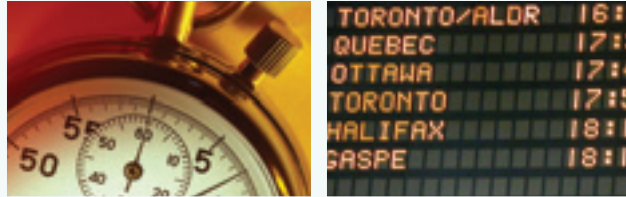


## Growth



With revenues increasing five to ten per cent annually from 1997 to 2002, VIA has been able to significantly improve and expand passenger rail services for Canadians, while reducing the costs to government of operating these services.

Growth in revenues, ridership and services continues to be a core focus of VIA's strategic plan. While revenue growth was not achieved in 2003, VIA moved closer to the goal of becoming the first choice of travellers.<sup>1</sup>

### Expanding market share

The Quebec City - Windsor Corridor is the busiest travel market in Canada, and represents over 70 per cent of VIA's business. In 2003, passenger rail became the first choice for a greater proportion of travellers in this market.<sup>1</sup>

VIA increased its share of the public mode travel market in the Corridor every quarter of 2003, with growth reaching more than four per cent year over year. With total passenger volumes in the Corridor exceeding normal levels and setting new records in the fourth quarter of 2003, VIA is in a good position to maintain and expand these gains in 2004.

### Reducing trip times in time-sensitive markets

In 2003, VIA achieved a remarkable 20-minute reduction in the best trip time between Montreal and Ottawa, making the train a more attractive choice for travellers on this route. As a result, VIA was able to increase revenues for this service, even under poor market conditions.

The reduced trip times, and resulting revenue growth, were a direct result of investments made to improve the Montreal - Ottawa infrastructure in 2002, allowing passenger trains to operate safely at higher speeds. With additional infrastructure improvements, similar time reductions and growth can be achieved in other key Corridor markets. VIA's current investment plan, pending approval at the time of this report, addresses the need to improve infrastructure on these routes.

<sup>1</sup> - In 2003, VIA's share of the public mode travel market in the Quebec City - Windsor Corridor rose more than four per cent over the previous year. (Pollara - 4th quarter 2003)



### **New train frequencies and services**

Adding new frequencies in high potential markets — providing travellers with more convenient choices for departures and arrivals — has been critical to the growth of passenger rail over the past decade. VIA operates 20 per cent more frequencies today than in 1990. Over the same period, in the Corridor - East (Toronto to Quebec City) alone, the number of frequencies went up 37 per cent, which increased both revenues and ridership, while reducing the company's reliance on operating funding from government by 56 per cent.

In August 2003, VIA added a fourth Jasper — Prince Rupert weekly departure, which will continue to operate during peak tourism periods. Additional express services planned for the Toronto - Ottawa - Montreal triangle have been put on hold, but will be introduced if the operating capacity of the rail infrastructure shared with freight trains can be optimized to handle increased traffic.

Interest in expanding and adding new passenger rail services remains high in all parts of the country. During 2003, VIA received requests from local communities, municipalities and provincial governments to consider offering additional services in Western Canada, Ontario, New Brunswick and Nova Scotia. VIA is evaluating the feasibility of such services, to determine if, and under what conditions, they could be provided without increasing costs to government. Any decisions based on these evaluations will, of course, be made by the Government of Canada.

### **Expanding intermodal partnerships**

VIA has been a leader in promoting intermodal services which improve the integration of passenger rail with other modes of travel, providing more convenient travel options for customers. In 2003, VIA continued the development of intermodal facilities with the integration of bus operations at the Halifax and Miramichi train stations, and examined options for better modal integration at other stations across Canada.

In December, VIA reached an agreement with WestJet airlines in Western Canada to provide travellers with integrated, multi-modal packages to destinations served by both VIA and WestJet, allowing customers to combine rail and air travel in a seamless service.

VIA also expanded interline agreements with two bus operators, Greyhound in Western Canada and SMT in the Maritimes, building on the partnerships established in 2002.