

Vancouver Island E & N Steering Committee

IN THE MATTER OF The Esquimalt and Nanaimo Railway Company intentions to discontinue its passenger-train service between the terminal points of Victoria and Courtenay as outlined in the Canadian Transport Commission, Railway Transport Committee Order No. R-25960, Order No. 26226, Order No. 26836 and Notice of Hearing issued on October 30, 1978.

To: The Chairman of the Review Committee, Canadian Transport Commission

Submission: On behalf of the citizens of Vancouver Island

Prepared by: The Vancouver Island E & N Steering Committee

November 15, 1978

This submission is made on behalf of the citizens of Vancouver Island by the Vancouver Island E & N Steering Committee. This Committee is comprised of people from all walks of life and from all sectors of the many Island communities.

The goals of our Committee are many in regard to the Esquimalt and Nanaimo Railway passenger service on Vancouver Island with the immediate objective being the retention of the service. The future objective is to see the service up-graded and become more responsive to the needs of the travelling public on the Island.

We are all aware that there has been a dramatic and sudden turn around with the E & N passenger service. The questions to which we are to address ourselves are stated clearly in the Review Committee's statement of re-examination of October 30, 1978. These are:

- "a) The actual losses incurred by the passenger train service are substantial considering the small number of passengers for whose convenience it currently exists.
- b) The Committee has fully considered all the representations made and all the information available to it on the probable future passenger transportation needs of the area and has concluded that these needs will not be hindered by the discontinuance of this passenger train service."

In order to fully appreciate the post-December 1977 changes one must take into consideration that this issue has been in front of the citizens on Vancouver Island for the past 10 years and therefore from time to time we will find it necessary to draw on past evidence.

In view of the various factors responsible for the dramatic changes that have occurred on the E & N passenger service, we believe it would be extremely relevant at this point to consider the position of the R.T.C. taken on October 30, 1970 regarding the probable future of the passenger service if certain conditions were initiated, because we are of the opinion that the Commission's statement of fact remains unchanged to this day.

We submit the following:

It remains to be demonstrated to my satisfaction that the standards of service cannot be raised with at least an improvement in revenue as one result. The evidence at the hearing has convinced me that the E & N passenger train between Victoria and Courtenay is being run without any real regard for the comfort and convenience of passengers and with insufficient attention to the commercial principles that the Canadian Pacific Railway applies to its other business with such success. Until we have evidence before us that the service is being properly run so far as it is within the power of CP Rail to do so, it is impossible for us to make the determination whether the service is uneconomic and is likely to continue to be uneconomic.

With this R.T.C. decision in mind we will demonstrate to this Hearing that the Vancouver Island E & N Steering Committee has done nothing more or less than endeavour to implement "the commercial principles that the Canadian Pacific Railway applies to its other business with such success".

At this point, it may be in order to provide the Review Committee with a quick overview prior to expanding on specific facts.

You will recall that as a result of CP Rail's negligence when allowing two of their major trestles to fall into disrepair

in 1975, some five years after the C.T.C. ordered the CPR to maintain and upgrade the railway line, freight and passenger service was suspended between Parksville and Courtenay for some 2 1/2 years. In compliance with the 1976 C.T.C. Order, CP Rail reopened the line on December 19, 1977 and after 2 1/2 years Island residents were once again afforded the luxury of through rail service to Courtenay. In addition available evidence suggests that CP Rail had clearly priced themselves out of the market and thus out of the passenger business. However, in conjunction with the reopening of the line to Courtenay, CP Rail introduced a 30-day excursion fare which meant that Islanders would now pay a drastically reduced fare of \$19.30 from Victoria to Courtenay and back as opposed to the former unrealistic and discriminatory sum of \$28.90, a 33.3% reduction. By way of comparison the bus fare from Victoria to Courtenay return was a mere \$17.50 — little wonder that Islanders had not been patronizing the Esquimalt and Nanaimo Railway.

With the opening of the line on December 19, together with fare incentives, loadings jumped dramatically as is evident in the enclosed passenger loading charts. Regrettably the single 71 seat car on Vancouver Island was unable to accommodate this upsurge in traffic during December and January and consequently without backup equipment train crews were forced to carry large numbers of paying passengers in the baggage compartment, not to mention the hundreds who simply could not be accommodated and therefore turned away and denied rail transportation. Evidence has since come to light, of course, that additional equipment which could have alleviated this appalling situation lay idle in Montreal.

As one would expect after such an experience and the resulting adverse publicity due to overloads, loadings fell off somewhat in February but remained well above the 1977 figures. In spite of this major setback, train crews were eventually successful in re-establishing and sustaining the former high loadings that were apparent.

And the credit must in large part be given to these train crews who during extremely trying circumstances extended the utmost courtesy and consideration to a greatly incensed, angry travelling public. In spite of this it is worthy of note that contrary to common belief loadings for the first four months of 1978 on average represented a staggering 390% increase over the same period for 1977.

Further, in order that everyone may appreciate the significance of this 390% increase in traffic volume, we must be aware of the circumstances under which this remarkable feat was accomplished. Let us consider but a few:

1. Adverse publicity aside, there was no positive promotion in press, radio, or TV of the new excursion fare or the passenger service extension to Courtenay;
2. The Dayliner did not run Sundays;
3. Seating was inadequate to accommodate the travelling public on a great number of occasions;
4. There was evidence of price discrimination at this time when one is to compare costs for similar travel under similar circumstances on CP Rail RDC Budd cars in other parts of Canada.

It was at this point that the involvement of the employees of the railway became a contributing factor in the turn around of the railway service. During the initial months of 1978 the employees were responsible for initiating and conducting an on-board survey for the purposes of identifying and documenting suggested alterations to the service which would enhance the operation and see it become an efficient and viable public transportation service. These documents have previously been submitted to the Review Committee as evidence.

In view of the positive response and feedback from the railway's patrons at this time, with the problems being identified and realizing the potential of the railway, the employees felt it necessary

to take their case before the public. Accordingly, on May 24, 1978 Local 1051 of the United Transportation Union issued a press release in which they took the Canadian Pacific Railway to task for not living up to the 1970 C.T.C. Order.

