

MONTRÉAL, SEPTEMBER 30, 2014

**YVES DESJARDINS-SICILIANO, PRESIDENT AND CHIEF EXECUTIVE OFFICER,  
VIA RAIL CANADA  
SPEECH TO THE BOARD OF TRADE METROPOLITAN MONTREAL  
CHECK AGAINST DELIVERY**

Ladies and gentlemen,

Today, I'd like to share what I have learned during the more than 300 conversations I've had with VIA Rail passengers since being appointed CEO on May 9 of this year. I will also address the question of VIA Rail's future and where we might conceivably take our service. Lastly, I will challenge you to join me and the entire VIA Rail team in making this Montréal-based company a transport industry leader, proudly taking its place alongside the other transport industry leaders who call this city home.

VIA Rail is wholly owned by the Government of Canada. This makes all of you company shareholders. Your representative is the Minister of Transport, the Honourable Lisa Raitt.

That unique shareholder appoints the Board of Directors, which today is made up of five women and five men, and on which we currently have two vacancies. Ultimately, the Government of Canada, in consultation with the Board of Directors, also appoints the Chief Executive Officer. VIA Rail is an independent Crown corporation, it is not an agent of Her Majesty The Queen in Right of Canada. Therefore, what I say does not bind the government of Canada. The suggestions and ideas I am putting forth today are mine and mine alone.

In 2013, VIA Rail transported close to 4 million passengers Canada-wide, serving 450 communities, urban centres and small towns alike, through some 500 trains per week. There are three types of service: those to remote regions, like the Montréal–Senneterre route; long-haul services, like the Montréal–Halifax or Toronto–Vancouver routes, which are overnight; and lastly, the Québec City–Windsor Corridor, a core service whose main market consists of the cities of Québec, Montréal, Ottawa and Toronto. Each of these services runs at a deficit. A public service is by default State-subsidized. On the presentation slide, you can see the government contribution and along with it, what each one of us pays per VIA Rail passenger. Reducing this contribution is in your hands. Each time you choose to travel over a relatively short distance, for which the train is the most effective mode of transport, you help cut the subsidy further still.

VIA Rail's headquarters are located in Montréal. A full 1,200 of its 2,600 Canadian employees are based here. From Central Station, there are 40 departures and arrivals daily through the Corridor. In 2013, \$262 Million were invested in regional goods and services, and over 1,375,000 passengers departed from or travelled to our Montréal stations, which is to say, both downtown and Dorval. This makes us a major economic player. I would like to take a moment to point out the participation and partnership of CAD Railway Industries, which has been helping us refurbish our rolling stock since 2007.

We listen to our customers, and not just onboard, but also through social media. Since May, I've been on Twitter at @VIARailPrez, which allows me to interact with those who take our trains.

A new advertising campaign hit the airwaves yesterday. Here are two sample ads.

<15:00–15:58 – Presentation of the clips “Alice est une femme efficace” and “Martin has big responsibilities”>

The ad ends on this note: With VIA Rail You're the Boss. You're in charge. The idea here is that despite any preconceived notions people may have about Crown corporations (and especially transport companies), the customer comes first. This is the major change we intend to bring about at VIA Rail.

I'd like to note the input of our partners at Cossette Marketing who helped us develop this creative approach—an approach that equally promotes being able to do business and being able to enjoy life, and in absolute comfort.

Who are VIA Rail's customers? Nearly two-thirds of them are women, and the average age is around 45. While the *Canadian* and *Ocean* services travelling to the west and east coasts respectively are popular among tourists, especially Asian and American visitors, 75% of people who take the *Canadian* from Toronto to Vancouver are Canadians discovering Canada, and 92% of *Ocean* passengers are Canadians discovering the Maritimes. Business trips constitute another major reason for taking the train, with 24% of our passengers using VIA Rail for their business travel. And 71% of our customers are regulars, meaning that those who like VIA Rail like it a lot.

Here are 10 top reasons to take the train. Number ten: Rain or shine, whatever the weather—and certainly with winter on the horizon—**we get you there**. Our punctuality in the Corridor is greater than 85%, in part due to our excellent working relationship with CN, a partnership that dates back to when CN was a federal corporation. So, 85% of the time, we get you to your destination on time. And should the unexpected interrupt your trip, we get you there anyway, and we compensate you for the inconvenience.

