Putting fast rail back on track

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All but unnoticed amid the excitement over Barack Obama's election last November, California voters endorsed a highly anticipated ballot proposition to approve raising $9.9-billion (U.S.) in state bonds for the first leg of a high-speed rail line extending from San Diego to San Francisco and Sacramento.

In a region famous for both its green politics and its populist tax revolts, Californians offered up a resounding vote of confidence in a $40-billion infrastructure scheme well calibrated to the energy dictates of the 21st century. The California High Speed Rail Authority predicts construction could begin as soon as 2011.

The success of Proposition 1a should come as welcome news to Canadian high-speed rail advocates, who have long dreamed of such service between Windsor and Quebec City, and connecting Calgary, Red Deer and Edmonton.

But as is the case with high-speed rail systems in much of Europe and Japan, the proponents of the California project have been up front about the need to involve the private sector in this massive undertaking. The authority has retained Infrastructure Management Group, a finance firm, to assess the opportunities to involve private players; indeed, as many as 50 companies expressed interest last year. "The authority's finance team anticipates public-private partnerships will comprise $4.5-billion to $7-billion of initial investment opportunities, including project debt financing, vendor financing, system operations and private ownership."

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The implications for Canada are clear: If we want to drag Canadian passenger rail service out of the 1960s, Ottawa must include private partners, a development that could mean selling the moribund Via Rail to a transportation consortium that understands the technology, the market opportunities and is willing to invest.

This is an ideal moment to have the debate, given that federal politicians are expected to approve a multi-billion-dollar stimulus package this month.

With the incoming Obama administration poised to unveil a massive infrastructure program that includes substantial rail investments (he enthused about the potential for high-speed rail in the U.S. Northeast on the hustings), the California plan will almost certainly have additional public backing. Indeed, the U.S. Congress last year passed a long-term plan to upgrade Amtrak and provide matching funds to state-backed high-speed rail projects.

There's scant evidence that Ottawa sees the long-term implications of these developments. They suggest the possibility of continental high-speed rail networks linking populous urban mega-regions in the two countries.

Last year, the Harper government managed to rouse itself to fund a third of the cost of updating a feasibility study on high-speed rail in the Quebec City-Windsor corridor (Ontario and Quebec picked up the balance). The results have yet to be made public, and there's nothing to indicate they have much interest in an idea that is still associated with former Liberal cabinet minister David Collenette.

In Alberta, meanwhile, a consortium led by retired banker Bill Cruickshank has lobbied Alberta to consider a privately operated high-speed rail link between Edmonton and Calgary, to be financed through a proposed partnership between the consortium and public backers. Alberta Premier Ed Stelmach made positive noises about the plan, but has refused to release the results of a market assessment conducted in 2007. As Mr. Cruickshank notes, "If the government said it wouldn't work, I'm sure they would have told us."

High-speed rail, as Mr. Cruickshank argues, is tailor-made for public-private partnerships. Such train networks are extremely capital intensive and therefore depend on public financing to get going. But as a transportation service that competes vigorously with airlines, private operators will bring the necessary marketing savvy, as well as the ability of amortizing capital costs over a long period.

What's clear is that pure private plays don't work, while publicly owned passenger service tends to suffer from a lack of investment. (An exception is Spain, where the state has moved aggressively to build high-speed rail since 1994.)

Earlier attempts to privately develop such networks in Texas and Florida failed because of inadequate financing. In Japan, which originated the bullet trains in the 1960s as a national transportation policy, private firms now run the service.

In much of Europe, state-run rail companies and private investors have a history of collaborating successfully across national borders, the best example being Eurostar, the London-Brussels-Paris high-speed rail service that now commands a 60- to 70-per-cent share of the transportation market among the three cities.

The business proposition is that when customers factor in all the delays associated with flying, high-speed rail becomes a convincingly competitive option, in both price and time. In France, according to California officials, the TGV service between Paris and Marseille saw its market share triple, to 65 per cent, between 2001 and 2006 - a growth trajectory that actually prompted one discount airline to discontinue short-haul service between those cities.

The environmental proposition is simple: High-speed trains are a lot cleaner than planes and cars. As Mr. Cruickshank has calculated, an Edmonton-Calgary line could offset 150,000 tonnes of greenhouse gases each year.

If the recent developments in California do herald the beginning of a new era for 21st century rail in the U.S., Canada desperately needs to insert itself into that conversation, making the case for cross-border service connections and international joint ventures involving private investors.

Mr. Obama will soon be coming to Ottawa - presumably by plane. It's the perfect time to begin the discussion.

John Lorinc is a Toronto journalist and author of The New City.

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