On May 29, the Employees Committee released a further extensive brief pertaining to CP Rail's failure to honour its commitment to the citizens of Vancouver Island to maintain efficient passenger service on the Esquimalt & Nanaimo Railway. This brief was submitted to the C.T.C. on May 31, 1978 as supporting and new evidence that would warrant reconsideration of the matter of abandonment by the Review Committee. In addition, the brief was also distributed to all municipal and regional governments on Vancouver Island and has received the endorsement by the majority. We would suggest that this brief be considered as basically a working paper which early on identified and documented the problems responsible for the undermining of this potentially viable service.

In the opinion of the citizens surveyed there were eight major concerns. These are as follows:

1. Frequency of service, including Sundays, should be improved;
2. Additional carrying capacity should be made available;
3. Rail fares should be brought in line with the bus;
4. Train schedules should be synchronized with ferry sailings at Victoria and Nanaimo;
5. An additional car should leave Courtenay in the morning;
6. The train should arrive and depart from a downtown Victoria location;
7. Promotional efforts should be co-ordinated to the Provincial Government's tourist promotion efforts for Vancouver Island;
8. The CPR should actively promote the service and provide reliable information to the public.

However, it soon became apparent that it was not merely an employees' affair but rather an Island issue which demanded a unified voice if we were to redress this long standing grievance with Canadian Pacific. Thus the Vancouver Island E & N Steering Committee was formed on June 22 with members representing all sectors of this Island community.

Let us now turn our attention and consider in greater detail the new and relevant facts relating to the Esquimalt & Nanaimo Railway passenger service.

INCREASE IN RIDERSHIP

In considering the factors which have changed since the previous R.T.C. hearing one year ago, the most dramatic is surely the 400% increase in ridership for 1978 as against 1977 and, indeed, previous years in the recent past.

Facts on Ridership:

The increase began dramatically in December, 1977 and has continued on a generally upward swing ever since. When the figures are compared month by month with the same month of the previous years, the increase shows a marked growth pattern as 1978 progresses. The increase averages about 400%. However, the increase for August, September and October is 800% over last year.

Seasonal patterns are present, with the summer showing high usage. However, it must be emphasized that the growth pattern of ridership in fact goes against the normal seasonal patterns in that, while August was the highest month for 1978, the second highest was October and the third highest was September. We must thus realize that a significant trend is occurring, with a continually increasing usage great enough to override the usual high traffic patterns of the June-July tourist season.

Actually, while the dramatic increases began one year ago, it would appear upon careful analysis that the service began to improve in the summer of 1977 after a downward trend, sharply to about four years ago, but gradually over many years reaching its lowest point in 1976. By the summer of 1977, ridership had already increased substantially over the previous year and, while traffic dropped in the fall, it did not return to the 1976 levels.

Trip distance figures are not as complete as possible, but those which are available, plus the impressions of the train crews, indicate that most ridership is a medium distance ridership, relatively evenly spaced throughout the length of the line, with the section from Parksville to Courtenay being slightly less used than the southern portions. Nevertheless, about a third to half of the patronage rides the entire distance from Victoria to points at or north of Qualicum Beach. The great majority of patronage rides at least half of the distance, and because passenger arrivals and departures tend to be roughly even at most points south of Qualicum, load levels stay fairly constant throughout the trip, with the exception of days when charter groups are aboard. Because these groups also tend to travel relatively long distances, ridership is heavy on days when groups are aboard. Except in May and June, school groups making short trips were not significant in ridership patterns.

As a result of the increases, ridership this year will total about 45,000, as some 36,000 have ridden in the ten months to date. This is in contrast to the 6,900 to 12,000 carried annually in the years since 1974, and is considerably higher than the 18,000 to 20,000 per annum carried in the few years previous to that. To illustrate, note that more passengers were carried in the month of August this year than in the entire year of 1976, and more passengers have been carried in a single day this month than during the entire month of November, 1976. While a number of tourists used the service in the summer, the overwhelming majority of business has been local since the end of the tourist season in September.

In thinking of this service, it is important to remember that the transportation patterns for an island are not the same as the distances involved in other western Canadian services. The service is neither a commuter service nor an inter-city type of service. It is a local train, of a kind formerly common throughout. It meets a need on the Island in that role because highways are congested, bus service is not any faster and the necessity of the ferry has accustomed people to think in terms of public transportation when they travel rather than automatically turning to the automobile.

Explanation:

While the facts of the increase in ridership are clear, the explanation for the gradual but significant increase of passengers must remain speculation to some extent, since it is of course not possible to verify the motives of all persons using the train. However, a number of explanations have been offered.

In a letter of April 10, 1978, N. D. Mullins of Canadian Pacific offers the railway's explanation: "Coincidentally with the reduction of fares, and the resumption of full train service from Parksville to Courtenay, the R.T.C. made its order for the discontinuance of the passenger train service. While this combination of circumstances resulted in a short 'flurry' of interest in the passenger train service, the interest, regrettably, quickly fell off".

It is obvious that C.P.R.'s crystal ball, in this instance, was in even poorer operating condition than the passenger facilities on the E & N. Mullins has failed to note a trend which began well before the date of his letter, and has, of course, continued to increase continually since that time. Clearly, the CPR has failed completely to understand the nature of the market which it was required to serve. Equally clear in the statement is the fervent hope that the increase in ridership will in fact be negligible. The participation on the part of the railway in attempts to improve both

the service and the marketing of it has been absolutely minimal, and limited to items done as a result of public pressure.

The railway has also attempted to explain the increase in ridership as a "last ride" phenomenon. Surely, however, this explanation has long since become spurious, as persons can take only so many "last rides" before losing interest. The fact that many riders at first had not been on a train for a number of years is an indication, not so much of the "last ride" phenomenon as the fact that the service has been so poorly publicized that many were unaware of its existence until recently and it was so highly priced that many could not really afford to ride.

In fact, the explanation of the increase in ridership is probably a very simple one, which Canadian Pacific applies with success in many of its enterprises: it is a combination of competitive pricing and good marketing.

If the trends are analysed, it can be immediately noted that increases have been greatest when fare reductions have been implemented and when publicity has been prominent. The travel market has been characterized as a price-sensitive market, and the local experience on Vancouver Island would seem to confirm this. Likewise, even those who need a service will not use it if they are unaware of it, so that marketing is essential to the proper utilization of the train.

Thus, when a modest price reduction was introduced for the summer of 1977, ridership immediately increased over the previous year. The dramatic rise in patronage in December, 1977, was also concurrent with a price reduction as well as significant publicity.

