

When I joined VIA Rail Canada this year, I had already heard about the “VIA Miracle” – the story of how this corporation has quietly transformed passenger rail transportation and become a model of responsible, efficient management in the public sector. It didn’t take long to discover the secret behind this miracle: the people of VIA Rail Canada.

Throughout my career, in both government and the passenger transportation sector, I have never met a team of people more dedicated, more professional, more passionate about their work. VIA’s people believe in passenger rail. They know the business of passenger rail. Day in and day out, they are determined to make it work. And it is this determination that has created the VIA story, a story of success beyond all expectations.

We added another chapter to that story in 1998. The year started off with a major challenge – the January ice storm that shut down the country east of Toronto and disrupted train services. That storm, followed by mild winter conditions across Canada, was responsible for an unexpected loss of revenue, and disappointing results for the first quarter. Despite this challenge, VIA was able to stay on track, to stay focused, and achieve yet another year of significant reductions to government funding.

We increased overall revenues by five percent for the year. And we continued to narrow the gap between revenues and costs. By the end of 1998, VIA’s revenue-to-cost ratio reached 52 percent, an impressive six-percent gain over 1997.

While we managed to continue VIA’s success, it also became increasingly clear that our ability to do so in the future will be severely limited without significant changes in the way that passenger rail services are funded and delivered in Canada. For example, the need to invest in our equipment and infrastructure is paramount. If we are unable to do so, performance will decline, and maintenance costs will start to rise dramatically. Inevitably, we will lose customers, as our ability to provide a consistent, high quality service is compromised.

Fortunately, 1998 also marked a major breakthrough towards building a more secure foundation for the future of passenger rail and, by extension, all public transportation in Canada. At the request of the Honourable David Collette, Minister of Transport, the Parliamentary Standing Committee on Transport completed a thorough review of passenger rail. In its report, the committee called for the revitalization of passenger rail, including more innovative, flexible ways to finance VIA’s equipment and services. →



President's Message

The government agrees. VIA is now working in unison with the Minister of Transport to develop a comprehensive, long-term strategic plan for passenger rail in Canada. This plan will address the key issues that need to be resolved, such as the need for stable funding, improved access to the tracks VIA shares with the freight railways, and more creative partnerships with the private sector in delivering quality service to Canadian travellers. I am confident that these issues can be resolved, so that passenger rail will not only survive, but grow, to meet the integrated transportation needs of Canadians in the 21st century.

In the meantime, VIA's immediate priority is to stay focused on the fundamentals of managing passenger rail – running a safe operation, enhancing our financial performance, and identifying opportunities for growth in 1999.

We will consolidate our ridership and revenue gains by continuing to improve the quality of our service. We will continue to look for ways to reduce costs. We will promote growth aggressively in key markets, especially business travel in the Corridor and domestic and international tourism on the eastern and western transcontinental services. We will pursue new business opportunities, such as providing a direct rail link to the Dorval air terminal in partnership with Aéroports de Montréal. We will continue to refine our new reservation system offering advance seat selection for coach travellers, and we will modernize VIA's call centres, ensuring the most efficient possible response to customers. And, as always, we will do this while maintaining safety as our corporate priority.

On all of our services – economy class and *VIA 1* in the Corridor, and our *Easterly* and *Silver and Blue* long distance services – we will continue to concentrate on delighting our customers with the high quality service people expect from VIA.

The year ahead promises to be a good one for passenger rail. The new century promises to be even better. We enter the new millennium with a solid, world-class track record, and a commitment to revitalize the very foundations of passenger rail for the future.

The people of VIA Rail Canada are ready. If we unleash their passion – the passion that has kept the train a vital, vibrant service in Canada – passenger rail will carry Canadians into the next century at full speed, achieving its full potential as a safe, modern, environmentally friendly and efficient answer to the transportation needs of the future.



ROD MORRISON
President and Chief Executive Officer