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SUMMARY OF THE 2020 – 2024 CORPORATE PLAN AND 2020 OPERATING AND CAPITAL BUDGETS

September 30, 2020

Table of Contents

EXECUTIVE SUMMARY	4
1. OVERVIEW	8
1.1 Mandate and Public Policy Role	8
1.2 Vision and Mission	8
1.3 Activities and Financial Condition	8
1.4 VIA Rail Markets & Services	9
1.4.1 Central Canada: Corridor Services	9
1.4.2 Long-Distance Services	9
1.4.3 Regional Services	10
2. OPERATING ENVIRONMENT	11
2.1 External Environment	11
2.1.1 Competition in the Corridor	11
2.1.2 Access to Toronto Union Station and Montreal Central Station	12
2.1.3 Railway Track Access and Relationship with Host Railways	12
2.1.4 Grade Crossing Regulations	12
2.1.5 The <i>Canadian</i> and the Host Railway	12
2.1.6 The <i>Ocean</i> and the Halifax Rail Loop	13
2.1.7 Regional Services	13
2.1.8 Office of the Auditor General Special Examinations	14
2.2 Internal Environment	14
2.2.1 Labour Force	14
2.2.2 Enhance customer satisfaction and booking experience	14
3. OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS, AND PERFORMANCE INDICATORS	15
3.1 High Frequency Rail	15
3.2 Corridor Fleet Renewal	16
3.3 Heritage Fleet Modernization & Capacity Protection	17
3.4 Station Access	17
3.5 Track Access – Relationship with Host Railway	18
3.6 Exploring service delivery options and growth opportunities.	19
3.6.1 Ensure viability of the <i>Canadian</i> and other services in Western Canada	19
3.6.2 Explore improving services and access a strategic and rapidly growing market in the Quebec-Windsor Corridor	20
3.7 Develop and obtain approval of appropriate reference level and multi-year funding	21
4. FINANCIAL OVERVIEW	22
4.1 Overview of the 2020-2024 Financial Plan	22
4.1.1 Corridor	22
4.1.2 The <i>Canadian</i>	22
4.1.3 The <i>Ocean</i>	23
4.1.4 Regional Services	23
4.1.5 Capital Investment Plan and Ongoing Capital	23

4.2	Financial Operating Performance – 2018 to 2019	24
4.2.1	Corridor	24
4.2.2	The <i>Canadian</i>	25
4.2.3	The <i>Ocean</i>	25
4.2.4	Regional Services	25
4.3	Other Revenues and Expenses	26
4.3.1	Travel Policy Guidelines and Reporting	26
4.4	Previous capital programs – 2014 to 2018	26
	2014 Federal Government Infrastructure Initiatives	26
	2016 Federal Budget program	26
	2017 Federal Budget program	26
	2018 Federal Budget program	26
	Audit Regime	26
	ANNEX 1. MINISTERIAL MANDATE LETTER	28
	ANNEX 2. CORPORATE GOVERNANCE STRUCTURE	29
	ANNEX 3. RISK AND RISK RESPONSES	34
	ANNEX 4. COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS	37
	ANNEX 5. GOVERNMENT PRIORITIES AND DIRECTION	42
	ANNEX 6. FINANCIAL STATEMENTS AND BUDGETS	45

EXECUTIVE SUMMARY

The role of VIA Rail has evolved through the years, adapting to the realities of society. We are again seeing the need for VIA Rail to adapt to the reality of Canadians; who they are, where they live and what they believe in. We are at a time where the older generation is looking for a safe, comfortable and accessible mode of transportation, where professionals and entrepreneurs are looking for a convenient and timely way to bring them from home to the city centers and back, and where the young generation is looking for a more sustainable mode of transportation. VIA Rail wants and can be all of this to Canadians, be relevant and connect more and more of them throughout the country.

In 2018, VIA Rail transported 4.7 million passengers, the best ridership results since 1990. In 2019, VIA Rail ridership exceeded 5 million passengers, its highest annual ridership in the last three decades. These continuing results clearly demonstrate that Canadians value passenger rail and that the VIA Rail Management Team has adopted the right strategy to put Customer First. VIA Rail employees are recognized for the excellent service they offer whether at the call center, in stations or on-board trains.

The Corporation's continuing successes have been accomplished despite presenting an offering to travellers that is hampered with the operational constraints resulting from the continuing dependence upon the host railways, such as:

- far too few frequencies;
- poor on-time performance;
- longer and increasing trip times; and
- limited rolling stock capacity;

which results in increased operating costs coupled with revenue constraints, leading to greater operating deficits.

The organization has set forth strategies to mitigate the foregoing and which are designed to increase revenues and ridership, improve efficiency and productivity, and maintain or enhance customer satisfaction. Therefore, VIA Rail plans to continue to build on its customer-centric passenger-lead strategy with projects that will further demonstrate and maintain the relevancy of passenger rail in Canada. The Corporation will continue to offer a safe, accessible, efficient, reliable, sustainable and environmentally friendly passenger rail service that meets the needs of Canadian passengers today and for the future. To those ends, the following highlights the key orientations which VIA Rail intends to concentrate upon during this Corporate Plan.

Recent Extraordinary Events

The recent events of the rail blockades and the spread of the Coronavirus will have an adverse impact on the Corporations' financial results. VIA Rail's management will deploy plans to ensure the safety of our passengers and our employees, contain costs to minimise these impacts and address circumstances as appropriate. Subsequent Corporate Plans will provide additional information.

Corporate Orientations

- 1. Improve the reliability, safety, accessibility, and environmental footprint of the Quebec – Windsor Corridor and the Long-Distance service**

Quebec-Windsor Corridor Fleet Renewal

The selection of Siemens Canada as the manufacturer chosen to replace VIA Rail's current Québec City – Windsor Corridor fleet was announced on December 12, 2018.

The project is progressing well, and first deliveries are expected as anticipated, starting in the first half of 2022 and running until 2024. The 32 new bi-directional trains, with a total capacity of 9,100 seats, will exceed the latest safety standards, will be equipped with improved passenger amenities, enhanced universal accessibility and will meet the EPA – Tier 4 emission standards.

Heritage Fleet Modernization

A major equipment project undertaken by VIA Rail is the refurbishment of its heritage fleet. This program aims to modernize the aging fleet of HEP cars utilized on the Long-Distance services. A limited number of those modernized HEP cars will serve temporarily as capacity protection in the Corridor until the new trainsets are in service.

2. Improve the efficiency, reliability and environmental footprint of the Quebec Windsor Corridor

High Frequency Rail (HFR)

On June 25, 2019, the Honourable Marc Garneau, Minister of Transport, and the Honourable François-Philippe Champagne, Minister of Infrastructure and Communities announced that the Government of Canada and Canada Infrastructure Bank (CIB) will commit a total of \$71.1 million to further explore VIA Rail's High Frequency Rail (HFR) Quebec City – Toronto dedicated track proposal.

This funding will be used to establish a Joint Project Office (JPO) between the CIB and VIA Rail to explore the possibility of HFR in Quebec City-Toronto Corridor, focusing on the following de-risking activities throughout 2019 to 2020.

- finalizing legal and regulatory work related to safety and environmental assessments;
- consulting with all stakeholders, including municipalities and Indigenous communities;
- examining required land and track acquisition; and
- completing the technical, financial and commercial analysis required for a final investment decision on HFR by the Government of Canada.

As well, at the same time steps are being taken to evaluate the requirements required not to preclude interoperability and integration of HFR with the REM Project in Montreal, to enable VIA Rail's trains to serve the Montreal-Québec markets.

VIA Rail was pleased that on December 13, 2019, the Rt. Honourable Justin Trudeau included within the mandate letter to Minister Garneau "In your capacity as Minister responsible for VIA Rail, work with the Minister of Infrastructure and Communities to create high frequency rail for the Toronto-Quebec City corridor".

3. Ensure reliable and sustainable access to stations owned by third parties

Ensure co-existence and interoperability with the Réseau Express Métropolitain (REM), maintain access to current route and future expansion

VIA Rail, to ensure its existence, must protect and maintain its existing access to both Toronto Union Station and Montreal Central Station. This in turn, will also allow for future ridership and revenue growth.

In the case of Central Station, interoperability will ensure that VIA Rail maintains a direct Quebec-Montreal HFR route that allow passengers to start and end their trip in downtown Montréal rather than only in an outlying suburb, ensuring strong revenues and high ridership.

Creation of a Metrolinx and VIA Rail joint committee for Union Station renovations

VIA Rail and Metrolinx have created a joint committee to optimize the use of the station. This committee has identified several operating and capital solutions that will allow all trains to continue serving this critical transportation hub. Metrolinx and VIA Rail management are committed to making Union Station a key intermodal hub for local, regional and intercity trains in the Québec City-Windsor corridor.

4. Improve reliability and efficiency of railway track access

Leverage best practices and seek out collaborative resolution methods regarding capacity and punctuality management that engage the host railway, VIA Rail, and the Federal government.

Of the infrastructure over which VIA Rail operates, 97.5% is owned by third party host railways with CN owning the majority (83%). What are generally public rights of way elsewhere are in Canada owned by private entities. VIA Rail negotiates access to this infrastructure through Train Service Agreements (TSAs) with these entities.

VIA Rail is in a dependent relationship with the host railways. This has led to unfavorable contractual terms regarding track capacity, with few frequencies, poor OTP (On Time Performance), and longer trip times all while paying higher track access fees. Requests for additional capacity are met with greater than expected cost demands to improve the host railways infrastructure at VIA Rail's expense along with lengthy response times. This stymies VIA Rail's ability to operate efficiently and continue to grow ridership, revenue and manage costs.

VIA Rail believes that future TSAs should feature best practices regarding capacity and punctuality management in order to strengthen our business and respect our passenger train schedules. This would lead to a more efficient use of Canada's national railway network, to the benefit of freight and passenger services alike.

Negotiate implementation terms and timing with CN to comply with crossing regulations

VIA Rail and CN continue to discuss the cost of implementation. VIA Rail has completed the necessary work on its own infrastructure (186 miles) to comply with the regulations.