The next dramatic increase, in August of 1978, also follows a price reduction as well as intense publicity in the media and from

the Island Farms Dairy advertising on behalf of the service, although the addition of the second unit also was an important factor, as it allowed patronage to rise to the new capacity. Naturally, once the service is discovered by potential riders, the ridership can be maintained through word of mouth and return business.

It should be emphasized that the market efforts were done by other agencies than the railway, which confined its efforts to sporadic issuance of timetables, often out of print for periods of four months at a time, and frequently incorrect when issued.

Nevertheless, even though done by groups other than the railway, the effort has clearly demonstrated that the service has a substantial market, and that proper pricing and marketing has a profound impact on ridership. Because of the way the ridership pattern is increasing, when compared with other years, there is little question that 1979 will be an even greater total in terms of patronage. This is reinforced by the fact that most of the summer tourist promotion normally done by the industry on the Island did not include the E & N this year, since the Steering Committee was not able to be organized early enough in that area, but will definitely include the railway in next year's joint promotions. Local ridership is obviously growing now through repeat business and person to person contact.

Economic Implications:

The increase in ridership has resulted already in a reduction of the net deficit for the year of \$75,000 less than the previous year.

A greater reduction can be projected for 1979 since:

1. Sunday service was not instituted this year until August; because Sunday service involves low additional expense, and generally has high loadings, it can be a significant factor in reducing the deficit;
2. Loadings will be higher, as per the trends noted above;

3. Multiple scheduling maximizes the use of present equipment with very little additional expense but greatly increased revenue (i.e. more trips will reach a market not now served rather than reducing the per-trip numbers of the present market), thus further reducing the loss;
4. The lack of seating, especially before July 28, resulted in a significant loss of potential revenue, not only from those who could not board, but from those who feared to ride because they might not be able to get on the return trip.

Thus, the economic status of the service is already much improved, and because the total amounts are relatively small as compared with other services in the nation, an improvement of \$75,000 means a reduction in the net loss of some 25%. Given efficient operation, and imaginative use of the means available, the service could virtually eliminate the net loss within the next year. This coincides with the estimates made by CPR at the time of the previous hearings that load factors of about 70 persons between Esquimalt and Nanaimo would represent a break-even point at the time.

Considering the lack of effort to operate the service at maximum efficiency and to utilize such obvious revenue benefits as daily service or multiple schedules, the economic potential of the service has never been fully realized. What we do know is that the efforts of local individuals and businesses which have been successful in achieving ridership increases and improvements to the service, have in fact managed to significantly reduce the handicaps which are inevitable when the promotion is being done without the co-operation of the railway.

CONDITIONS OF SERVICE

A. Promotion:

As the result of CP Rail's gross neglect in matters pertaining to advertising and promoting the E & N Railway, the Employees Committee and Vancouver Island E & N Steering Committee have endeavoured to fill this obvious need. It is a well established fact that the key to selling is marketing, and quite rightly Canadian Pacific Limited has capitalized on these avenues when promoting their subsidiaries such as CP Air, the Empress Hotel, the Princess of Vancouver and Princess Patricia. It is worthy of note that both these ships come under the umbrella of CP Rail.

By comparison, promotion of the E & N has been conspicuous by its absence over the years with the net result that patronage and revenues have suffered. The total promotional budget of \$150 did not go very far, in previous years. It was explained at the 1976 hearing that this entire promotion budget went for the printing of the railway timetables. No further promotion other than timetables has been added by CP in the last year. In the past, these cards were distributed in sparse numbers and quickly became unavailable. Further there was no television, radio or newspaper advertisements.

Recognizing this apparent need for promotion and CP Rail's insufficient attention to these commercial principles, in June of this year the E & N employees retained the services of an advertisement agency which was successful in obtaining a client to underwrite the cost of a promotion campaign for the E & N passenger service. Island Farms Dairy should be commended for their significant contribution in promoting the service. CP Rail might do well to emulate this example of responsible corporate citizenship.

The Island Farms Dairy budget allowed for the following:

1. A television advertisement which runs once and often twice a day - usually during prime time;
2. Radio advertisements played on all major Victoria radio stations;
3. 15,000 flyers with fares and timetable information;
4. 500 large posters for display purposes.

We regret to advise this hearing that much of this printed material paid for by Island Farms as a public service placed in E & N stations and on the passenger train for public information was removed and/or destroyed by officials of the company during a period of time when regulation time cards were not available and would not be available for some four months.

With the exhaustion of Island Farms material the Steering Committee was forced to explore other avenues which resulted in various information leaflets from a number of sources. Between approximately mid-June to October 18, no regulation time tables were available despite the fact the company was fully aware of this fact and responsible to remedy this shortcoming.

The Committee has also discussed in detail with the Provincial Government the need to co-ordinate the province's tourist promotion for Vancouver Island with the E & N Railway. In addition, in my capacity as Chairman of the Vancouver Island E & N Steering Committee I have had discussions with the Premier, the Vancouver Island Publicity Bureau, the Vancouver Island Information Centre, the Vancouver Island Tourist Services Ltd., and numerous tourist outlets up and down the Island. All have expressed great interest in the E & N Railway and realize its immense potential for both efficient transportation and tourism, however, most expressed their reluctance to include the E & N service within their promotion due to the uncertain future of the railway. When this cloud of doubt is removed it is expected that everyone will be in a position to exploit the great tourist potential that the E & N obviously possesses.

B. Fares:

Fares on the Esquimalt & Nanaimo Railway have been a contentious issue for a number of years because of their artificially high rates. Evidence submitted to the Review Committee by Mr. T.C. Douglas, MP, correctly points out that when new excursion rates were implemented on December 19, 1977, CP Rail acknowledged there was a feasible alternative in pricing to increase utilization and change the train's economic picture. As has been pointed out both during the 1976 hearing into the matter before us as well as at the time of the Committee's order, CP Rail's tariff constituted unjust discrimination in relation to train users in other parts of Canada and in our opinion were sufficiently high to prevent potential riders from using the service.

