

# Message from the Board of Directors

VIA is one of the most trusted passenger services in Canada today. An independent survey ranked it number one in the transportation industry in 2005 – higher than every other company, passenger or freight, in the country.<sup>1</sup>

This trust reflects VIA's ability to provide good value for money to paying customers, to the Canadian taxpayer, and to its shareholder, the Government of Canada. Passenger rail served a record number of travellers across Canada in 2005, and VIA achieved the highest annual revenue growth in its history. We are recognized for our excellent customer service, with 40 per cent of customers reporting that we exceeded their expectations. And despite rising charges for fuel and operations, VIA improved cost-recovery once again – the overall revenue/cost ratio in 2005 was 62 per cent, up from 59 per cent in 2004.

VIA's performance in 2005 confirms that there is a real need for the kind of transportation alternative that rail provides. No other mode of transportation can deliver the same kind of safe, year-round, comfortable travel option for Canadian travellers.

This option is becoming increasingly important to Canadians who are concerned about traffic congestion, highway safety, and the environmental consequences of their transportation choices. Passenger rail is simply the safest, the most efficient, and the most environmentally responsible choice for travel in Canada today.

However, without clear direction from the Government of Canada and a commitment of adequate resources, we must raise serious concerns about the continued success of passenger rail.

<sup>1</sup> As reported in the Leger and Leger Corporate Reputation Study, May 2005.

Investment in passenger rail infrastructure and equipment are critical if the Corporation is to continue serving Canadians well. VIA and its shareholder, the Government of Canada, continue to explore how to best serve this need. The level and nature of any such investment requires decisions with respect to the role of passenger rail, and clear choices about how VIA can best serve Canada in the future.

Pending such decisions, VIA has drawn on limited reserves to fund the equipment and infrastructure needs which are most critical to the continued viability of its passenger services. At the same time, it has become impossible to replenish these reserves, given unforeseen negative market conditions, rising operating costs, and operating funding levels that have not been adjusted for inflation for many years.

With delays in capital investment, the Corporation now has almost no resources to address infrastructure and equipment needs, or to cover operating shortfalls over the coming years.

Both VIA's Board of Directors and VIA management are fully committed to working with the Government of Canada to achieve its policy objectives for the role of passenger rail in public transportation.

Notwithstanding the above challenges, VIA is well prepared to move forward. Travel markets across the country show signs of improving, and the Corporation has an exceptional management team and exceptional people – people who have proven their extraordinary capacity to provide the best possible service to customers and to the taxpayers of Canada.

The Government appointed nine new members to the Board in 2005. We welcome them and extend our thanks to the seven members whose terms ended the same year.

We are confident that VIA will continue to earn the trust of Canadians, and to meet their high expectations for national passenger rail service.