5. Explore reliable service delivery options and growth opportunities

Explore expanding services in South Western Ontario – Toronto to Windsor Emphasis on the Toronto – Kitchener, Toronto – London markets

South Western Ontario (SWO) is a key and significant market that is underserved. Its population is 4.4 million and is expected to grow 34% between 2020 and 2041. The road infrastructure is already highly congested, and the relatively short distances are not conducive for air travel. Passenger rail has a natural advantage in SWO with distances that are optimal and well suited for intercity passenger rail.

HFR offers a solution for the Quebec City to Toronto portion of VIA Rail's Corridor services but does not address the SWO portion of the Corridor. This is particularly timely and required given the Ontario Provincial Government's suspension of capital funding for its High Speed Rail initiative coupled with its intention to actively explore other options, including opportunities to enhance train speeds and service levels on existing railway corridors.

VIA Rail will explore expanding services in SWO, prioritizing the Toronto – Windsor segment with particular emphasis on the Toronto – Kitchener, Toronto – London markets, as well as also explore furthering its partnership with Metrolinx.

Develop options to offset the service delivery issues and financial difficulties to the service brought on by poor OTP and schedule changes due to OTP

The *Canadian*, VIA Rail's flagship long distance train, has experienced significant challenges due to unsustainable OTP issues, infrastructure work by host railways, schedule and frequency changes, equipment challenges and limitations, as well as service delivery issues.

Conceptualize a restructuring of Long-Distance services to maintain service on the *Ocean*

VIA Rail has developed a solution to ensure service continuity of the *Ocean* after November 1, 2020, the date that VIA Rail will lose access to the Halterm rail loop in Halifax, while ensuring the availability of both the accessible coach and the sleeper with an accessible cabin.

Enhance customer satisfaction and booking experience - Modernization of the Reservation System Food & Beverage Transformation

The modernization of the reservation system will provide customers with seat selection, social media integration, personalized content, and seamless functionality across platforms and on smartphones and will be scalable, allowing for increased passenger bookings in the event of HFR approval.

In an ongoing effort to enhance our passengers' onboard experience and answer a long-standing customer request, VIA Rail has deployed a new Point of Sale (POS) and payment solution on board its trains.

As part of VIA Rail's modernization plan and our vision to be the smarter way to move people, the Food & Beverage transformation project aims to optimize frontline operations all while streamlining our food management systems.

6. Ensure availability of adequate and timely funding: maintain operations and improve efficiency

Develop and obtain approval of appropriate reference level and multi-year funding

In March 2020, VIA Rail's current three-year funding will expire, and the company will face a funding deficit for fiscal year 2020-2021.

To address a long-standing deficiency found by the Office of the Auditor General of Canada and address the pending funding gap and a funding shortfall, VIA Rail has requested that:

- 1) its reference level funding be increased from \$146.8M to \$300M, and;
- 2) extended funding of \$550M be granted for the next five years (an average of \$110M per year).

The benefits of this budget request are twofold:

- The extended five-year funding will address the deficiency noted by the Office of the Auditor General of Canada relative to funding and efficiency by allowing for efficient longer planning horizons and project execution. Approval of the Corporate Plans will not be delayed into the next fiscal year due to a source of funding not being identified.
- The reference level increase eliminates the possibility of leaving VIA Rail in the precarious position of having insufficient funding for the government fiscal cycle, leaving a funding gap until the next possible supply.

7. Ensure continued stakeholder engagement and consultations

Continue public outreach with key stakeholders at the federal, provincial and municipal level

VIA Rail will continue with emphasis on the Corporation's social responsibility, its vision for sustainable mobility and its commitment to promoting the prosperity of communities. VIA Rail will continue its public outreach with key stakeholders at the federal, provincial and municipal levels, with the Indigenous Communities, Chambers of Commerce, Civil Society and its passengers and the communities it serves from coast to coast to coast. These activities will be based on the International Association of Public Participation model.

Conclusion

With the renewal of its Corridor Fleet progressing well, together with the Government of Canada's commitments to HFR and interoperability, VIA Rail is well on its way to towards modernizing and providing mobility and accessibility for Canadians, enhancing Canada's economic productivity while reducing Canada's GHGs.

At the same time, VIA Rail continues to face significant challenges with regards to operating on and accessing infrastructure it does not own and must find a means to effectively address a structural imbalance between itself and the host railways to ensure its growth and the continuing viability of some services.

1. OVERVIEW

1.1 Mandate and Public Policy Role

VIA Rail Canada Inc.'s mandate is to operate the national passenger rail services on behalf of the Government of Canada, as approved through the annual Corporate Plan, offering intercity rail services and ensuring rail transportation services to regional and remote communities. Its objective is to offer a safe, accessible, efficient, reliable, sustainable and environmentally friendly passenger rail service that meets the needs of Canadian passengers.

1.2 Vision and Mission

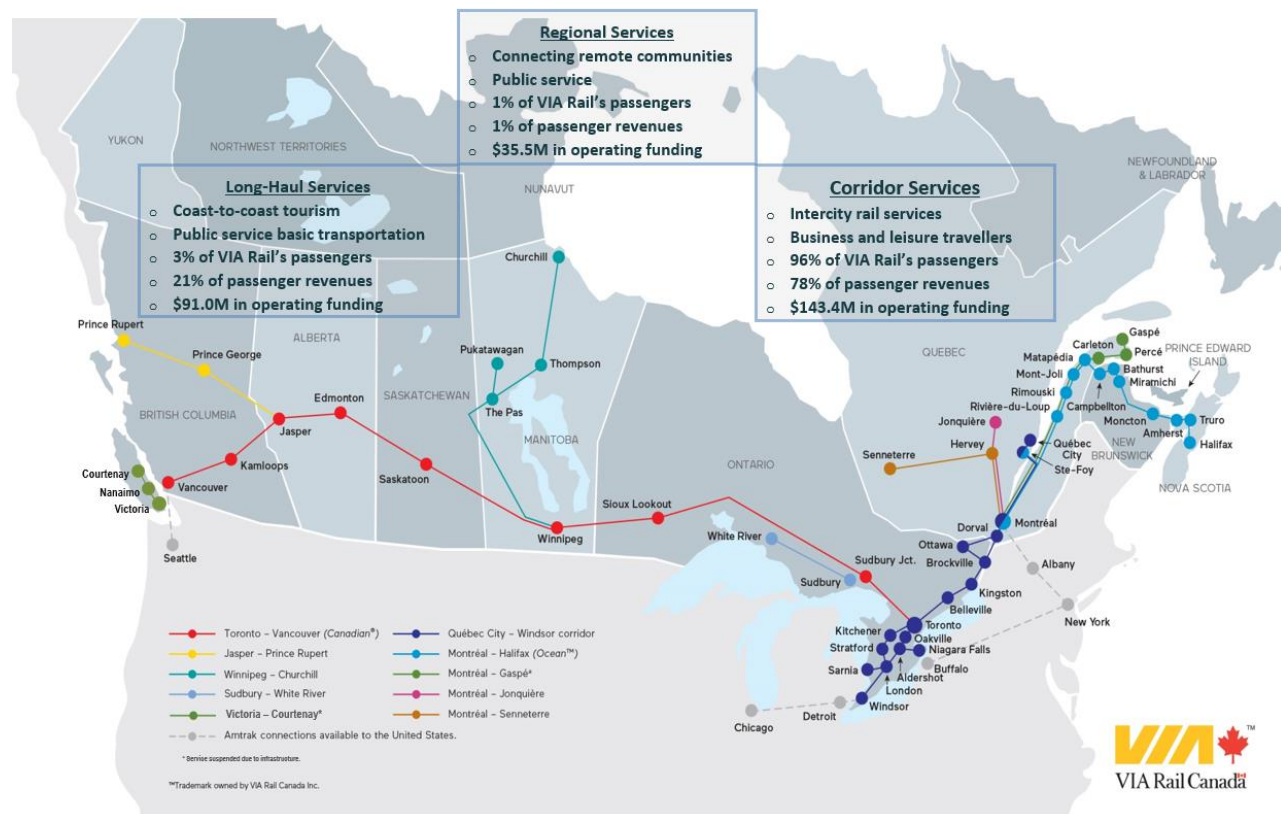
VIA Rail has developed a strategic direction up to the year 2025 to lay the groundwork for future successes. As part of its annual Strategic Planning process, the Corporation reviews its strategic orientations and ensures the roadmap of initiatives and critical projects are very well aligned with VIA Rail's vision to be a smarter way to move people while putting passengers first. This is the path to securing VIA Rail's future and positioning ourselves as leaders in the passenger rail industry.

1.3 Activities and Financial Condition

VIA RAIL'S NETWORK 2018

4.7 million passengers per year
12,500 km network
3,115 employees

\$392.6M in revenues
\$272.6M in operating funding
431 railcars, 73 locomotives



VIA Rail operates over 500 trains per week in all regions of Canada over approximately 12,500 kilometres of rail. In 2018, VIA Rail carried 4.7 million passengers, with 6.8 million train miles and 992 million passenger miles.

VIA Rail has made significant efforts to contain the growth of its operating deficit and thus, its reliance on government funding. As the Corporation pursues commercial strategies to increase its ridership, the relevance of its services, and to grow its revenues, it is imperative that these strategies not negatively impact the Corporation's bottom line. This will be achieved by making these new services or frequencies positive or neutral to the bottom line or by forcing the Corporation to find other offsets within its current operations.

VIA Rail's 2018 results demonstrate the result of those efforts. Revenues have increased year-over-year since 2013 to reach \$392.6M million. The growth in revenue is forecast to attain a new high for 2019, at \$411.7 million. Furthermore, from 2017 to 2018, the operating deficit per passenger mile fell 3.6% to 27 cents; the lowest reported since 2013.

1.4 VIA Rail Markets & Services

VIA Rail organizes its businesses along four product groups: Central Canada (the Québec City–Windsor corridor), Eastern Canada, Western Canada, and Regional Services.