The following tables illustrate the points very clearly*

ONE WAY FARES

From	To	Distance	Fare	Cost per mile
Victoria	Nanaimo	72 miles	\$ 7.60	10.5
Calgary	Innisfail	77 miles	5.65	7.3
Toronto	Peterboro	77 miles	4.20	5.5
Victoria	Parksville	94 miles	10.05	11.8
Calgary	Red Deer	95 miles	6.90	7.3
Toronto	Havelock	101 miles	5.50	5.4
Victoria	Courtenay	139 miles	14.45	10.4

ROUND TRIP EXCURSION

Victoria	Duncan	78 miles	5.55	7.1
Victoria	Nanaimo	143 miles	10.15	7.1
Victoria	Parksville	189 miles	13.40	7.1
Victoria	Courtenay	278 miles	19.130	6.9

*prices effective December 19, 1977

As was indicated by those patrons surveyed aboard the E & N train earlier this year, the high fares, as compared to the bus fares, were one of the most important drawbacks to the service. Even the round trip excursion fares initiated on December 19, 1977 were no real saving when compared to the cost per mile of similar one way fares CP Rail RDC Budd car service.

On June 15, 1978 new VIA Rail fares were introduced across Canada. In most cases, when looking at CP Rail controlled lines, this usually meant a fare reduction. Unfortunately, initially, the Esquimalt & Nanaimo Railway was excluded from any new VIA fare structure which basically was to try and bring forth a tariff structure that was the same across Canada. In other words, approximately equal cost for equal distance travelled and an elimination of local fare discrimination such as had been prevalent on Vancouver Island for a number of years.

Not until July 8, 1978 and only after the issue was raised in the media that indeed a VIA tariff had been drawn up for the E & N, and then raised on the floor of the House of Commons, did CP Rail institute a portion of the VIA fare structure.

While VIA was initiating such innovative fares as the VIA Pass, group rates, and the 3 day round trip excursion, the latter incentive again was not brought on line until some time in mid August and again only after patrons, seeing the VIA advertisements in the Island press, asked about it. Inquiries by a Steering Committee member revealed that there had been an oversight on CP Rail's part and the round trip tariff should have also begun on July 8.

Even though there was confusion as to whether the VIA ads pertained to the E & N service and thus the new fare structure, many residents and tourists alike were soon discovering that indeed Vancouver Island had a railway passenger train and now for the first time since many can remember, fares were competitive with the Island bus service. Indeed, in all cases the train has a slightly faster schedule over the bus. Although these factors, competitive fares and faster service, were never brought to the public's attention by the Steering Committee in a comparison manner, it is felt that these points are worthy of notice at this time.

As a result of the fares, along with the publicity the E & N railway was receiving throughout Vancouver Island, ridership continued on the upswing.

C. Space Availability:

From 1955 to very recently, the Esquimalt and Nanaimo passenger service has consisted of just a single RDC Budd car. From time to time various sized cars have been used but for the past few years a 71 seat unit has been on the railway.

Quite naturally, as the service began to be publicized in a variety of ways, and with the round trip fare initiated by CP Rail on December 19, 1977 overloads occurred on numerous occasions. Patrons either had to stand, ride in the baggage section or be left behind. The overload situation was not just an event happening during the summer months but occurred in December 1977 and January 1978 as well. Nevertheless, as the situation became more prevalent, on July 6 the Steering Committee had 1000 overload cards printed to be handed out to people who were either left behind at the various stops or were denied seating. By July 20 a further 1000 cards had to be printed as the majority of the initial 1000 overload cards had been distributed during the first three weeks.

The overload situation became so critical during June and July the Steering Committee asked CP Rail to provide backup equipment but they did not meet their responsibility to do so. It was for this

reason that the Premier was forced, at government expense, to request the loan of a RDC coach from the B. C. Railway to accommodate his party, and yet not inconvenience the regular travelling public when taking a trip on the E & N on July 11. On that particular day, 127 people travelled north to Courtenay and 107 returned on the down-Island trip.

It was apparent that the 71 seat RDC was no longer adequate to meet the demands of the public and on July 13 the Vancouver Island E & N Steering Committee decided to again press for a second unit.

After monitoring the situation over the weekend, from July 14 to 16, a telegram was sent to Mr. J. D. Bromley on July 18 requesting CP Rail to send one or more of the nine idle RDC's to the Island from the Glen Yard in Montreal. The very next day, on Wed. July 9, at least 50 people were refused transportation while others found only waiting room. On Friday, it was announced by CP Rail that a second car would be sent for the E & N service and it was put into service on Friday, July 28.

D Group Tours:

In the past, group bookings were discouraged by CP Rail as it was a first come first served operation. In other words, as was indicated in the 1976 hearing regarding the Sundance School group, there could be no guarantee one could be accommodated. This of course discouraged tour firms or other clubs, associations or school groups using the E & N.

However, in February, John Cooper approached the Victoria School Board and discussed the service in some detail, outlining the possibility of using the dayliner to provide an educational experience as well as transporting students to such places as the Provincial Forest Museum at Duncan, Nanaimo, Qualicum Beach or elsewhere. The suggestions put forth were well received and during the next few months a considerable number of educational groups were aboard. In addition, other associations such as the Native Sons of B. C., and senior citizens' clubs were organizing small group outings to Nanaimo or Courtenay throughout the spring.

The VIA fares provided a further boost to groups wishing to book tours. Because of the lack of food on the dayliner many groups went only to Qualicum Beach where a good lunch could be acquired at the George Inn, for example. Although the Vancouver Island Steering Committee was not in the travel tour business it was decided a "Pensioners Special" would be arranged to mark the occasion of the arrival of the second RDC on the Island. Approximately 50 people quickly signed up for that particular tour on July 28th. Again on August 6th, the first day of Sunday service on the railway in 47 years, another tour for senior citizens was arranged and there has been no let-up since. Even in October there were a large number of group tours aboard.

With hundreds of thousands of tourists coming to Victoria during the summer months and many thousands more escaping the harsh Canadian winter climate one can only imagine what the ridership would be if this market was exploited to its fullest. The Esquimalt & Nanaimo Railway, from the beginning has catered not only to the travelling public who had to ride from one Island community to another on business but also the tourist who wanted to see the fine Vancouver Island scenery and holiday at an up-Island resort. This is likely to remain the case in the future and should have been capitalized on by CP Rail in a significant way in the past.

E. Food Service

The lack of any food aboard the passenger train is another key reason why ridership has been low in recent years. A great many people not familiar with the E & N have been more than a little upset when they realized the only possible food was at Nanaimo on the morning up-Island run - this from a

private mobile vending truck that usually met the train Monday to Friday. Sometimes, the operator arrived late; at other times not at all. No such service existed at Courtenay where it would have been of great assistance.