**Intermodality**. In 2012, VIA Rail launched an ambitious program of partnership agreements with a range of carriers—air, bus and automobile—as well as other railways (AMT, GO Transit and the U.S.-based Amtrak). These partnerships came under the spotlight in 2013 when VIA Rail received the “AirRail Concept of the Year” award in Frankfurt, Germany.

Reason number eight is **simplicity**. In addition to e-ticketing, boarding the train is easy. You can arrive at the station five minutes before departure, board the train by showing your e-ticket on your smartphone and presto, you're on your way, and you can be connected from the moment you board the train. You don't even have to check your bags: just bring your luggage with you when boarding.

Seventh reason: **frequency**. From Montréal to Québec City, Ottawa or Toronto, there are 21 departures daily and we plan to add more next year and in the coming years.

**Connectivity**. You can connect to our WiFi system the minute you step into a VIA Rail station or onto a train and can use your electronic devices—your mobile phone or tablet—to connect to our on-train entertainment system. We broadcast CBC and NFB programs and will soon feature Telefilm Canada productions. In doing so, we help Canadians see their tax dollars at work and introduce them to the top-of-the-line programs and films produced by these great Canadian institutions.

Fifth reason: **from city centre to city centre**. For historic reasons, nearly all VIA Rail stations are in the downtown cores of the cities we serve. So for example, two streets from where I now stand, I can board the 5:05 train to Ottawa which gets me to within seven minutes of downtown Ottawa. This is a major competitive advantage over car travel.

**Accessibility**. Accessibility has two meanings. First, accessibility means easing the way for people with disabilities. We like to say that VIA Rail is the only intercity transportation company that serves all Canadians. If you get around with a wheelchair or with a walker or you need help boarding the train, we can accommodate you. But accessibility also denotes affordability. This fee schedule shows that, for as little as it costs to park in each of these cities, you can get there in economy class; in business class, you get a hot meal on real plates and bar service. You can get to these cities in complete comfort, and with Wi-Fi in many parts of the country.

The third reason: **comfort**. Whether for business, in business class cars newly renovated right here in our Montréal Maintenance Center, or in economy class cars currently being upgraded at our Montréal plant and soon at CAD in Lachine, or on long-haul routes where you can enjoy your meals in the dining cars or, ultimately, the Toronto-Vancouver run in our newly renovated Prestige cars, which are more like a five-star hotel with a concierge service, fully stocked bar, a flat-screen TV. You choose the class of transport, we provide the comfort.

The second reason is also the very first thing I've been told by every passenger with whom I've spoken to date. Namely, **VIA Rail's employees are incredible**. The VIA Rail crews in the stations, in the call centres and onboard are highly appreciated for their pleasant dispositions, the way they approach customers and try to deal with their issues, even if it's beyond their job description, and how they try to be of service. And I'm proud to have four of them with us here today and I'd ask them to stand and be recognized on behalf of their 2,600 colleagues.

But the last reason, the Number 1 reason is: **sustainable development**. The main reason why each one of you, each one of us, each Canadian, especially those living in the Corridor, should consider taking the train to get to the cities VIA Rail serves, is this: we owe it to future generations. Out of every conceivable mode of transport, the train is simply one of the most environmentally friendly.

Today, 83% of journeys made in the Montréal-Ottawa-Toronto Corridor are by car. The carbon footprint of the automobile exceeds that of all other modes of transport. These are individual choices that each of us make every time we decide to take the highway to travel in the Corridor. At VIA Rail, reducing our environmental impact is an ongoing effort. In recent years, in part due to investments by the Government of Canada, we were able to cut our greenhouse gas emissions by 20% and our fuel consumption by 27%. We also recently developed and patented technology to help locomotive engineers manage their driving in a way that will use less diesel, thus reducing the greenhouse effects even further. This technology was developed right here in Montréal by Montréalers.

Today, passenger rail is a sector in development around the world. From 1980 to 2000, there was little growth or development in this sector worldwide. The challenge of our generation is to overcome, for the sake of future generations, the situation arising from 20 years of neglecting one of the most efficient modes of transport there is. Why? Because travelling by car—we see this every day in Montréal, Ottawa, Toronto—causes congestion. Based on conservative estimates, traffic congestion generates losses of 3 to 4 billion dollars annually in terms of wasted time and productivity. This is what caused the former mayor of Bogotá, Colombia to say that a developed country is not a place where the poor have cars. It's where the rich use public transportation.

