

# SPEAKING NOTES:

YVES DESJARDINS-SICILIANO, PRESIDENT AND CEO

*CHECK AGAINST DELIVERY*

This year went so fast. One year ago, the Government of Canada and the board of VIA Rail appointed me as the new CEO and President of VIA Rail. We had a lot of challenges ahead of us, and we accomplished a lot through the year. This is what I want to share with you today.

The year started on a very bad slope. Revenues were down and ridership was down, but we seized the opportunity to show that we could do better, and luckily, with a lot of hard work — my father used to say the harder I work, the luckier I get — we improved.

How did we increase revenues over the year? By adjusting our capacity where demand warranted more seats available for passengers, by adjusting prices to reflect the added value that our services were bringing to Canadians. And although ridership did drop, the revenue did increase, and therefore, Canadians started to accept the value proposition of VIA Rail. Overall, over the year, our revenues went up by four percent, although our ridership, as I mentioned, went down. However, that picture is also improving as we enter 2015, and I'll get to that in a second.

So how did we hit the ground running mid-year, last year? Well, first and foremost, by listening to our employees. Our 2,600 employees know what makes our customer service the best and where we can improve so that our value proposition is enhanced for our customers. So listening to them was the beginning of ideas to come.

We are also always listening to our passengers onboard our trains. People often ask me when I travel — and I travel at least two, four, six times a week by train — why do I take the time to introduce myself and meet with passengers? Well, to put it very simply,

there are two reasons: one is that it's a free survey, and we can afford free at VIA Rail, but it's also a way to establish contact with those who, again, know best because they're at the receiving end of the services we provide.

So through that input, we've been able to bring forward significant improvements in 2014 to the benefit of our customers and our financial performance.

## **TRAINS**

First of all, we've increased the number of trains between Ottawa and Toronto. Four trains in each direction were added in 2014.

On the Ocean Service, where service was reduced from six to three weekly returns in 2012, we added trains in the peak period of the holiday season. We also adjusted trains by adding cars at peak periods during the year, like back-to-school, for example.

And we also celebrated the Ocean, on its 110th anniversary. If rail has been present through the Ocean in Atlantic Canada for 110 years, it's a sign that it'll be there for the next 110 years. Our commitment to the Ocean and to eastern Canada is unwavering in that regard.

We continued the renovations of our 26 LRC Economy class cars, and modernized our menus in Economy class, choosing Canadian products as often as possible for all of our meals. We also modified the menus so that our Business class clients can almost always pick between three meals, and 100% of the time pick between at least two meals. We added both these menus and refurbishments to our LRC fleet in the Québec city – Windsor corridor.

## **STATIONS**

Stations were opened following renovations or construction, whether it be the walkways that you see in the corridor between Montreal and Toronto or whether it be Windsor Station out in southwest Ontario. Those stations are a symbol of VIA Rail's commitment to the future as they are modern, while continuing to serve and protect its long tradition of service to our communities.

## **TECHNOLOGY**

But if there is a sign of modernization at VIA Rail that stands out, it is its use of technology. In 2014, we decided to invest a significant amount of the funds provided to us by the Government of Canada in improving our technology.

You will remember that in 2013 we announced a new 10-dollar bill. Now every Canadian can carry a picture of the Canadian train going through the Rockies in their wallet. Through mobile technologies, every Canadian, as soon as this summer, will have an application from VIA Rail that they'll be able to carry on their portable device. We've got you covered.

On the web, we also increased our readership by extending our website to include Spanish and Simplified-Chinese-speaking versions. Our website was modernized, and now the look and feel of the VIA website reflects our 2015 standards.

## **SAFETY**

Regardless of our operational advancement, one thing remains the same. Safety is paramount in this business. It is the cornerstone on which the VIA Rail business is based. Taking the train in the morning, whether you are an employee or a passenger, it is a guarantee and will remain a guarantee that you will arrive safely at your destination. That is our commitment, and the unfortunate events that happen around the world in the railway business remind us every day of the importance of security.

