

Thank you Mark.

Bonjour. Ladies and Gentlemen, Good morning.

I would first like to thank the conference organizers for inviting me to share with you VIA's thoughts on a topic of concern for many of us, especially those here today - the environment. I would also like to recognize three members of VIA Rail Canada's Board of Directors who have joined me this morning, Wendy King, David Hoff and Dr. Anthony Perl.

I know that this conference was inspired by a commitment to make Vancouver the leading ecological city in North America. This is an ambitious goal, but one I believe is attainable for a number of reasons.

First is the geographical setting and the exceptional climate that surround you. British Columbia, and more specifically the Vancouver area, boasts a healthy environment compared to other Canadian, US and even global cities.

But its not just about geography, it's also about a vision.

We must dare to dream, and that's precisely what you are doing. Vancouver is seeking to become a leading ecological city. It's evident to me that you are achieving this, not only by concrete gestures in the city, but also by taking the time to delve more deeply into discussions and to consult experts. The conference which is taking shape today is clear proof of this and I offer you my congratulations.

As the subject of my speech suggests, making the right choices today is key to securing a sustainable tomorrow, and I would like to speak to you about choices we are making at VIA Rail to ensure sustainable development of passenger rail in Canada.

Secondly, and on a more global scale, I will venture with all modesty to address the broad underlying question behind one of the reasons why this conference was held, namely how cities can share their vision of a sustainable city with the various stakeholders making up a community. But before I begin, allow me to provide you with a brief overview of VIA Rail, so that you know who you are dealing with this morning!

1. VIA in a Nutshell

This country was founded upon the construction of the railway and our railway system has always played a vital role in major development issues in our country and the cities comprising it.

VIA's history, of course, is more recent, having only existed for 33 years. In fact, it was back in 1977 that the Government of Canada created an independent Crown corporation

responsible for providing Canadians with a national passenger rail service. And we continue to operate a passenger rail transportation service from coast to coast. Every week, close to 500 of our trains travel across 12,500 kilometres of track. Just to give you a hint as to the magnitude of the network, 12,500 kilometres of track is close to three times the distance between Vancouver and Honolulu!(4357 kilometres)

We provide service to some 450 Canadian communities and, every year, over 4 million passengers take the train, for business, for pleasure and of course to see the country itself.

Our revenues cover more than 50% of our operating costs and federal subsidies cover the rest. To better illustrate what this all means, consider the following facts: we have certain routes that cover nearly 100% of their direct costs, as is the case in the very busy Ontario-Quebec corridor. In contrast, other trips, particularly those serving remote regions and in which we have a specific mandate to operate, cover only a small fraction of their direct costs.

Last year, our trains logged over 1.5 billion seat-miles and achieved an on-time performance of 83%. Much to the chagrin of my Chief Operating Officer, I fully plan on moving this to over 90% in the coming years!

VIA's Three Mandates

The other key fact behind fully understanding VIA is knowing that we carry out a number of different mandates.

For example, here in the West, we contribute a great deal to tourism.

You are no doubt all familiar with the legendary transcontinental train, *The Canadian*, which embarks on its expedition three times a week from Vancouver to Toronto. This train passes through the majestic Rockies on a path like no other in the world and we operate this service 365 days a year, in all manner of weather conditions.

We also operate other routes that contribute to tourism growth in Western Canada, including our services between Victoria and Courtenay and our fully daylight service from Jasper to Prince Rupert. VIA's Ocean service between Montréal and Halifax contributes to tourism in Eastern Canada.

VIA's presence across the country, but particularly here in the West, allows several hundreds of communities to benefit from a reliable, safe transportation service. VIA's presence in these tourist markets also fosters several partnerships with government and municipal tourism development agencies, not to mention the numerous businesses operating in this market, such as hotel operators, maritime and airline carriers, plus many more.

VIA also ensures downtown-to-downtown services between the major business centres in Canada. In the Eastern part of the country, this is accomplished through what we refer to as the Ontario-Quebec corridor.

As I mentioned earlier, these various mandates are not all cost effective. As a public service, we have a duty to serve certain remote communities. Moreover, when it comes to our business operations, we must perform along the same vein as a private enterprise. And I must tell you that, for the past few years, we have made substantial achievements in this area.

Over the past 10 years, with respect to VIA's operating costs, we have reduced our financial dependence on the government by 44%, while managing to increase our sales by 85%!

As you can see, we are on the right track – to coin an expression you hear quite often at VIA.

There is no need to clarify that this performance is a direct result of the dedication and experience of our employees. There are some 3,000 people employed at VIA who work on board our trains, in our stations, call centres as well as our maintenance facilities in Vancouver, Winnipeg, Toronto and Montréal.

And our employees are critical to our success. They are knowledgeable, dedicated and passionate, not only about the job they do, but also to our customers and the future of passenger rail in Canada. And yes, it would be fair to say there are a few "rail buffs" in the ranks. I salute their efforts.

Let us look now at the choices we make at VIA to ensure the sustainable development of passenger rail in Canada.