Realizing the provision of on-board service could add to the comfort and convenience of patrons travelling a considerable distance or even the full eight hour and forty-five minute round trip, the Vancouver Island E & N Steering Committee requested some food service be provided. Instead of food on the train, vending machines were placed in the Nanaimo and Courtenay stations by a private contractor in late August, after public pressure. Unfortunately the machines at Courtenay did not operate even in early September.

STATIONS

As was pointed out on numerous occasions in previous Hearings both in 1970 and again in 1976 the stations along the E & N are in poor condition or have inadequacies of one fashion or another. They have basically suffered from corporate dry rot. Most have not been painted in years and are largely abandoned by the company while station grounds often are untidy or at least not conducive to attracting patrons to the railway. In addition, at times this year the waiting rooms of some stations remained locked. The Qualicum Beach and Chemainus stations, for example, remained permanently locked until Railway Inspectors had them opened in July. The gradual destruction of the Chemainus station is a good example of exactly how the company "repairs" damage. When a couple of windows were broken in the waiting room, they were boarded up with plywood.

At Victoria, where now maximum loads are often boarding, the platform is so narrow crowding conditions are often

experienced as people push to get aboard and into an available seat. Even the station blackboard has remained out-of-date indicating that the passenger service continues to only go as far as Parksville, not Courtenay. Also at many stations as Sunday service was initiated only typed notices were posted explaining the seven day service and no attempt was made to rub out or cover "Except Sunday" whether it was in chalk or paint. We are sure the Review Committee is well aware of the state of repair that most stations are in; if not please take a trip to Courtenay and back.

One of the most important drawbacks, found again from the on-board survey undertaken earlier this year, was the fact that many people did not know where the Victoria station was, and suggested that the train should terminate at a downtown Victoria site instead of in Esquimalt --- in otherwords once again cross the Johnson Street bridge. It is only logical that if ridership is to increase stations must remain in a central downtown area and become a transportation focal point. With this in mind the Steering Committee in August strongly suggested that the city and CP Rail look at the development of the block between Store and Government Streets now used strictly for loading and unloading freight as the site for a station that would become a regional transportation centre accommodating not only the dayliner as it now operates but also possibly future commuter rail traffic, a multiple schedule, both inter city and inner city bus traffic, a possible steam excursion train as well as adequate parking space for private automobiles. It is strongly felt that this city block is of key importance to all future transportation requirements to the city of Victoria and will greatly enhance the economic viability of the E & N Railway. If the decision of the Review Committee is a positive one it would do well to recommend VIA Rail and the City of Victoria study this proposal in more detail.

SLOW ORDERS & CONDITION OF TRACKAGE

Like the stations and shelters, the right-of-way, more specifically the roadbed and tracks, a vital part of any railway, is in need of major upgrading. With the exception of brushing, some tie replacements and recent minimal ballast work over certain portions of the mainline very little upkeep has been undertaken in recent years. Because the railway has had a minimum of maintenance, heavy freight cars with a gross weight in excess of 220,000 pounds are causing the light 85 pound rail to deteriorate. For this reason a 15 mile per hour speed limit has been posted for the movement of these cars. Again, the problem is not the operation of the dayliner over the line but rather hopper and propane cars weighing up to 263,000 pounds.

Slow orders are numerous on the E & N, and in fact they were so numerous this spring the dayliner was consistantly running late on most every run during the late spring. A comparison of the running speeds as listed in Time Tables Number 99, 92 and 93 are of interest and explain the reason for the slow operation.

No. 99 April 24, 1977

Maximum Speed

Rail Diesel Cars	45 mph
Passenger Trains	35 mph
Other Trains & Engines	30 mph

No. 92 April 30, 1978

	RDC	PSGR	Freight
Mile 0.8 to 95.3	40 mph	35 mph	30 mph
Mile 95.3 to 139.7	30 mph	25 mph	25 mph

<u>No. 93. October 29, 1978</u>	RDC	PSGR	Freight
Mile 0.8 to 95.3	40 mph	35 mph	30 mph
Mile 95.3 to 139.7	40 mph	35 mph	20 mph

Thus as indicated in Time Table Number 92 the dayliner was required to cover the 44.4 miles from Parksville to Courtenay in 65 minutes at a speed of 30 miles per hour! Instead of just over an hour it was taking closer to 1 1/2 hours. It is ironic that even though the speed for the dayliner was increased in Time Table 93 between mile 95.3 and 139.7 the freight speed actually has seen a decrease.

Naturally when the dayliner was running late, sometimes as much as half an hour, it was again a detriment to attracting passengers. Not only was the train going slow to start with but getting slower and never arriving on the time, at least the times listed in the public time card. Of course the general public was unaware of the speed limits, and no explanations were given by CP Rail to inform travellers why the train was consistently late.

It is felt important at this time, at this Hearing, that CP Rail show evidence

- (a) why the maximum speed for the dayliner was at 30 mph between mile 95.3 and 139.7 as of April 30, 1978
 - (b) why the speed limit was suddenly increased and is now 40 mph between mile 95.3 and 139.7
 - (c) why the speed for freight has been reduced from 25 to 20 mph over the same trackage
- and (d) provide this Review Committee with information regarding the most recent Sperry Rail Car Co. report on the track conditions.

UTILIZATION OF EQUIPMENT

A. Equipment

Until very recently the Esquimalt & Nanaimo Railway had only a single Rail Diesel Car --- No. 9103 --- with a maximum capacity of 71 seats. After considerable public pressure and numerous overloads a second 91 seat RDC was added to the service on July 28, 1978 No. 9069.

Structurally the two cars appear to be in sound condition, but will require a major face-lift to bring them up to acceptable standards. This year a number of major problems occurred with the cars, as one may expect being in service for about 25 years.

For example, while the smaller car, No. 9103, has provided fairly reliable service while assigned to Vancouver Island, a major leak occurred in the toilet resulting in water constantly running out into the passage way. This defect remained for some time and repairs only were completed after a direct complaint was lodged with the Railway Transport Committee. During the summer months the door gaskets were in need of repair. For a considerable length of time dust was entering the coach due to this problem. In addition we might point out here, that major maintenance has often been postponed due to a lack of back-up equipment.

