their investment, through for example, long-term service contracts, regular government payments to operate the service and collection of user fees from the public.

Countless experiences with P3s, both in Canada and around the world, have shown how these projects end up costing the public far more than if it were simply paid and operated by the public sector. There is also little evidence of greater efficiencies and they lack transparency and public accountability. Further, since the private sector’s primary motivation is to maximize profit, they will look for ways to reduce costs and increase revenues, largely by hiking up fees/fares, reducing service or other cost-cutting measures. All this translates to lower job quality for workers, decreased service for customers and all around higher risks to health and safety.

In summary: P3s benefit governments, allowing them to keep large infrastructure project costs and debts off the public books and benefits private corporations with promise of large profits. Meanwhile, the public is left with high costs and poor service.

WHY IS THIS A BIG DEAL? HOW WILL THIS IMPACT VIA RAIL?

In the last several years alone, Canadians have contributed over $1.5 billion towards the corridor’s enhancements -- either on the purchase of new corridor trainsets, in preparation for the HFR project and other upgrades. After all these public investments, the government is now looking to hand it over to the private sector.

Further, VIA Rail’s Windsor-Quebec corridor brings in 75% of the company’s revenues and accounts for 90% of the system’s passengers. This means a significant portion of VIA Rail’s operations would be privatized. VIA projects that upon completion of the HFR, ridership will increase from 4.8 million to 17 million by 2059. This means the associated growth in revenues will not be used to create more passenger rail routes or increase service frequency in other parts of the country, but will go directly into the pockets of CEOs and private shareholders.
WHAT HAVE BEEN PREVIOUS EXPERIENCES WITH RAIL OR OTHER TRANSPORTATION P3/PRIVATIZATION PROJECTS?

There are a number of examples highlighting how disastrous P3s are when it comes transportation projects. In our own backyard, we have seen the experience with Ottawa’s Confederation LRT Line, which has seen everything from sinkholes, opening delays, maintenance and technical issues and two train derailments. Vancouver’s rapid transit Canada Line was millions over budget and workers faced dangerous and exploitative working conditions, which also resulted in the tragic death of a construction worker. Edmonton has also experienced frustration with P3s in the construction of its $1.8 billion Valley Line LRT project, which is approaching over a year and a half delay in opening.

Other countries experiences in privatizing their passenger rail systems have also resulted in failure. The rail system in the United Kingdom has been privatized since 1993. Since that time, fare prices have increase by 23%, while the public has been subsidizing the service by a further £5bn per year. Repeated experiences with poor performance has resulted in several parts of the country to abandon private operators and re-nationalize its rail lines, including Wales and Scotland. The many failed promises of greater private sector efficiencies has led to public opinion showing a majority support for re-nationalizing the entire passenger rail system.

I CARE ABOUT OUR NATIONAL PASSENGER RAIL SYSTEM! WHAT CAN I DO ENSURE VIA RAIL STAYS PUBLIC AND SERVES THE NEEDS OF CANADIANS?

Join our national ‘Get Canada Back on Track’ passenger rail campaign! Sign our online petition on our campaign website and share it widely on your social media networks. If you belong to an organization or advocacy group, and would like to endorse the campaign, send us a message.

You can also reach out to your political representative at all levels of government, expressing your concerns around privatization and telling them how you support investments in a strong public passenger rail system that is green, connects communities from coast to coast to coast and supports economic development. We need passenger rail that benefits riders and workers alike – not private corporations.