The Corporation provides extensive services to Indigenous communities across Canada, many of which depend on the train as the only viable or reliable means of transportation, in many cases for both the transportation of people and goods.

1.4.1 Central Canada: Corridor Services

In the Québec–Windsor corridor, VIA Rail provides intercity service between Canada's largest business and residential communities. This market consists of both business and leisure travel.

The Corridor is a year-round market. Reliability, on-time performance, number and choice of departures (frequencies), trip times, and connectivity to other modes of transportation are the critical factors that determine success in this type of high-density market.

The Corridor market consists of mostly Canadian residents travelling between Québec City, Montreal, Ottawa, Kingston, Toronto, London, Kitchener, Samia, and Windsor for a host of reasons (business, school, family matters, or simply visiting).

1.4.2 Long-Distance Services

The Canadian

The *Canadian* is a hybrid travel product, serving both tourism and intercity travellers along the Toronto-Vancouver route, including some remote communities.

The Ocean

The *Ocean* operates between Montreal and Halifax. This train is used by a combination of end-to-end users and intermediate point travellers, particularly between Miramichi, Campbellton, Moncton, and Halifax.





1.4.3 Regional Services

Regional services provide essential transportation to communities where alternative and affordable transportation is limited or unavailable.

These are public services offered as part of the Government of Canada's transportation system and are designed to provide transportation to all Canadians and communities, including those in remote and aboriginal areas. These services offer some seasonal peak volume, whether during cottage season in Quebec and Northern Ontario, or tourist season (Canadian and international) in Northern British Columbia and Northern Manitoba (for example, polar bear season in the Hudson Bay area in October).

2. OPERATING ENVIRONMENT

2.1 External Environment

Primary determinants of travel demand are gross domestic product (GDP), population growth, and tourism. Between 2013 and 2018, Canada's real GDP grew 2.0% per year for a total growth of 10.6%. Over the same period, Canada's population grew by 1.1% per year for a total growth of 5.6%. Finally, the economic recovery translated into a 15.4% rate of growth of Canadian tourism GDP (nominal) and a 31.6% increase in foreign tourism.

The positive performance of the primary determinants is accompanied by the continued rise in congestion across roadways and airways, environmental awareness, energy prices, the average age of the population, and in the number of train-oriented youth and young adults (as shown by student segment ticket growth). Cumulatively, these circumstances create an opportunity for passenger rail to thrive. However, the constraints of the lack of frequencies, poor OTP and lengthy trip times impede VIA Rail's opportunity to benefit from these circumstances.

2.1.1 Competition in the Corridor

Due to the distances between the three large cities within the Corridor (Toronto, Ottawa, Montreal), VIA Rail's main competitor is the car, which makes up 90% of the total travel market. Evidence from popular international corridors suggests that VIA Rail can improve on its 5% share of the total car and train trip market.

Characteristics of Selected Intercity Corridors

	Rail Share	Frequency	Avg. Speed	Equipment	Total Pop.	Distance	Infrastructure
Toronto-Ottawa-Montreal	5%	11 / day	98 km/h	Conventional	12 M	573 km	Shared
New York City - Washington DC	14%	40 / day	127 km/h	Conventional	29 M	361 km	Mostly Dedicated
Rome - Milan	69%	40 / day	200 km/h	High Speed	9 M	574 km	Dedicated

International corridors, such as the two illustrated above, demonstrate one clear advantage over the car: access to the downtown core on an uncongested right-of-way. This advantage, along with frequent service, has promoted commuter and regional rail and can promote intercity rail.

The table below describes VIA Rail's current competitiveness vis-à-vis the automobile in the Corridor.

<u>Critical Success Factor</u>	<u>Car</u>	<u>VIA Rail Current</u>	<u>VIA Rail High Frequency Rail Proposal</u>
Convenience	Always available for departure	Very limited frequencies	Train every hour
Reliability	Subject to road congestion	Subject to freight congestion	Dedicated tracks
Journey Time	Increasing	Increasing	Reduced
Connectivity	Maximum	Limited by suboptimal timetable and reliability	Optimized
Price	Full cost of ownership not considered in incremental trip decision	Challenge to increase prices while providing deteriorating value	Accessible

The Corridor's competitive landscape is changing. Expected growth in Canada's cities, and ensuing increased congestion, will improve passenger rail's attractiveness. Furthermore, airport congestion – particularly at Pearson airport – should make passenger rail an essential part of Canada's mobility mix. It is VIA Rail's firm belief that passenger rail, as demonstrated in many developed nations, fills an important role in alleviating congestion.

2.1.2 Access to Toronto Union Station and Montreal Central Station

VIA Rail relies on continued access to Union Station and Central Station, where approximately 46% of all VIA Rail passengers start or end their trips.

That VIA Rail does not control its access to Toronto Union or Montréal Central stations is a major business risk. Downtown to downtown service is an absolute key for intercity passenger rail success. VIA Rail's performance and indeed viability is highly dependent on access to these two major metropolitan hubs. This access however is affected in Toronto by Metrolinx, a commuter and transit operator who is expanding rapidly acquiring their own track from freight railroads or building it out as part of their Regional Express Rail (RER) project, and in Montreal by the acquisition by CDPQ, a non-railway company, of the rail infrastructure leading in and out of Montreal's Central Station. Both stations are also in the midst of multi-billion-dollar development plans.

VIA Rail and Metrolinx have created a joint committee to optimize the use of the station. This committee has identified several operating and capital solutions that will allow all trains to continue serving this critical transportation hub. Metrolinx and VIA Rail management are committed to making Union Station a key intermodal hub for local, regional and intercity trains in the Québec City–Windsor corridor.

2.1.3 Railway Track Access and Relationship with Host Railways

VIA Rail owns only 2.5% of the rail infrastructure it operates over and therefore competes for track capacity with host railways (CN, CP, and others) from whom it must negotiate its Train Service Agreements (TSAs). It struggles to offer reliable, frequent, and on-time operations that are competitive to market alternatives and effective in their cost-recovery rates. Freight railways have limited incentives towards allocating more capacity to third party operators like VIA Rail if it has the potential to impact its own operations.

VIA Rail is in a dependent with the host railways. Future access agreements should leverage, incorporate and feature best practices regarding punctuality and capacity management, leading to a balanced and open process for all rail services.

While extended until 2021, the current TSA with CN is substantially the same as the one put in place by the Government prior to the 1995 privatization of CN. The commercial relationship between CN, the owner and dispatcher for the usage of the rail infrastructure, and VIA Rail, has led to higher than expected cost requests and delays when VIA Rail seeks additional frequencies from CN, and missed OTP performance commitments due to increased freight congestion and CN's network reduction program. The outcome to VIA Rail of these shortcomings are both financial risk, with fewer passengers and therefore lower revenues, thus increased Government subsidies, and also reputational risk.

The OTP for 2019 is only 67.3 percent in the Corridor, with the OTP of the *Canadian* at 55.9 percent.

2.1.4 Grade Crossing Regulations

In November 2014 new Grade Crossing Regulations were enacted with a seven-year compliance period coming into full effect on November 28, 2021.

VIA Rail has completed the necessary work on its own infrastructure (186 miles) to comply with the regulations.

VIA Rail and CN continue to discuss the cost of implementation.

2.1.5 The *Canadian* and the Host Railway

The *Canadian*, VIA Rail's flagship long distance train, has experienced significant challenges as a result of unsustainable OTP issues, equipment challenges and limitations as well as service delivery issues due to the hybrid nature of the service. After four years of robust revenue growth, fueled by the introduction of our high-end Prestige Class, VIA Rail has had to modify the schedule, adding over ten hours, in order to help mitigate OTP. As well, as a result of the infrastructure owner's work programs, VIA Rail has been limited to operating two end-to-end journeys, which, coupled with three significant schedule changes within a year, has led to significant financial difficulties. VIA Rail will therefore explore strategic changes noted earlier within the Executive Summary.

The 2019 partial suspension of one peak-season frequency on the *Canadian* between Toronto and Edmonton was the result of a solution with CN to the infrastructure capacity shortage which exists in Western Canada, the increasing rail traffic congestion (increasing grain and oil shipments) and the major infrastructure work programs that CN's instituting, primarily between Winnipeg and Edmonton, to increase rail traffic capacity.

2.1.6 The *Ocean* and the Halifax Rail Loop

VIA Rail's *Ocean* service uses a rail loop to reverse the direction of its trains in Halifax, to allow for the return trip back to Montréal. The rail loop is located on Crown land within the port of Halifax and leased to Halterm, a foreign private entity. Halterm can no longer forego the square footage occupied by the loop and sought to terminate its contract with VIA Rail. Through mediation involving Transport Canada and Halterm, VIA Rail extended the contract until November 2020, at which point access to the loop will be lost. Without this access VIA Rail cannot operate the *Ocean* with existing equipment. VIA Rail has developed a solution that will ensure service continuity of the 115-year-old *Ocean* after November 1, 2020.

The revised train consist will have the main body of the train comprised of both HEP1 and Renaissance cars together with two F40 locomotives that are coupled back to back. The locomotives will be cut off the head (front) end of the Eastbound train at Halifax, switched on to an adjoining parallel track and will be coupled to what will be the head end of the Westbound train. In this manner the train has not been turned but the locomotives have swapped ends of the train. The use of Renaissance cars continues the availability of both the accessible coach and the sleeper with an accessible cabin, ensuring that a high level of accessibility is provided

Eastern Intercity Service

After numerous discussions and evaluations with the infrastructure owners as well as local governments, any further feasibility investigation regarding Eastern intercity service has been suspended due to the significant investments required by the infrastructure owners. One of the key service delivery constraints faced, is that due to infrastructure limitations and slow track speeds, trip times would be approximate double that of the automobile. The availability of equipment to assign to this service would also have to be reviewed.