The 9069 on the other hand arrived from Montreal in a deplorable state. For example; seat covering and mechanisms were in need of repair on many seats, the floor covering was badly worn with some sections of tile completely missing.

There was a crack in both toilet bowls and one still remains out of operation to this day. The air conditioning was not working when the car arrived from Montreal, remained out of operation for the month of August and a further complaint lodged with the Railway Transport Committee.

Having the second car on the Island did, however, allow for some important maintenance to occur. On RDC 9103 new springs and a major engine overhaul was undertaken while car 9069 was removed from service for two days to repair the air conditioning in September.

B. Multiple Scheduling

To maximize the present passenger equipment now on Vancouver Island, which we feel will not only increase revenues but also be more responsive to the transportation needs of residents the Steering Committee proposed a multiple schedule. At a well attended Committee meeting in Nanaimo on August 23rd it was suggested by those present that CP Rail be petitioned to provide a service which would see both morning and afternoon trains leaving Victoria and Courtenay.

As the schedule now operates it is a major 3-day expedition for people up-Island to visit Victoria and do any business. With a schedule as proposed, people from Courtenay would be able to leave at 7:30 and get a train leaving Victoria at 18:00 arriving in Courtenay again by 22:00.

This would be responsive to the needs of the market at present, but would also meet the need of a market which the

present schedule cannot serve. Studies have shown that increased frequency, rather than diminishing patronage per train, often increases the ridership per train because it creates the practice of using the service on the part of travellers and makes it possible to utilize public transportation rather than automobiles for a greater variety of purposes.

Of equal importance is the fact that a multiple schedule utilizes the equipment much more efficiently than at present. The two units at present each operate nine hours a day. The proposed multiple schedule would operate each unit about fifteen hours a day. The schedule is arranged so that each unit would be in Victoria overnight for servicing in the shop every other evening. It should be stressed that this schedule only requires the present equipment, in other words the two RDC units currently on the Island.

Additional cost would be the fuel and crew's wages, a relatively minor amount. Revenue would be able to more than cover these costs and would further reduce the net deficit. It is inconceivable that anyone would claim to have reduced operating losses to the fullest extent possible without the implementation of such an obvious method to maximize the efficient utilization of equipment.

Again it must be stressed that the proposed schedule uses current speeds, so that no upgrading would be necessary to achieve this schedule. The addition of a third unit operating a connecting service to Port Alberni which is the third major centre on the Island, is also proposed for a future point in time.

ALTERNATE ONE

3V	2V	1V					
1800	1345	0825	0.	VICTORIA	1130	1650	2220
1808	1353	0833	3.	Esquimalt	1120	1640	2210
1815	1400	0840	8.	Langford	1113	1633	2203
1838	1423	0903	290	Malahat	1051	1611	2141
1854	1439	0919	27.	Strathcona	1035	1555	2125
1900	1445	0925	31.	Cobbler Hill	1028	1548	2118
1906	1451	0931	35.	Ovichan	1022	1542	2112
1914	1459	0939	39.	KWIKW	1014	1534	2104
1931	1516	0956	51.	Chumalnut	0956	1516	2046
1943	1528	1003	58.	Lady Smith	0945	1505	2035
1953	1538	1018	64.	Cassidy	0935	1455	2025
2010	1555	1035	72.	NANAIMO	0920	1440	2010
2015	1600	1040	72.	NANAIMO	0915	1435	2005
2025	1610	1050	77.	Wellington	0905	1425	1955
2055	1640	1120	95.	PARKSVILLE	0835	1355	1925
2105	1650	1130	101.	Qualicum	0825	1345	1915
2117	1702	1142	110.	Duncanville	0813	1333	1902
2132	1717	1157	121.	Mad Bay	0758	1318	1848
2145	1730	1210	130.	Union Bay	0745	1305	1835
2200	1745	1225	139.	COURTENAY	0730	1250	1820

1800	1345	0825	VICTORIA	1130	1650	2220
2015	1600	1040	NANAIMO	0915	1435	2005
2100	1645	1125	PARKSVILLE	0830	1350	1920
2120	1705	1145	Cameron Lake	0810	1330	1900
2210	1755	1235	PORT ALBERTA	0720	1245	1810

ALTERNATE TWO

1915	1315	0815	VICTORIA	1250	1750	2250
2025	1525	1025	NANAIMO	1040	1540	2040
2040	1540	1040	NANAIMO	1025	1525	2025
2225	1725	1225	COURTENAY	0840	1340	1840

2.

Probable Future Transportation Needs

It is possible to indulge in a considerable flight of fancy when gazing into the future and to project myriad scenarios. We will try to restrain ourselves to some of the more specific possibilities in this presentation as it relates to the transportation needs of the Island.

In doing so, let us examine the foreseeable future for some other modes on the Island, as follows:

1) Ferry

The excellent ferry system now in operation through B.C. Ferries and the various independent ferries meet the need for travel off the Island, and the possibility of a bridge remains extremely remote. This means that the ferry will remain a fixture in the life of the Islander, so that the adjustment to a public scheduled mode of travel is already an accomplished fact, and the normal weaning from the free-time frame of the auto necessary for the average North American is not so necessary here.

It also means that a serious attempt must be made to co-operate ferry schedules and train schedules. While C.P.R. claims to have attempted this in the past and failed, it may be questioned whether the experiment was carried out under optimum conditions for success, such as adequate marketing, and promotion, good market analysis to determine schedules and the like. There is without question a strong market potential for ferry connections especially at Nanaimo, Victoria and Comox to serve both a tourist market interest in trips north from Victoria and local travel, feeding into both Victoria and Nanaimo. It means the improvement of local connecting transport in these centres.

2) Highway

As is rightly pointed out in the report of the regional R.T.C. team, the highway which covers many of the same communities as the rail line (although, of some significance, not all) is severely congested. This fact, which was not understood at the original hearings, is of importance. Because of the rugged terrain of much of the route, construction extensive enough to relieve the congestion would be extremely expensive and will not take place. The results of the congestion, which will probably increase according to population projections, is that the highway is an appalling safety hazard and travel times are approximately those of the present E & N schedule. As energy costs rise, it will have even less appeal than at present in terms of economics.

There is a bus service on the highway. The future of the service is at the moment in a state of complete uncertainty. The Province which owns the service is currently seeking to divide the components of the service and sell some to private operators, retaining the least profitable operations for the present. It is questionable whether the bus presents a secure option in view of the uncertainties surrounding the service. Certainly a reasonably predictable result of the current plans will of necessity be a significant fare increase, and probably reductions in service frequency.