2. VIA's Choices for Sustainable Development of the Passenger Rail in Canada

Let's start by placing passenger rail in the perspective of one of Canada's most environmental challenging areas.

To begin, it is important to mention that the entire transportation sector in Canada generates 27% of all the greenhouse gas emissions emitted in the country. In real terms, this represents 200,000 kilotonnes per year, one of the highest per capita levels in the world.

84% of the emissions stem from road transport. In fact, only 3% of greenhouse gases in Canada can be attributed to railways, freight and passenger services combined. As you can see, passenger rail is not the biggest transportation contributor to pollution in the

country! However, just because passenger rail's "environmental footprint" is minimal, this is no reason for us to be complacent. That is why we are taking action!

At VIA, we have serious concerns about the environment, which is why we have incorporated an environmental approach into the very core of our business strategy. The fact that the environment is an integral component of our business strategy is quite significant in my view. This means that, to VIA, the environment is not something to be taken lightly. It is one of the company's six priorities, in the same capacity as the financial results or our human resource development; it is a true commitment for which I am accountable to the Board of Directors.

VIA's Environmental Strategy

VIA carries out its environmental strategy in four key areas. Firstly, we extend a great deal of effort towards reducing the environmental effects of our operations. Secondly, we invest in several green technologies. Thirdly, we promote green practices and, lastly, we have a very strict environmental risk management program. Allow me to briefly elaborate on these four defining priorities.

As mentioned earlier, we are not the biggest polluter in town. In fact, passenger rail is widely recognized as one of the most environmentally responsible transportation modes. When it comes to transportation, many of our customers see us as a real "green choice".

Why?

Since 1990, we have reduced our fuel consumption by more than 25% per passenger-kilometre, and we have reduced our greenhouse gas emissions by nearly 19%. As well, our entire fleet of rebuilt equipment now includes far more fuel-efficient heating, cooling, ventilation and lighting systems than ever before.

Additionally, for several years we have encouraged the creation of "VIA green teams", comprised of employee volunteers who promote safe environmental practices among employees on a national scale.

These teams have contributed to the creation and launch of useful initiatives, such as waste reduction in VIA's offices and facilities, not to mention a metal recycling program that has benefitted a local school. These green teams also coordinate VIA's participation in events aimed at raising awareness among the public of environmental issues, through events such as *Waste Reduction Week*, *Car Free Day* and *Earth Day*. Additionally, these teams publish a "Green Bulletin" for employees, a publication that provides information and updates on environmental events, issues and projects.

Fourthly, in 2004, we implemented an Environmental Management System, which provides a follow-up, assessment and environmental performance communication

system. This system is updated on a continual basis and is subject to annual internal audit procedures.

I hope that this gives you a general overview of what we are currently doing at VIA to ensure the sustainable development of passenger rail in Canada.

3. Conveying the Sustainable City Vision to all Community Stakeholders

I now come to the more global issue behind your conference: how cities can convey their vision of a sustainable city to all the stakeholders of a community.

Clearly, I do not have all the answers.

I began this morning by saying that we must dare to dream. As a delegation of leaders participating at this conference you need to inspire, to challenge, and to continue to raise awareness of these issues among political and social stakeholders. It is vital that you continue making plans, establishing policies and laying the foundation for new solutions, because the future of our societies lies largely in our cities.

Last May Canada chaired the *2010 International Transport Forum*, in Germany. A meeting focussed on innovation in transportation. Two common, universal facts emerged.

One - throughout the world, the need for populations to travel more efficiently is on the rise. Understandably, we might add, so is the need to find an alternative to the automobile, to traffic build-up in several major cities, and the list goes on.

Secondly, increasingly more people are worried about the health of our planet. When it comes to transportation, people want to make the right choice, a "green choice"!

We are well aware of these two areas of concern at VIA. We know that, in the future, more people will take the train due to efficiency and environmentally safe reasons. There is a reason why passenger rail occupancy indicators are on the rise throughout the world, and this is also the case in Canada.

Last year, the Canadian Urban Transit Association conducted a study known as *Transit Vision 2040* among 275 Canadian companies, all of which are linked to the transportation community. This study is opening up avenues for us. Among other things, we have learned that:

- by 2040, the Canadian population is expected to grow from 33 million to over 40 million;
- our society will have become quite different, with more densely populated cities, an aging population, growing immigration, as well as changing lifestyles;
- the small cities and rural areas will see a further decline in their populations;
- people's mobility will become a major issue;
- traffic congestion will continue to increase;
- uncertainty around the future of energy will be greater than today;

- we will have made significant progress with respect to environmental protection, but several significant challenges will still need to be overcome;
- support from the population for sustainable policies and practices will increase; and all of this will guide us to a society that will favour public transportation.

From this perspective, the train is poised to become a hot alternative commodity in the 21st Century. In fact, this vision for 2040 paves the way for a more vibrant society that is in tune with community values, more focussed on sustainable development, more open to community life and more open to public transportation.