2.1.7 Regional Services

Regional services provide essential transportation to communities where alternative and affordable transportation is limited or unavailable. These services are the following:

- Jasper – Prince-Rupert (AB, BC);
- Victoria – Courtenay (BC); *Suspended*
- Winnipeg – Churchill (MB through a portion of SK);
- The Pas – Pukatawagan (MB) - managed by the Keewatin Railway Corporation;
- Sudbury – White River (ON) – Canadian Pacific;
- Montreal – Senneterre / Jonquière (QC); and
- Matapédia – Gaspé (QC). *Suspended*

These are public services offered as part of the Government of Canada's transportation system and are designed to provide transportation to all Canadians and communities, including those in remote areas. These services provided are highly valued by the communities they serve, and as a result of proactive improvements and initiatives, revenues increased by 12.4% from 2014 to 2016, prior to suspension of the Churchill service (Service resumed in December 2018).

Nonetheless, given their very nature, these services are of course limited in their potential and competitive landscape, accounting for 1% of VIA Rail's revenues.

The Victoria–Courtenay and Matapédia–Gaspé services have been suspended, for safety reasons due to the poor condition of the rail infrastructure. The Winnipeg – Churchill service, from Amery (north east of Gillam, Manitoba) to Churchill was also suspended for an eighteen-month period). Reinstatement of services may take place only once the quality of the infrastructure has been restored and VIA Rail is satisfied that it is safe to operate and that reasonable track speeds, schedules, and connectivity (for Gaspé) are achievable.

The *Société du chemin de fer de la Gaspésie*, the infrastructure owner of the Matapédia–Gaspé line, was purchased by the Government of Quebec in 2015. With the Government of Quebec's announcement of planned infrastructure improvements to allow for the return of passenger service, VIA Rail expects that it will resume operating this service during the period of this Corporate Plan. It is important to note that the Gaspé services were operated jointly with the *Ocean* service from Montréal to Matapédia, where the combined trains were split, the Gaspé services continuing onwards to Gaspé, with the *Ocean* service continuing onwards to Halifax. Subsequent Corporate Plans will provide updated information as it becomes available.

2.1.8 Office of the Auditor General Special Examinations

The 2008 and 2016 Special Examination Reports noted significant deficiencies in that the Auditor General of Canada could not obtain a reasonable assurance that VIA Rail would be able to meet the strategic challenges that it was then facing.

Amongst the deficiencies noted are that VIA Rail does not own most of the rails that it uses and its trains do not have the right of way, together with also noting increasing rail network congestion and on-time performance issues.

Both the 2008 Special Examination Report and the 2016 Special Examination Report are available at <http://www.viarail.ca/en/about-via-rail/governance-and-reports/corporate-information>.

2.2 Internal Environment

2.2.1 Labour Force

- As of December 31, 2018, VIA Rail had 3,115 employees, with 2,427 members of one of two unions.
 - TCRC is the union that represents locomotive engineers. The collective agreement expires in 2022.
 - Unifor represents a broad class of workers totaling 300,000 individuals across Canada. The agreement expires at the end of 2019.
- VIA Rail's compensation practices fully comply with the requirements of the Order In Council on Labour Matters as described in Annex 4.
- VIA Rail is pleased to report that its engagement results display a long-term upward trend despite the uncertainties and the preoccupations felt by employees in the most recent year. As management reviews the survey results they will seek insight to accelerate decision making, ensure openness to new ideas and introduce flexible working conditions and agile processes.

2.2.2 Enhance customer satisfaction and booking experience

A key project is the modernization of ReserVIA, which will enable VIA Rail's business and bring the 20-year-old system into alignment with Transport Canada's third core responsibility: "an efficient transportation system." The new reservation system will provide customers with a seamless, user-friendly and personalized experience, with seat selection, social media integration, personalized content, and seamless functionality across platforms and on smartphones and will allow for increased passenger bookings in the event of HFR approval. This modernized system will be scalable, capable of being easily expanded or upgraded on demand and therefore can be appropriately sized for current growth or HFR. It will also allow for integration with our Customer Relationship Management (CRM) system.

In an ongoing effort to enhance our passengers' onboard experience and answer a long-standing customer request, VIA Rail has deployed a new Point of Sale (POS) and payment solution on board its trains. Starting October 29, 2019 VIA Rail only will accept credit cards, prepaid credit cards and VIA Gift cards as forms of payments aboard our Ocean, Eastern Regional and Corridor trains. Not only is this change in line with industry trends and customer expectations, it promises to simplify food and beverage transactions on board for both VIA passengers and employees.

As part of VIA Rail's modernization plan and our vision to be the smarter way to move people, the Food & Beverage transformation project aims to optimize frontline operations all while streamlining our food management systems.

3. OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS, AND PERFORMANCE INDICATORS

Intercity passenger rail can contribute to the national economic performance, environmental well-being and the alleviation of road congestion. Improving VIA Rail's financial viability is a key component to increasing that contribution. A focus on customer-centricity has aligned the company with positive operating and financial results and pushed VIA Rail to pursue the implementation of its passenger-lead strategies as listed in the executive summary.

3.1 High Frequency Rail

On June 25, 2019, the Honourable Marc Garneau, Minister of Transport, and the Honourable François-Philippe Champagne, Minister of Infrastructure and Communities announced that the Government of Canada and Canada Infrastructure Bank (CIB) will commit a total of \$71.1 million to further explore VIA Rail's HFR proposal.

This funding will be used to establish a Joint Project Office (JPO) between the CIB and VIA Rail to explore the possibility of HFR in Quebec City-Toronto Corridor, focusing on the following de-risking activities throughout 2019 to fall 2020:

- finalizing legal and regulatory work related to safety and environmental assessments;
- consulting with all stakeholders, including municipalities and Indigenous communities;
- examining required land and track acquisition; and
- completing the technical, financial and commercial analysis required for a final investment decision on HFR.

The JPO will also undertake preliminary design work for multi-modal hub passenger hub in Dorval to facilitate the movement of urban and intercity passengers to the Trudeau Airport.

As well, steps are being taken not to preclude interoperability and integration of HFR with operating tracks used by local and regional transit providers in Montreal and Toronto.

The HFR project would include acquiring dedicated access to available or abandoned freight railway right of way (ROW) and building new track between Toronto and Smith Falls, by way of Peterborough, and between Montréal and Québec City. This would be done while upgrading our mostly proprietary Smith Falls–Ottawa–Montréal line to accommodate trains travelling at higher speeds along the new HFR corridor. Although VIA Rail's tracks represent only 2.5% of the infrastructure on which it operates on, they are responsible for 13% of the company's train-miles. The control of this portion of track allows VIA Rail to offer several round trips per day while avoiding CN's congested lines and the bottleneck at Coteau Junction. With far better OTP where VIA Rail owns and controls its infrastructure, the gains from investing and operating on its own infrastructure are clear.

By adding to the current frequencies running on freight railways, for instance, up to 15 new return frequencies per day in the Corridor, VIA Rail projects there would be nearly twice as many passengers, up to 9.9 million per year by 2030.

In its 2017 submission to the Parliamentary Committee of Finance, the Rail Association of Canada, which represents Canada's major freight and passenger rail companies, recommended that the Government support VIA Rail's HFR project and that it "ensure that government investments into passenger rail (including intercity and commuter rail) are coordinated so that rail service is interoperable and interconnected."

Expected Results

The expected results are:

- That by the fall of 2020, the de-risking activities and analysis required in support of a final investment decision by Government will be completed; and
- a formalized agreement ensuring interoperability with the REM.

These activities will contribute to achieving efficient and reliable passenger rail, as measured by the percentage completion of the de-risking activities by fall 2020.

3.2 Corridor Fleet Renewal

VIA Rail, on December 12, 2018, announced the selection of Siemens Canada as the manufacturer chosen to replace VIA Rail's current Québec City – Windsor Corridor fleet. The selection was made following an extremely rigorous and transparent procurement process open to all interested suppliers, respecting Canada's trade obligations, leading to the best possible result for Canadians. The project is on time and no delays to the delivery of the trainsets are forecast.

The key elements of the Corridor Fleet Renewal Project are:

Rolling Stock Acquisition Project

With first deliveries starting in the first half of 2022, millions of VIA Rail passengers who travel Canada's most popular route will experience a new age of passenger rail transportation, with more comfortable seats, offering more spaces for people with reduced mobility and equipped with the latest technology to be more fuel-efficient and reduce the carbon footprint of travel.

The new VIA Rail Corridor fleet will be equipped with some of the following key features:

- Improved comfort for travelers: LED lighting, USB ports, wide seats, quiet-zones, new interior design elements, bike storage, flexible luggage space.
- Enhanced universal accessibility features designed to exceed existing accessibility standards: multiple spaces for wheelchairs and other mobility devices on the trains, braille seat numbering, companion seating, at-seat emergency call buttons, larger fully accessible washrooms, integrated mobility device lift.
- Enhanced safety features exceeding the latest safety standards.
- Improved locomotive engines meeting EPA - Tier 4 emission standards.
- Bi-directional operation that will lower operating costs while yielding more passenger capacity.
- Able to convert to dual-mode (diesel /electric) operation.

The 32 bi-directional trains, with a total capacity of 9,100 seats will be delivered by 2024. On-time delivery was a fundamental element of the selection criteria, which also included the product's quality and price.

Over its 30-year expected life, the new fleet will be maintained in Canada by qualified VIA Rail employees at VIA Rail's Montreal and Toronto Maintenance Centers.

TSSSA Technical Services and Spares Supply Agreement

Maintenance activities will be supported by a 15-year Technical Services and Spares Supply Agreement (TSSSA). The TSSSA Includes:

- Annual technical support service;
- Annual spare supplies management; and
- Spare supplies material.

The other related projects initiated in tandem are:

Maintenance Facilities Upgrade Project

VIA Rail also needs to upgrade the Montreal and Toronto Maintenance Centres to adapt for the new trainsets. VIA Rail needs to deploy, service and maintain the existing fleet and the 32 new trainsets.

Maintenance Process Transformation Project

Maintenance processes must be adapted for the maintenance program for new trainsets and provide the necessary training for the maintenance of the new trainsets. The mobilization of the TSSSA falls under this project.