3) Air

The use of air for the communities in question is, and will almost certainly remain, negligible, since the location of airports and the short distances involved make it an unrewarding travel mode.

The population development of the Island parallels the railway and is projected to continue to do so. This will increase the density of the population corridor. It is the natural development of a demographic pattern highly suited to rail passenger service, since most people and services are within easy access of the line, highway construction is difficult because of terrain and mass transit is desirable. There is substantial interest in the creation of commuter service on the portion of the line between Victoria and Langford, with eventual extension to Shawnigan Lake and Cobble Hill, where a large number of people already commute to Victoria and highway patterns are very congested. Traffic on the longer haul is also heavy, since travel patterns tend to be up and down the Island, with recreational traffic going north and commercial traffic going south.

"Spin-off" effects of the service are:

- 1) A significant impact on hospitality and recreational enterprises on the northern portion of the line, which benefit by drawing the tourist north out of Victoria, who without the train tends to ignore the northern communities
- 2) A significant impact on the same enterprises due to the recreational use made by residents of the southern portion of the Island of the summer and winter outdoors activities of the northern areas, as well as a number of pensioners in the Victoria area who utilize the service for an outing, with stop-overs at on-line inns in the northern section
- 3) Victoria merchants benefit now and will benefit more when the multiple schedule is implemented, through residents of the northern end of the line who will shop in Victoria rather than crossing to Vancouver.

However, it must be admitted that the potential for the service is only beginning to be achieved. It was the hypothesis of the Vancouver Island Steering Committee that if the service was competitively priced and well promoted, and if the service was made convenient and comfortable, that the need for the service would become self-evident. Since the Railway was unwilling to create these conditions, the group was forced to provide the marketing itself, with excellent co-operation from the community at large, and to attempt to monitor other factors as well as possible.

Obviously, that is not an ideal way to operate a service. Yet the need for the service was such that it manifested itself immediately under these rather trying conditions, and continues to grow. Some extremely crucial pieces of the ideal service are still completely missing, such as a downtown Victoria terminus, the multiple schedule and a connection to Port Alberni.

Despite this, the Committee considers that it has made the point which needed to be made: that there is in fact a substantial and eager market for the service, which awaited only the modest promotion and the competitive fare schedule now available. We feel that the operation of the service by VIA Rail will insure a better atmosphere for the service than it endured under the C.P.R. We do not expect VIA Rail or C.P.R. to operate an unnecessary service. Our contention and a contention of the R.T.C. in 1970, is that the service was being depressed by the practices of the Railway to the point where the natural market had been alienated. We believe that the ridership statistics have proven that contention to be correct.

What has happened in 1978 is only a beginning, nonetheless. The full potential will take at least a year to develop, in our opinion. The needs of the service also require the following to adequately serve the market of the immediate future:

- 1) A downtown Victoria terminus: Studies have shown that the relocation of stations away from the downtown area have a strong negative impact on patronage. Fortunately, the means of access back into downtown remains intact in Victoria, and the City is enthusiastic about the possibility. Land is available in the present C.P.R. yard for the creation of an intermodal terminal for bus, train, and airport/ferry bus connections.
- 2) The multiple schedule: Frequency of service generates a greater market simply by being frequent. In our case, the present service is not adequate to serve an essentially local market which is depended upon specific departure times, as opposed to, for example, a transcontinental, where specific times are not as crucial. The up-Island market requires an up-Island morning departure and late afternoon or evening return. An evening departure from Victoria would also serve a significant Victoria and tourist market utilizing up-Island attractions as well. Since present equipment is self-propelled, it can be operated in separate units as easily as in tandem, and in fact can develop a much greater revenue potential when this is done. The appended proposed schedule illustrates how the present equipment could be utilized, in this manner, at the present schedule speeds, allowing for meets and for shopping in Victoria every other night.

- 3) Adequate equipment: One of the greatest deterrents to ridership has been the fear that people will not be able to get a seat, especially on their return journey. The Railway must begin to reserve seats for group travel at least, so that group organizers can be assured that the members of their group can be guaranteed seats for their trip. As well, adequate equipment should be available so that persons do not have to be turned away on a regular basis, as was the case especially on week-ends during the summer and as late as last month. This practice leaves the potential rider with a very negative view of the service, and even more, discourages potential riders from even trying to ride the train.

The immediate future is that of a full train service, well used, since the present shows a pattern of high utilization retarded only by the above-mentioned factors, and in a state of rapid growth. The long view can only be that of a larger Island population in a period of expensive energy resources turning in even greater numbers to what is already a popular service.

The Island is, of course, in some ways a unique situation. It is a cohesive place, the average person on it depends on public transportation more than citizens elsewhere in at least western Canada. Thus, an effort such as ours, given the grace of a few months to take effect, has been able to demonstrate the valid role of the passenger train in local service. We cannot help but ask, despite the unique factors on the Island, if rail passenger service elsewhere would not be as well used were there the commitment to the provision of a well-marketed, competitively priced and pleasantly delivered product which the E & N service has become through the efforts of almost everyone except the C.P.R.



REVIEW COMMITTEE

November 22, 1978.

ORDER NO. 1978-5

IN THE MATTER OF R.T.C. Order
No. R-25960, as amended by Orders
No. R-26029, R-26226 and R-26836.

File No. 49466.31

WHEREAS by Order No. R-25960 dated December 14, 1977, (as amended by Orders No. R-26029, R-26226 and R-26836), the Railway Transport Committee ordered Canadian Pacific Limited to discontinue on December 13, 1978, its passenger train service between Victoria and Courtenay, in the Province of British Columbia;

WHEREAS applications were made to the Review Committee by the Government of the Province of British Columbia and by Mr. T.C. Douglas, M.P., for a review and rescission of Order No. R-25960;

WHEREAS a public hearing was held by the Review Committee in Victoria, B.C., on November 15, 1978, to hear new evidence in relation to the said passenger train service; and

WHEREAS in a Bench Decision delivered on November 17, 1978, a copy of which is attached hereto, the Review Committee reached the conclusion that the said passenger train service, although uneconomic and likely to continue to be uneconomic, should not be discontinued.