I need not even mention to you that projections of this nature inspire me each and every morning when I arrive at my office. And just as the Canadian Rockies bring inspiration no matter how many times you have seen them, creating and maintaining a vibrant passenger rail system for years to come energizes not only me but the entire VIA team.

Of course we need to do this without losing focus on our customers of today. And we've already taken a number of steps to make it easier for customers to travel..and to make public transportation options more appealing, a real win-win for the environment from both a gridlock and an emissions perspective.

Let's take a minute and look at how we might make it even easier though, or more seamless. For example, today, intermodality, or the way that different modes of intercity transportation compliment each other and provide travellers with relatively seamless transfers from one mode to another, is still not very far advanced in North America compared to Europe and Asia.

We're moving in the right direction though.

For instance, in some cases, the transportation providers share the same facility such as in the Vancouver and Québec City train stations, but have no agreement between them for selling each others' tickets. We are working to make that better, a lot better!

In other cases, the infrastructure is separate, the operators have no agreement, yet consumers still use them in an intermodal fashion doing much of the scheduling and ticketing on their own with or without the knowledge of the respective carriers.

I can think of Vancouver station where customers regularly arrive by train and catch a bus to get them to a ferry to take them to Vancouver Island. A prime example of intermodality in North America can be seen right here in Vancouver with your own new Canada Line of the Sky Train from the airport to downtown, with I might add, a connection to your Expo Line that stops right in front of our Vancouver train Station. Vancouver and BC are to be congratulated for this great advance in intermodality. You are leading by example.

So what are the barriers that prevent collaboration between carriers and how do we get by them? Ticketing, accounting and schedule integration are a few we can name.

As I mentioned earlier, at VIA, we are breaking through these kinds of barriers. How are we doing that? By leveraging the power of electronic technology. By establishing partnerships with foreign and domestic airlines that will allow us to offer integrated ticketing, making the transfer from one carrier to another seamless.

Many of you here today are frequent travellers. I am sure that you have your own ideas of how companies like VIA could make your total travel experience more efficient and simpler. If so, I'd love to hear from you later.

The Government of Canada's Response to Transportation Challenges of the Future: Capital Investments

The Government of Canada is well aware of the need to invest today to ensure a solid foundation for future generations of travellers, and the passenger rail sector is no exception. In fact, since 2007, this government has invested almost a billion dollars in the passenger rail network in Canada. This is the largest single infusion of capital we have received since VIA was created in the 70's.

Moreover, I want to emphasize the active role that Canada's Department of Transport has played in these issues, especially the interest shown by Minister of State for Transport Rob Merrifield. I would also take this opportunity to acknowledge the support of the Honourable Chuck Strahl, our new Minister of Transport, Infrastructure and Communities, who took on this position last month.

Thanks to these dollars, we can now rely on more rapid, efficient, reliable, fuel-efficient locomotives. We will also be able to provide more appealing, comfortable, passenger cars.

Regarding traffic, we will be able to reconfigure certain infrastructures, to allow us to avoid bottlenecks in the Montréal-Ottawa-Toronto triangle.

In short, these investments will allow us to increase our capacity to better serve the public, with faster trip times and more departures. We are also working on breathing new life into our stations to make them more appealing and efficient.

We will soon embark on the implementation of a new wireless Internet system...or WIFI... in the Ontario-Québec corridor which will be the highest-performing of any wi-fi system offered on a passenger rail service in the world today.

As you can see, we are going full steam ahead in preparing the future of passenger rail! And we are not alone. Even President Obama is investing billions of dollars in railway infrastructure in the United States, including the construction of some lines reserved for high-speed trains.

This conference is about envisioning ... daring to dream about the future. I would be remiss if I left without mentioning High-Speed Rail a file that many Canadian are talking about and looking at more seriously, both in central Canada as well as here in the West.

I would just like to make a couple of points on this topic.

Firstly, it is important to keep in mind that, when we talk about High-Speed Rail, we're referring to a secondary dedicated rail line.

In all countries operating this type of train, the two networks coexist, each with a very specific vocation. This means that any high-speed trains would run in tandem alongside the current network, not replace it.

Secondly, as the head of a federal Crown Corporation, I would be overstepping my boundaries by providing you with my own opinion on whether Canada should move ahead with High-Speed Rail or not. Those decisions will be taken at a higher level, and we are ready to continue offering our advice as part of that process. Let's be clear though. We are also ready willing and able to operate such a system if the project were to come to life.

Conclusion

In closing, I believe that an effective forward-looking transportation policy should possess two major characteristics. Global and local. It must be in tune with the needs of cities, while not losing sight of the crucial need for planning on a global scale.

One thing is for sure: any community that seeks to become a leading ecological city in the Americas should count the passenger rail among its partners.

We look forward to collaborating with Canadians from across the country including our partners here in Western Canada to help our society become greener and more sustainable.

I will be available during the break to answer any questions you may have.

Merci.

I thank you for listening and I wish you a productive conference.