Information Systems Integration Project

This project will integrate the equipment and systems and build the interface between the 32 new trainsets and VIA Rail's functional and administrative departments. This involves the design and implementation of IT system integration to link various solutions and applications together with building vertical and horizontal interfaces to enable various VIA Rail departments to coordinate, monitor, report, communicate and support VIA Rail services. The earlier mentioned cab simulators are part of this project as well.

Expected Results

The expected results are:

- That the Corridor Fleet Renewal and all deliverables will progress as per the contract schedule. Tracking for all the above noted elements will be performed against the contractual requirements, i.e. forecast versus baseline. The most obvious public result will be the delivery of the trainsets starting in 2022.

These activities will contribute to achieving safe, accessible, efficient, reliable, sustainable and environmentally friendly passenger rail, as measured by the variance from a Deliverable or Milestone to Project Schedule.

3.3 Heritage Fleet Modernization & Capacity Protection

Heritage Fleet Modernization

Modernization

A major equipment project undertaken by VIA Rail is the refurbishment of its heritage fleet. Known under the umbrella “Heritage Fleet Modernization”, this program aims first and foremost to modernize the aging fleet of HEP cars utilized on the Long-Distance services. VIA Rail launched programs to modernize the interiors, critical systems and kitchens of its coach and diner cars.

Unexpected issues have arisen resulting in review of the requirements that will reduce the scope of this project. VIA Rail will continue with routine state of good repair work for cars outside the scope of the program. Additional details regarding the current fleet, both Corridor and Non-Corridor, and the funding requirements foreseen to maintain the fleet are noted within Section 4.

Capacity Protection

As a secondary aim, the above equipment investments will lend a limited number of modernized HEP coach cars to Corridor services in order to protect seat capacity until the new Corridor trainsets above are in service. The number of coach cars required for capacity protection has been reduced. This is due to the new Corridor fleet now scheduled to arrive earlier than originally anticipated when the fleet renewal business case was developed, which in turn will ease network capacity pressures.

Risks

Given the high average age of VIA Rail’s fleet, the Risk “Equipment Availability, Reliability and Quality” is one of the key risks identified and monitored by VIA Rail.

Expected Results

The expected results are:

- The expected result is that VIA Rail will maintain capacity at or near current levels until the new Corridor Fleet is on-stream. Various elements are still fluid and therefore a fleet capacity plan is not finalized at time of draft this Corporate Plan. Subsequent Corporate Plans will provide updates as warranted.

These activities will contribute to achieving safe, efficient, reliable passenger rail, as measured by maintaining fleet capacity and therefore maintaining services.

3.4 Station Access

VIA Rail, to ensure its existence, must protect and maintain its existing access to both Toronto Union Station and Montreal Central Station. This in turn, will also allow for future ridership and revenue growth.

For future growth, additional capacity, given that the physical size of these stations is finite, can only be gained through improved, more efficient utilization of the stations, by means of a combination of shorter dwell times, shorter intervals

between trains and additional frequencies. Additional frequencies are dependent upon the hosts railway's practices regarding capacity and punctuality management. The limitation of access to both stations are recognized risks by VIA Rail and are enumerated within VIA Rail's risk register.

Union Station:

This is VIA Rail's busiest station, with over 2.8 million passengers starting or ending their VIA Rail Travels at Union Station. In April 2016, Metrolinx and VIA Rail established a joint taskforce which explicitly addresses the need for operational and infrastructure changes at Union station. So far, the taskforce has looked into operational solutions (such as changes in the track allotment) and potential infrastructure modifications (e.g. additional and/or extended platforms) but increasing the station capacity to accommodate more than twice as many trains during peak hour will require more drastic solutions, which are to be identified through the help of external consultants. VIA Rail and Metrolinx have also agreed to install Communications Based Train Control, which may eliminate capacity constraints at Union Station. Both parties continue to work towards improving capacity.

Montréal Central Station:

Montréal Central Station is second only to Union Station as a key component of the Canadian passenger rail network. In 2018, over 1.5 million passengers travelling on over 7,700 trains, started or ended their VIA Rail journey there. Access to Central Station and to Montréal's downtown core is key to the current operations of VIA Rail, its planned HFR project and the future development of passenger rail in Canada. The station is classified as a heritage building.

The CDPQ, CDPQ Infra (CDPQ's infrastructure subsidiary) and InfraMtl.co, a subsidiary of CDPQ Infra, have acquired the three-existing shared-use infrastructures, namely the Mont Royal tunnel, Central Station (rail and related infrastructure) and the Viaduc du Sud, all required to VIA Rail to access and use Central Station. The CDPQ also acquired the right of way to the CN rail corridor, which access VIA Rail Montreal Maintenance Centre.

Interoperability and the Réseau Express Métropolitain

Steps are being taken not to preclude interoperability as the Government of Canada awaits the JPO's findings to inform its final investment decision of VIA Rail's HFR project.

Expected Results

The expected results are:

- That VIA Rail will maintain its current access and capacity to both Central Station and Union Station as well as the capacity for future growth, either for HFR or non-HFR operations.
- That VIA Rail will renew the two TSA agreements that involve access to Union Station, namely the Union Station Rail Corridor and the Metrolinx TSAs will be renewed during the period covered by this Corporate Plan.
- That VIA Rail will extend the lease for the non-track sections of Montréal's Central station (i.e. the commercial spaces included in the Great Hall).

These activities will contribute to achieving safe, efficient, reliable passenger rail. The expected results are the continuing access to these stations, together with the ability to add frequencies (departures and arrivals) when appropriate.

3.5 Track Access – Relationship with Host Railway

VIA Rail believes that the best method to improve the relationship between itself and third-party host railways is that future TSAs should leverage, incorporate and feature best practices regarding capacity and punctuality management. This would lead to a more efficient use of Canada's national railway network, to the benefit of freight and passenger services alike.

These best practices would include:

- clear and transparent capacity allocation and punctuality processes,
- clear and transparent access fees based on a marginal cost basis,
- independent authorities that play a major role towards solving capacity allocation and punctuality issues.

VIA Rail has been successful to date towards increasing ridership and revenue. This however been achieved in a relationship where VIA Rail has essentially little or no control over the key asset required to operate efficiently and commercially. It cannot readily add frequencies, or control departure, arrival, and trip times, or OTP, the key measures required to attract and retain ridership. Eventually there will be a saturation point, were no tactical or strategic improvements can compensate.

The eventual outcome to not addressing this relationship will be both financial, with fewer passengers and therefore lower revenues with a simultaneous increase in operating costs, resulting in increased Government subsidies, and reputational, harming the Corporation's brand.

As mentioned earlier in Section 2.1.8 of this Corporate Plan, the Auditor General of Canada has noted significant deficiencies. Compared to its closest counterpart, Amtrak, VIA Rail pays approximately double the access fee.

VIA Rail is dependent on CN's infrastructure and dispatch services. Litigating access rights is obviously not conducive to developing a positive operating relationship.

Addressing the relationship, while obviously less critical in the event that HFR is approved, would nonetheless be significant for non-HFR services and non-HFR travel segments. Moreover, a rebalance to a more efficient use of Canada's national railway network would benefit freight and passenger services alike.

3.6 Exploring service delivery options and growth opportunities.

VIA Rail has identified one service delivery option for Long Distance services in the east and is exploring options for two other services.

Service Delivery:

- **Long Distance**, Eastern Services: A solution has been developed to ensure service continuity of the *Ocean* after November 1, 2020, the date that VIA Rail will lose access to the Halterm rail loop in Halifax.

The revised train consist will have two F40 locomotives coupled back to back. The locomotives will swap ends of the train by way of an adjoining parallel track, effectively changing the heading without turning the train. The use of Renaissance cars continues the availability of both the accessible coach and the sleeper with an accessible cabin, ensuring a high level of accessibility.

Service Delivery – Exploratory Options

- **Long Distance**, the *Canadian*, and other services in Western Canada require measures to revitalize it and move away from a business model that, predominantly due to host railway actions, is no longer sustainable.
- **South Western Ontario** (SWO), a rapidly growing area that is already currently underserved, where passenger rail is a natural transportation solution.

No authority is sought for the latter two options at this time.

Expected Results

VIA Rail will continue to explore service delivery options for these services and will submit detailed business cases.

3.6.1 Ensure viability of the Canadian and other services in Western Canada

VIA Rail believes that in the long term, the service delivery and business model of the *Canadian*, its flagship long distance train, as it is today, is not sustainable. The existing service cannot adequately serve either shorter distance travellers or the tourism market. A new solution to maintain and preserve services and provide Canadians mobility is required.

The combination of poor OTP with delays of up to 43 hours, together with the significant increases to the schedule of ten hours to mitigate this poor OTP, have halted four years of revenue growth while simultaneously increase operating costs.

Further compounding the significant financial difficulties, VIA Rail is now limited to operating two end-to-end journeys as a result of CN's work programs.

From a high of 112,000 passengers in 2012, ridership on the *Canadian*, VIA Rail's flagship long distance train had steadily declined to a low of 93,000 in 2016. In 2017, despite a continuous decline in OTP (from 54% in 2016 to 8% in 2017), ridership had recovered to 105,145, notably due the popularity of the Canada 150 Youth Passes, but declined to 82,846 in 2018, a new low. Poor OTP has been a long-term recurring problem, in 2009, VIA Rail needed to add one additional night to the total journey, thus allowing more schedule "float" to ensure that connections were met. This "float" was obviously depleted by CN.

Reinstatement of the partially suspended peak frequency of the *Canadian*

As noted in previous Corporate Plans, VIA Rail extended the schedule of the *Canadian* in 2009 to add "float" and one additional night to the total journey, to ensure that connections were met. Prior to 2009, OTP declined from 72% in 2002 to 23% in 2008. Following the 2009 schedule extension OTP rebounded to 84% but deteriorate in the long term to an OTP of 8% in 2017, with delays of up to 43 hours.

The schedule was again extended in mid-2018 and again in 2019 to alleviate the terrible and untenable OTP. The total schedule increase of the two extensions is approximately 22 hours, or close to a 50% increase in total trip time since 2008. The current scheduled trip time is four days and one hour. Total year 2019 OTP is 55.9%.