THE COMMITTEE HEREBY:

1. Rescinds Order No. R-25960, dated December 14, 1977 (as amended by Orders No. R-26029, R-26226 and R-26836).
2. Determines that the passenger train service provided by train numbers 1 and 2 between Victoria and Courtenay is uneconomic and likely to continue to be uneconomic.
3. Orders that Canadian Pacific Limited (Esquimalt and Nanaimo Railway Company) shall not discontinue operation of the said passenger train service.

(signature)

D.W. Foley,
Secretary,
Review Committee.



REVIEW COMMITTEE

Victoria, B.C.
November 17, 1978.

BENCH DECISION

IN THE MATTER OF applications by the Government of the Province of British Columbia and Mr. T.C. Douglas, M.P., for review of Railway Transport Committee Order No. R-25960, which orders the discontinuance of the Esquimalt and Nanaimo passenger train service.

File No. 49466.31

By its decision dated October 30, 1978, the Review Committee determined to review the Railway Transport Committee Order No. R-25960, dated December 14, 1977 and the RTC's Decision dated November 24, 1977. This Order required Canadian Pacific Limited (CP) to discontinue the passenger train service provided by trains No. 1 and 2 between Victoria and Courtenay, in the Province of British Columbia. RTC Orders Nos. R-26226 and R-26836 had the effect of delaying the effective discontinuance date to December 13, 1978. Both the Province of British Columbia and Mr. T.C. Douglas, M.P., have applied for a review of the RTC's discontinuance order.

In its October 30, 1978 Decision, the Review Committee agreed to review the Province's arguments on the question of law and Mr. Douglas' arguments on the matter of new facts. Upon review of the question of law, the Review Committee decided to adopt the RTC's conclusions and decision, and therefore dismissed that part of the application for review. The Review Committee also concluded that the matter of new facts merited re-examination, particularly in respect of the RTC's conclusions (a) and (d) found at pages 43-44 of the RTC Decision:

"(a) The actual losses incurred by the passenger-train service are substantial considering the small number of passengers for whose convenience it currently exists....)

BENCH DECISION

(d) The Committee has fully considered all the representations made and all the information available to it on the probable future passenger transportation needs of the area and has concluded that these needs will not be hindered by the discontinuance of this passenger train service."

The purpose of this hearing was to allow all interested persons to adduce evidence of new and relevant facts in relation to the E & N service, and to argue the validity of the RTC's conclusions of fact in light of the evidence of new and relevant facts.

The evidence adduced at this hearing shows that there has been a remarkable increase in ridership on the E & N service since December 14, 1977. Indeed, it is estimated that from January 1, 1978 to December 12, 1978, there will be 43,314 passengers carried on the E & N railway. This compares with 11,319 in 1977, 6,940 in 1976, 11,500 in 1975, 20,942 in 1974, 18,945 in 1973, 19,327 in 1972, 20,452 in 1971 and 19,933 in 1970.

There has been some debate as to the reasons for this tremendous increase in ridership in 1978. Some of the increase is, no doubt, attributable to the emotional impact of the RTC's decision and order calling for the discontinuance of the passenger train service. Some of the increase arose from the fact that operations between Parksville and Courtenay were restored shortly after the RTC's decision was issued.

In our opinion, much of the increase is due to the publicity campaigns that were launched, urging people of Vancouver Island to use the E & N service.

Another major contributing factor to the increase in ridership has been decreases in passenger fares on the E & N service, bringing the E & N fares generally lower than the bus fares.

Whatever the reason, the ridership figures are now significantly different than they were when the RTC reached its decision.

Many of the public interest witnesses took it for granted that, in light of this tremendous increase in ridership, the E & N passenger train service must now be operating at a profit. The evidence does not support this assumption.

BENCH DECISION

Revenues have increased from \$42,889 in 1977 to an estimated \$216,570 to December 12, 1978. Costs have also increased. The estimate of costs for the same period in 1978 is \$579,253 compared with \$317,893 in 1977. The projected loss in 1978 will be \$362,683 as compared with \$207,137 in 1977. Thus, notwithstanding the increase in ridership, the E & N service remains unprofitable and uneconomic.

We must decide, in light of the new evidence, whether this uneconomic passenger train service should still be discontinued.

With respect to the RTC's conclusion (a), the evidence shows that the number of passengers has considerably increased, and also that actual losses have increased. The question for us to answer is this: are the losses substantial considering the number of passengers who are now using the service?

Evidence was adduced by the RTC staff showing the trend of the ratio of claimed costs to claimed revenues, respecting the E & N service. This evidence revealed that the estimated cost to revenue ratio for 1978 is expected to be at an all time low compared to previous years as far back as 1970. The estimated ratio for 1978 is 2.7 as compared with 9.3 in 1977, 11.2 in 1976, 7.3 in 1975, 4.6 in 1974, 1973 and 1972, 4.2 in 1971 and 3.9 in 1970.

This 2.7 ratio is lower than the CN's passenger train service system average ratio for 1977 which was 3.6, and lower than CP's system average ratio for 1977 which was 4.0.

Evidence was also adduced showing that the loss per passenger on the E & N service for 1978 is estimated at \$8.37, compared to \$26.18 in 1977, \$38.81 in 1976, and \$25.72 in 1975.

As a result of this new evidence, we are of the view that the RTC's conclusion (a) is not applicable to the situation in 1978.

With respect to conclusion (d) of the RTC, strong representations were made for the continuation of the E & N passenger service at least until an attempt is made to establish an integrated transportation system for the Island.

As a result we are also of the view that the RTC's conclusion (d) is not applicable to the present situation. We do not find it possible to state positively that "the probable future passenger transportation needs of the area will not be hindered by the discontinuance of this passenger train service".

BENCH DECISION

We have reached the conclusion that the new evidence before us warrants a reversal of the Railway Transport Committee's decision that the E & N passenger service be discontinued. Thus, Order No. R-25960, as amended by Orders No. R-26029, R-26226 and R-26836, is hereby rescinded. A formal Order to this effect will be issued in due course.

CP's application for discontinuance of the E & N service will be reconsidered by the Railway Transport Committee within no more than five years from the date of our decision. This is a requirement imposed by Section 260(8) of the Railway Act. Until then, the Railway Transport Committee will continue to monitor the operation of the E & N service.

Hon. E.J. Benson,
President.

Anne H. Carver,
Commissioner.

J.M. McDonough,
Commissioner.