When those moments happen, we take that as a signal that we must remain vigilant and always remember our commitment to each other, to our passengers and to the public to ensure a safe operation.

That is why when I took over this position at this time last year, my first meeting was with City Council in the City of Ottawa where we had had significant issues around crossing signals. We launched a major initiative that had us deploy 133 measures to counteract unreliable signalling in that area. It wasn't creating a dangerous situation in itself for railway operation, but it was creating high annoyances for pedestrians and drivers, and more importantly, it was starting to eat at the trust that people need to have in their railway service.

So we took significant action, the last of which will be the building of a siding in Ottawa, and will complete those 133 initiatives.

Safety is also why we invested in developing our own GPS-based train safety system, to help our locomotive engineers be more aware, have more information and therefore be able to continue to enhance the safe operations of our trains.

## **INTER-MODALITY**

Our announcement last week of our partnership, with Union Pearson Express is the perfect symbol of integration of rail and air. From now on, anywhere on our network, you can buy yourself a VIA Rail ticket and an accompanying UP Express ticket in one single transaction and from your point of departure, and get yourself all the way to Toronto Pearson's International Airport.

And that is why I was honoured to say last week at the [Global AirRail] conference where we announced this partnership that train services are a partner in addition to air transportation services and not a competitive offering.

## **CORPORATE SOCIAL RESPONSIBILITY**

Corporate social responsibility is more than a theme at VIA Rail, it is one of the reasons we exist as a public enterprise. We are here to serve the communities in which we operate, and that is why this year's Annual Report marks a first for VIA Rail. You will find in this year's annual report a section dedicated to corporate social responsibility in which we highlight our commitments to our environment, our passengers, our employees, and again, to safety.

### **2015**

So where are we now at the beginning of 2015? As I mentioned earlier, the picture has improved. Revenue is continuing to grow, and ridership, although still dropping, is dropping less, which tells us that we are starting to find the equilibrium between pricing and ridership and accessibility and affordability, but there's a lot more to be done.

### **ON TIME PERFORMANCE**

The biggest risk in our profile today is on-time performance. Our trains ran at 63% on-time performance in the Quebec city - Windsor corridor this quarter. That compares to 86% in 2011. It compares to 77% in 2013. And it compares to 67% last year. On-time performance is deteriorating.

Why? Because of congestion on the railway brought about by the increase in freight railway operation.

Canada's economy is still growing, and that's good news. And because it is growing, freight traffic is growing as well — close to 40% over the last five years. The bad news

is because freight is growing to that extent, it is slowing down passenger rail services. It is limiting the opportunity for increased frequencies of passenger rail services, and it is making passenger rail trains spend a lot of time waiting for freight trains to go by, or slow down because freight trains are ahead. And that is what explains our on-time performance deterioration.

That is why we are working closely with our railway partners to try to limit the impact of that economic growth on our passengers. That is a task that we undertake every day with patience, dedication, and a clear understanding that what is good for freight railways is good for Canada. But what is also good for Canada is a highly mobile population that can depend and rely on an efficient and safe passenger railway system. So the outlook for the rest of the year is a bit more of the same.

We will continue to deploy our equipment and deliver more refurbished cars this year, while investing in maintenance and mechanical services to reduce downtime, especially in preparation for next winter, should it be as harsh as this winter.

We will continue to work with our railway partners to improve travel times and the reliability of our trains.

And lastly, we will investigate the investment possibilities to acquire and build a dedicated passenger railway infrastructure in a first phase between Toronto, Ottawa and Montreal, so that we can ensure a robust and reliable passenger rail system in the core economic corridor of Canada.

Now let me conclude by introducing a few images from the advertising campaign launched last week asking all Canadians to tell us who's onboard with VIA Rail's passenger rail service.

Thank you