There is an additional element to these schedule extensions that is often overlooked; reduced efficiency, increased operating cost and equipment utilization pressures. The 2009 schedule increase required that VIA Rail create one additional train consist, with an increase from three to four consists needed to operate the three peak round trips.

The current post 2019 schedule requires five train consists to operate the three round trip Toronto – Vancouver frequencies of the *Canadian*.

As noted earlier within this Corporate Plan, VIA Rail has developed a solution to ensure service continuity for the *Ocean*, after November 1, 2020, the date that VIA Rail will lose access to the Halterm rail loop in Halifax.

This solution however necessitates that HEP cars, the car type used on the *Canadian*, are cascaded to the *Ocean*. This combined with the lengthened schedules of the *Canadian*, leaves VIA Rail without enough cars to assemble a fifth train consist to reinstate the partially suspended peak-season frequency on the *Canadian* between Toronto and Edmonton. Therefore, at this time, we do not foresee the possibility of reinstating the partially suspended frequency.

3.6.2 Explore improving services and access a strategic and rapidly growing market in the Quebec-Windsor Corridor

VIA Rail's Corridor strategy to improve passenger rail service rests on the implementation of a passenger focused rail infrastructure, VIA Rail's HFR program. While HFR offers a solution to the Quebec City to Toronto portion of VIA Rail's corridor services, the South West Ontario (SWO) market is not currently addressed by this initiative, due to infrastructure constraints coupled with was the then planned Government of Ontario High Speed program to address the growing needs of this market.

Given the Ontario Provincial Government's suspension of capital funding for its High Speed Rail initiative coupled with its intention to actively explore other options, including opportunities to enhance train speeds and service levels on existing railway corridors, it is particularly timely to address a key market that remains underserved. SWO's current population is 4.4 million and is expected to grow 34% between 2020 and 2041.

Alternate transportation investment options are required. Passenger rail has a natural competitive advantage in SWO, given the highly congested infrastructure, and the relatively short distances which are not conducive for air travel. These distances are in the 'sweet spot' for intercity passenger rail.

VIA Rail will explore expanding services in SWO, prioritizing the Toronto – Windsor segment with particular emphasis on the Toronto – Kitchener, Toronto – London markets. VIA Rail will limit its operations between Toronto – Niagara, which is already well served by Metrolinx. VIA Rail will also explore furthering its partnership with Metrolinx, mutually benefiting both.

3.7 Develop and obtain approval of appropriate reference level and multi-year funding

In March 2020, VIA Rail's current three-year funding will expire, and the company will face a funding deficit for fiscal year 2020-2021.

To address a long-standing deficiency found by the Office of the Auditor General of Canada and address the pending funding gap and a funding shortfall, VIA Rail has requested that:

- 1) its reference level funding be increased from \$146.8M to \$300M, and;
- 2) extended funding of \$550M be granted for the next five years (an average of \$110M per year).

The benefits of this budget request are twofold:

- The extended five-year funding will allow for efficient longer planning horizons and project execution, with that multi-year capital plans and vendor project agreements can be prepared and executed, and approval of the Corporate Plans will not be delayed into the next fiscal year due to a source of funding not being identified. The provision of extending funding will address the deficiency noted by the Office of the Auditor General of Canada relative to funding and efficiency.
- The reference level increase eliminates the funding gap that will exist following the recent change shifting Supplementary Estimates "A" from June to December, leaving VIA Rail, at current reference levels, in the precarious position of having funding identified for only approximately 4/12 of Government's fiscal cycle, leaving 5/12 of the fiscal cycle unfunded until the next possible supply.

In addition to the shortfall of the present reference level, VIA Rail has over the years received approved funding only for the current year and as well, late in that same year. This has been noted by the Office of the Auditor General of Canada.

4. FINANCIAL OVERVIEW

The segmentation of VIA Rail into market-based profit & loss centres, along with the shift to a customer-centric focus in 2014, brought with it the overarching aspiration to pursue strategies that will not negatively impact the corporation's bottom line. Financially, the company has stretched itself to grow revenues, contain the operating deficit and the reliance on government funding, and improve of the cost-recovery ratio.

4.1 Overview of the 2020-2024 Financial Plan

Revenues

Total variable revenues are forecast to grow by 15.2% over the Plan period (from \$388.2 million in 2019 to \$447.0 million in 2024). This equates to a compounded average annual growth of 2.9% and is based on 2% inflation / revenue management growth, and a volume growth of between 0% to 1%, depending on the route.

Semi-variable and fixed revenues are forecast to grow 10.7% (from \$23.6 million to \$26.1 million) over the Plan period. This equates to a compounded average annual growth of 2.0%, due mainly to inflation. Semi-variable and fixed revenues are categorized as revenues not incurred from direct passenger revenues – they can be categorized as revenues from station activities, marketing and sales activities, maintenance operations, or corporate activities.

Expenses

VIA Rail will continue to have difficulties offsetting compensation increases and inflation within the Plan period, even though the Corporation strives to implement productivity measures. Certain expenses are tied to agreements that include provisions for price escalation based on inflation indices. VIA Rail expects predictability in these expenses due to the signing of long-term labour agreements with its main unions.

As such, variable expenses are expected to grow by 13.4% over the Plan period (from \$344.1 million in 2019 to \$390.3 million in 2024). This equates to a compounded average annual growth of 2.6%.

Semi-variable and fixed expenses are forecast to grow 9.4% (from \$328.0 million to \$358.8 million) over the Plan period. This equates to a compounded average annual growth of 1.8%, due mainly to inflation. Semi-variable and fixed expenses are categorized as expenses not incurred from direct passenger operations – they include expenses related to station activity, marketing and sales activity, maintenance operations, or corporate activities.

4.1.1 Corridor

Variable Revenues

The Corridor is forecast to have variable revenue growth of 15.9% (from \$317.4 million to \$367.9 million) over the Plan period. This equates to a compounded average annual growth of 3.0%, which reflects the ability to protect capacity, and therefore revenues, pending the arrival of the new fleet starting in 2022. Growth is however restricted by the previously discussed combination of limited frequencies, increasing trip times, and deteriorating OTP.

Variable Expenses

The Corridor is forecast to have variable expenses growth of 13.1% (from \$227.0 million to \$256.8 million) over the Plan period. This equates to a compounded average annual growth of 2.5%, due mainly to increases in salaries and inflation.

4.1.2 The Canadian

Variable Revenues

The *Canadian* is forecast to have variable revenue growth of 10.4% (from \$54.2 million to \$59.8 million) over the Plan period. This equates to a compounded average annual growth of 2.0%. An increase in revenue over the period of this Plan is achieved as GDP growth and inflation are expected to more than offset the adverse impact of poor OTP, long trip time delays, and uncertain arrival times.

Variable Expenses

The *Canadian* is forecast to have variable expenses growth of 13.5% (from \$64.9 million to \$73.6 million) over the Plan period. This equates to a compounded average annual growth of 2.6%, due mainly to increases in salaries and inflation.

4.1.3 The *Ocean*

Variable Revenues

The *Ocean* is forecast to have variable revenue growth of 15.9% (from \$11.5 million to \$13.3 million) over the Plan period. This equates to a compounded average annual growth of 3.0%, mainly due to GDP growth and inflation

Variable Expenses

The *Ocean* is forecast to have variable expenses growth of 14.3% (from \$23.4 million to \$26.7 million) over the Plan period. This equates to a compounded average annual growth of 2.7%, due mainly to salary increase and inflation.

4.1.4 Regional Services

Variable Revenues

The Regional services are forecast to have variable revenue growth of 15.9% (from \$5.2 million to \$6.0 million) over the Plan period. This equates to a compounded average annual growth of 3.0% due to GDP growth and inflation together with service delivery that is adjusted to better match its customers' needs.

Variable Expenses

The Regional services forecast to have variable expenses growth of 15.1% (from \$28.8 million to \$33.2 million) over the Plan period. This equates to a compounded average annual growth of 2.8%, due mainly to salary increase and inflation.

4.1.5 Capital Investment Plan and Ongoing Capital

VIA Rail owns an asset base of \$2.3B (initial cost). This asset base had a net book value of \$1.2B at the end of 2018. To ensure that VIA Rail maintains its asset base, a minimum annual investment of \$100 million is required. Historically, VIA Rail spent an average of \$107.7 million per year.

Equipment program - Corridor

The corridor fleet includes 97 LRC cars, 33 HEP2 cars, 15 Renaissance cars, 7 HEP1 cars and 45 locomotives.

The new corridor fleet is planned for mid 2022 to 2024. During the transition, VIA Rail will ensure protection of Corridor capacity/revenues and will seek opportunities to optimize rolling stock usage across the network. Investments required to maintain the current fleet are in progress and funding was obtained in the 2017 federal budget.

Renaissance and LRC cars will be progressively retired until the completion of the renewal program.

Non-Corridor fleet renewal program

Fleet operating in non-Corridor services include 197 HEP, 6 RDC and 38 Renaissance cars, as well as 28 F40 Locomotives.

VIA Rail recognizes that despite the inherent quality of construction and intrinsic longevity of the stainless steel used, it is no longer reasonable to expect an extended service life from the Budd manufactured rolling stock equipment (HEP cars) that is approaching or has exceeded 70 years of age.

At some point the effectiveness, usefulness and maintenance costs of any product will reach a point where replacement must be considered and unfortunately this also includes the HEP cars.

The locomotives, although they meet requirements for the year they were manufactured, and thus operate within acceptable limits, do not meet latest environmental requirements for emissions and it is not possible to upgrade them.

To that end, VIA Rail will explore the replacement of its Long-Distance and Regional fleet.

Therefore, VIA Rail requires \$14.6 million per year to maintain the current fleet in a state of good repair until a renewal program is approved.