To get there, here are our strategies for the future. We must first identify our customers' needs. We must also encourage intermodality. And we must have dedicated tracks for passenger service along with a new financing model, because the taxpayer has contributed enough.

What do our customers need? First, reliability. Trains must leave on time and arrive on time. Second, frequency. I shouldn't have to plan my work or holiday departures around the train timetable. Rather, the train should be available when *I'm* ready to go. Finally, travel time should be as short as possible.

Intermodality. This is a topic of particular interest here in Montréal because of the Dorval airport. Eventually, we will need to integrate the VIA Rail station into Dorval's building stock. It is close enough to see, but too far to reach on foot, so it has to be integrated with the Dorval station. Otherwise, our generation's legacy will be marred by our failure to do what every other global city has managed to do - to connect air and rail transportation.

To be able to talk about dedicated tracks, I'll have to give you a bit of history. In 1885, the last spike was driven on the national railway that helped build the Canada we know today. Since that time, passenger and freight rail have shared the same tracks, making them mixed-use tracks. In 1977, CN and CP transferred their passenger rail

assets to the newly established Crown corporation VIA Rail. VIA Rail has continued to operate in a context of shared freight and passenger rail infrastructure ever since.

With railway congestion as it is, this state of affairs will be impossible to sustain in the future. The number of freight trains, commuter trains and VIA Rail trains continues to climb. And the more freight trains there are running at 100 kilometres an hour or slower, the harder it is for passenger trains to go 160 kilometres an hour or faster. They need their own separate tracks. Today, the VIA Rail trains you see creeping by actually have the capacity to reach speeds of 160 kilometres an hour. What does 160 kilometres mean? That means Montréal–Ottawa in an hour. That means Montréal–Québec City in just over two hours. And that means Montréal–Toronto in three-and-a-half hours. That's what 160 kilometres an hour means and that's what we can do today with current technology if we have our own railway track. When I say "our own," I mean passenger tracks. Tracks for VIA Rail that can be shared with AMT, GO Transit in Toronto, etc.

But making this happen will cost money. As I said earlier, Canadian taxpayers have given enough. We need to take a new financing approach. Currently, the Canadian government covers VIA Rail's operating deficit and part of our financing comes from passengers. Since 2007, the government has spent over a billion dollars—the largest capital investment in passenger rail in the history of Canada—on improvements to VIA Rail's infrastructure, including new trains, new stations and new technology.

In that time, the operating deficit absorbed by the Government of Canada has risen to 2 billion dollars... another major contribution. What does that mean? It means that for each passenger, the government—or the taxpayer—covers 53% of operating costs (fuel, on-board staff). Fifty-three percent is covered by the government and the remaining 47% by the passengers themselves.

A new financing approach would in part have to include the municipalities and provinces which stand to gain from the development of passenger rail because, just as it did back in 1885, it spurs linear development along the entire railway, as well as commercial, industrial and residential development. Therefore, municipalities and provinces have property tax benefits.

Obviously, there are the financial markets. Today, some of the world's biggest investors in rail network infrastructure are Canadian: through Borealis, OMERS invested more than \$3 billion to acquire a 30-year concession in England for the roughly 100-kilometre line connecting London to the Channel Tunnel. This is a Canadian corporation. And in the area of railway technology worldwide, Canadian technology is everywhere, technology made right here in Montréal by Bombardier.

The future of VIA Rail. In the coming years, expect to see more trains, shorter travel times and better connections between planes, trains, buses and cars. Often people think railways are competing with the airlines, but that's not at all the case. Our aim is to transport more people from stations to airports, and vice versa. Fifty percent of our customers live outside of Montréal, Ottawa and Toronto, in the towns between these cities. And that's what we are here for.

I've talked about what we do and how we do it; now let me tell you why we do it: there is no Planet B. If our generation is incapable of taking up the challenge of our time—protecting the environment and our kids' and grandkids' future by leaving our planet in better shape than we found it—then shame on us. When I think about the opportunity we have in front of us here in Montréal, I'm very optimistic.

In closing, I would like to thank the Board of Trade for giving me the floor. Thank you for allowing me the honour of making my first public address in Montréal. I believe this city can succeed as a leader among urban centres and I hope to turn VIA Rail into one of the Montréal-based corporations that changed the world. Thank you and good day!