Station program

VIA Rail has an old heritage. The median age of its stations is 103 years old. Few investments have been made in the stations since VIA Rail's inception 40 years ago, especially in stations outside of the Corridor. This lack of investment contributed to the deterioration of the condition of the buildings. Based on criteria presented by Public Services and Procurement Canada (PSPC) regarding Strategic Asset Planning, VIA Rail performed a survey of some of its buildings to establish a long-term planning horizon for the maintenance and life cycle planning of these assets. VIA has estimated that the asset maintenance deficit of its stations is approximately 20%.

VIA Rail owns 34 stations in the Corridor and 68 stations outside of the Corridor. VIA Rail is also a tenant in 11 stations in the Corridor and 24 stations outside of the Corridor.

In this Corporate Plan, VIA Rail is asking for funding for ongoing maintenance work for its facilities to keep them in a state of good repair, but also funding to reduce the asset maintenance deficit to 10%, in line with Public Works' mission. This goal will be achieved in five years in the Corridor and ten years outside the Corridor if VIA Rail receives the necessary funding.

To ensure these assets are maintained in a state of good repair, VIA Rail requires \$30 million annually.

The above amount do not include funding for major improvement projects or any accessibility improvements that may stem from recent legislative changes. *C-81 – Accessibility: An Act to Ensure a Barrier-free Canada and Accessible Transportation for Persons with Disabilities Regulations*. Additional information will follow in subsequent Corporate Plans.

Infrastructure program

VIA Rail owns 186 miles of mainline track, with 89 bridges and 336 grade crossings.

To ensure these assets are maintained in a state of good repair, VIA Rail requires \$25 million annually

Information technology program

VIA Rail owns \$166 million in software and hardware.

To ensure these assets are maintained in a state of good repair, VIA Rail requires \$25 million annually.

Maintenance Centre program

VIA Rail owns four maintenance centres.

To ensure these assets are maintained in a state of good repair, VIA Rail requires \$5 million annually.

4.2 Financial Operating Performance – 2018 to 2019

4.2.1 Corridor

Variable Revenues

In 2019, 4.6 million passengers are forecast to travel in the Corridor, representing 95% of VIA Rail's traffic and 79% of passenger revenue. Following an increase in ridership from 4.5 million in 2018, revenues are forecast to increase \$23.4 million, from \$294.0 in 2018 to \$317.4 million in 2019 (+8.0%).

Notwithstanding considerable improvements brought about by tactical moves, the issues of trip time and reliability (poor OTP) will continue to put pressure on the Corporation's revenue. Although it will continue to identify value added segments where services can be provided at higher prices, VIA Rail believes it is reaching the limits of its broad price increase strategy and therefore will return to revenue stagnation.

Variable Expenses

The Corridor variable expenses are forecast to increase by \$10.0 million, from \$217.0 million in 2018 to \$227.0 million in 2019 (+4.6%), due to increased compensation costs (mainly due to poor OTP), track access costs, and maintenance costs.

Contribution and Efficiency

The Corridor's variable contribution is forecast to increase by \$13.4 million, from \$77.0 million to \$90.4 million. The variable operating ratio (variable revenue/variable expenses) is forecast to improve to 140% in 2019, from 135% in 2018.

4.2.2 The *Canadian*

Variable Revenues

The *Canadian's* variable revenues are forecast to decline by \$6.0 million, from \$60.2 million in 2018 to \$54.2 million in 2019 (-10.0%), primarily due to the poor OTP of the service and the partially suspended peak frequency.

Variable Expenses

The *Canadian's* variable expenses are forecast to decrease by \$1.8 million, from \$66.7 million in 2018 to \$64.9 million in 2019 (-2.7%), due to the partially suspended peak frequency.

Contribution and Efficiency

The *Canadian's* variable contribution is forecast to deteriorate, increasing by \$4.2 million from -\$6.5 million in 2018 to -\$10.7 million in 2019. The variable operating ratio is forecast to fall to 83% in 2019 from 90% in 2018.

4.2.3 The *Ocean*

Variable Revenues

The *Ocean's* variable revenues are forecast to increase by \$0.7 million, from \$10.8 million in 2018 to \$11.5 million in 2019 (+6.1%).

Variable Expenses

The *Ocean's* variable expenses are forecast to increase by \$1.2 million, from \$22.1 million in 2018 to \$23.4 million in 2019 (+5.5%), due to compensation costs and inflation.

Contribution and Efficiency

The *Ocean's* variable contribution is forecast to deteriorate moderately, increasing by \$0.6 million from -\$11.3 million in 2018 to -\$11.9 million in 2019. The variable operating ratio is forecast to stay stable at 49%.

4.2.4 Regional Services

Variable Revenues

The Regional services' variable revenues are forecast to increase by \$2.2 million, from \$2.9 million in 2018 to \$5.2 million in 2019 (+76.1%). This significant growth is due to the return of service to Churchill.

Variable Expenses

The Regional services' variable expenses are forecast to increase by \$5.9 million, from \$23.0 million in 2018 to \$28.8 million in 2019 (+25.6%). This significant increase is primarily due to the return of service to Churchill.

Contribution and Efficiency

The Regional services' variable contribution is forecast to deteriorate, increasing by \$3.6 million from -\$20.0 million in 2018 to -\$23.7 million in 2019. The variable operating ratio is forecast to increase from 13% in 2018 to 18% in 2019. This particularity (deterioration in contribution but increasing operating ratio) is due to the return of service to Churchill which operates at a loss but has a better operating ratio than other Regional services.

4.3 Other Revenues and Expenses

4.3.1 Travel Policy Guidelines and Reporting

VIA Rail forecast an increase in Travel and Entertainment expenses, from \$1.2 million in 2018 to \$1.3 million in 2019. Over the Plan period, these expenses are forecast to grow at an average annual rate of 2.0%.

4.4 Previous capital programs – 2014 to 2018

2014 Federal Government Infrastructure Initiatives

A total of \$102 million in capital funding has been earmarked for VIA Rail: \$18.6 million for FY 2015-2016 and \$83.4 million for FY 2017-2018. This funding targets infrastructure, safety, and trip time improvements in the Ottawa–Montréal rail corridor. \$15 million of this funding was assigned for grade separation (elimination of level crossings) at Barrhaven, Ottawa, and was in a frozen allotment, which subsequently laps.

2016 Federal Budget program

The Federal Budget 2016 provided \$37.9 million for improvements to VIA Rail's maintenance centres and stations, including upgrades to electrical and mechanical systems and roof upgrades, for safety upgrades at grade crossings on tracks owned by VIA Rail, and for investments in improved security at VIA Rail's stations. This program was completed during FY2018-2019.

2017 Federal Budget program

The Federal Budget 2017 also provided \$324.4 million for on going capital and equipment projects. At the end of FY2019-20, VIA Rail estimated that 88% of this envelop would be spent. Leaving \$37.3 million to be spent in FY2020-2021.

2018 Federal Budget program

The government of Canada announced on March 19, 2018 the replacement of VIA Rail's Québec City–Windsor Corridor fleet with 32 new, modern trainsets that are safer, more accessible, reliable, will have improved amenities, and will be more environmentally friendly.

The funding for this initiative is \$1.5B. At the end of FY2018-19, VIA Rail spent \$104.9M for this important project.

Audit Regime

VIA Rail is subject to three types of audits: internal audits, external annual financial audits, and periodic special examinations. An independent firm, currently PricewaterhouseCoopers (PwC), performs internal audits on an on-going basis and provides findings and recommendations to the Audit & Pension Investment Committee of VIA Rail's Board of Directors. The Office of the Auditor General of Canada also has free access to such audits. Beyond its ability to inquire into regular audits, the Office of the Auditor General of Canada is responsible for performing the annual external financial audits and special examinations every few years. The most recent special examination was completed in 2016.

As per *Financial Administration Act* requirements, these audits ensure that VIA Rail's:

- transactions comply with the regulations, the charter and by-laws of the Corporation, and any directive given to the Corporation;
- operations are carried out effectively;
- financial, human, and physical resources are managed economically and efficiently; and
- assets are safeguarded and controlled.

ANNEX 1. MINISTERIAL MANDATE LETTER

VIA Rail aligns with the guidance expressed in the Prime Minister's Minister of Transport Mandate Letter of December 13, 2019, that was communicated to the President and Chief Executive Officer by the Honourable Marc Garneau, Minister of Transport.

<https://pm.gc.ca/en/mandate-letters/minister-transport-mandate-letter>

The mandate includes the instruction:

"In your capacity as Minister responsible for VIA Rail, work with the Minister of Infrastructure and Communities to create high frequency rail for the Toronto-Quebec City corridor;"

ANNEX 2. CORPORATE GOVERNANCE STRUCTURE

Board of Directors

Like all Crown corporations, VIA Rail was established to allow it to operate at arm's length from its sole shareholder, the Government of Canada. As a non-Agent Crown corporation, VIA Rail's Board of Directors is responsible for overseeing (i) the strategic direction and management of the Corporation, (ii) the analysis of business cases and service levels, (iii) the expenditure of operating and capital funds granted by the Government, and (iv) the approval of all strategies, initiatives, investments, budgets, Corporate Plans, high-value contracts and also reports on VIA Rail's operations to the Canadian federal government. In order to ensure maximum efficiency, the Board of Directors is comprised of individuals who possess a strong and relevant balance of skills, knowledge and experience to support the achievement of VIA Rail's vision and strategic objectives.

Both the Chair of the Board and the President and CEO are appointed by the Governor in Council on the recommendation of the Minister of Transport whereas the Board of Directors is appointed by the Minister of Transport with the approval of the Governor in Council.

In April of 2017, Ms. Françoise Bertrand was appointed as Chair of the Board of Directors for a five-year term. In order to oversee strategic direction and management of the Corporation, as well as each of the six committees, the Board of Directors meet at least four times annually (once every quarter), with other meetings scheduled as needed.

Ms. Cynthia Garneau was appointed President and CEO in May 2019 for five-year term. Along with VIA Rail's Executive team, she is responsible for directing the operations of the Corporation.

The Board of Directors reports to the Minister of Transport and consists of the Chair, the President and CEO Officer and eleven other Directors. All members of the Board sign a Code of Ethics reflecting the spirit and intent of the *Federal Accountability Act*, S.C.2006, c.9, which sets out standards of transparency and accountability for the Officers and Directors of Crown corporations. The Board of Directors meets quarterly, however additional Board meetings can be convened if required.

VIA Rail Canada – Board of Directors

FRANÇOISE BERTRAND – CHAIR
CYNTHIA GARNEAU – PRESIDENT AND CEO
KATHY BAIG, Laval (Quebec)
GRANT CHRISTOFF, Vancouver (British Columbia)
DANIEL GALLIVAN, Halifax (Nova Scotia)
JONATHAN GOLDBLOOM, Montreal (Quebec)
MIRANDA KEATING ERICKSON, Calgary (Alberta)
JANE MOWAT, Toronto (Ontario)
GLENN RAINBIRD, Belleville (Ontario)
GAIL STEPHENS, Victoria (British Columbia)
KENNETH TAN, Richmond (British Columbia)
GENEVIÈVE TANGUAY, Montreal (Quebec)
VIANNE TIMMONS, Regina (Saskatchewan)

The appointment and expiration dates of VIA Rail's Board of Directors are as follows:

- Françoise Bertrand – April 12, 2017 – April 11, 2022 (five years);
- Cynthia Garneau – May 9, 2019 – May 8, 2024 (five years);
- Kathy Baig – June 21, 2017 – June 20, 2021 (four years);
- Grant Christoff – March 29, 2019 – March 28, 2023 (four years);
- Daniel Gallivan – June 21, 2017 – June 20, 2020 (three years);
- Jonathan Goldbloom – June 21, 2017 – June 20, 2021 (four years);
- Miranda Keating Erickson – March 29, 2019 – March 28, 2023 (four years);
- Jane Mowat – June 21, 2017 – June 20, 2020 (three years, second term);
- Glenn Rainbird – June 21, 2017 – June 20, 2021 (four years);
- Gail Stephens – June 21, 2017 – June 20, 2021 (four years);
- Kenneth Tan – June 21, 2017 – June 20, 2020 (three years);
- Geneviève Tanguay – August 15, 2017 – August 14, 2021 (four years);
- Vianne Timmons – March 29, 2019 – March 28, 2023 (four years);

The biographies of the Board of Directors are available at:
<https://corpo.viarail.ca/en/company/board-directors>

Committees of the Board of Directors

Six committees assist the Board of Directors in oversight: the (i) Human Resources Committee, (ii) Commercial and Stakeholders' Relations Committee, (iii) Major Projects Committee, (iv) Audit & Pension Investment Committee, (v) High Frequency Rail Committee, and (vi) the Fleet Modernization Committee.

(i) The Human Resources Committee is responsible of overseeing and monitoring the following:

1. The performance evaluation and compensation of the President and CEO;
2. The performance evaluation and compensation of Executive Officers;
3. The design and implementation of employee compensation, incentives, benefits and retirement plans;
4. The effectiveness of the organizational structure;
5. The design and implementation of management's development and succession plans;
6. The management of employee and labour relations, including negotiation mandates for unionized employees;
7. The occupational health and safety framework;
8. The design and implementation of the human resources strategic plan; and
9. The risk identification, evaluation and treatment related to each topic listed above.

The members of the Human Resources Committee are as follows:

- Gail Stephens, Chairperson;
- Jonathan Goldbloom;
- Glen Rainbird; and
- Vianne Timmons.

(ii) The Commercial & Stakeholders' Relations Committee is responsible of overseeing and monitoring the following:

1. The Corporation's communication strategy to ensure that it supports the strategic and commercial objectives of the Corporation and to maintain positive and productive relationships with all the Corporation's stakeholders;
2. The Corporation's commercial and socio-economic value proposition statement in support of its strategic objectives;
3. The standards of integrity and behaviour adopted by the Corporation;
4. Any key modifications to the service offering which may have a material impact on the Corporation's value proposition;
5. Key corporate reports including the Corporation's Annual and Quarterly Reports along with the Sustainable Mobility Reports;
6. The risk identification, evaluation and treatment related to the topics listed above.

The members of the Commercial & Stakeholders' Relations Committee are as follows:

- Daniel Gallivan, Chairperson;
- Grant Christoff;
- Jonathan Goldbloom;
- Glenn Rainbird; and
- Geneviève Tanguay.

(iii) Major Projects Committee is responsible of overseeing and monitoring of the following:

1. The major projects & programs identified as such by the Major Projects Committee;
2. The business cases for major projects & programs requiring expenses in capital or considered out of "normal course of business" exceeding \$10M or \$5M if deemed high risk, excluding business cases for projects and programs pertaining to the Fleet Modernization Program or the High Frequency Rail Project, the whole in accordance with the Corporation's Authority Matrix;
3. The Corporation's policies, practices and procedures regarding management of major projects & programs;
4. The monitoring of capital spending;
5. The management of capital assets; and
6. The risk identification, evaluation and treatment related to each topic listed above.

The members of the Major Projects Committee are as follows:

- Kenneth Tan; Chairperson
- Kathy Baig;
- Daniel Gallivan;
- Jane Mowat and;
- Vianne Timmons.

(iv) The Audit & Pension Investment Committee is responsible of overseeing and monitoring the following:

1. The Corporation's financial reporting and disclosure such as the quarterly and annual reports, the financial statements, the MD&A and the related press release;
2. The financial components of the five-year Corporate Plans along with the annual operating and capital budgets and their alignment with the strategic orientations approved by the Board of Directors;
3. The Corporation's internal control practices, including the internal audit process;

4. The Corporation's external audit process, including any special examination launched by the Corporation's external auditors;
5. The legal and regulatory compliance framework applicable to the Corporation;
6. The pension plans and supplemental retirement plans investment performances, policies and related matters thereto; and
7. The risk identification, evaluation and treatment related to each topic listed above.

The members of the Audit & Pension Investment Committee are as follows:

- Jane Mowat, Chairperson;
- Miranda Keating Erickson;
- Kenneth Tan;
- Geneviève Tanguay; and
- Gail Stephens,

(v) The High Frequency Rail Committee is responsible of overseeing and monitoring the following:

1. The development and implementation of a practical and achievable strategy to transform passenger rail service for Canadians in the Quebec City – Windsor Corridor by connecting more communities with more departures, improved schedules, shorter travel times, better on-time performance and new trains (the "HFR Project");
2. The Corporation's communication strategy related to the HFR Project to ensure that it supports the strategic and commercial objectives of the Corporation and to maintain positive and productive relationships with all the Corporation's stakeholders; and
3. The risk identification, evaluation and management related to such topics.

The members of the High Frequency Rail Committee are as follows:

- Johnathan Goldbloom (Chairperson);
- Kathy Baig;
- Miranda Keating Erickson;
- Daniel Gallivan; and
- Gail Stephens.

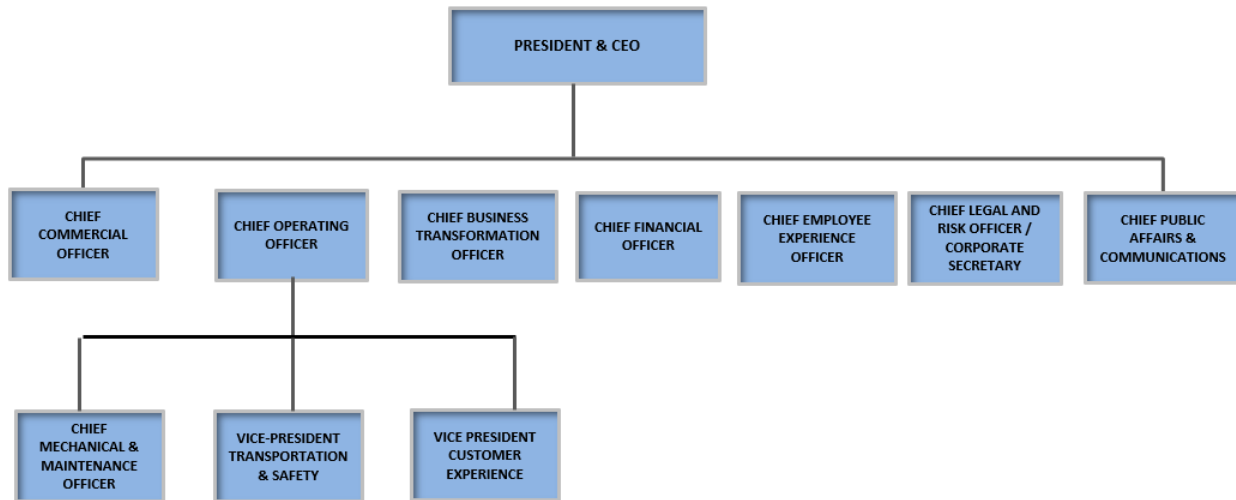
(vi) The Fleet Modernization Committee is responsible of overseeing and monitoring the following:

1. The acquisition and conditioning of the new fleet of trains for the Quebec City – Windsor in compliance with the procurement and project management processes established by the Corporation (the "Corridor Fleet Replacement Program") which also includes the upgrading of the VIA Rail Montreal Maintenance Centre and the VIA Rail Toronto Maintenance Centre, in order to deploy, service and maintain VIA Rail's heritage and new fleet and equipment, without jeopardizing the Corporation's current maintenance operations;
2. The refurbishment of the heritage fleet (the "Heritage Fleet Modernization Program" together with the "Corridor Fleet Replacement Program" and the "Maintenance Facilities Upgrade Program", the "Fleet Modernization Program"); and
3. The risk identification, evaluation and treatment related to the Fleet Modernization Program.

The members of the Fleet Modernization Committee are as follows:

- Glenn Rainbird (Chairperson);
- Grant Christoff;
- Jane Mowat; and
- Geneviève Tanguay.

VIA Rail's Executive Leadership Structure



Executive Compensation

2018 Executive Compensation Range Disclosure¹

Cash Compensation ²	President and CEO	Officers
Base Salary Range	\$257,900 – \$303,400	\$189,805 – \$304,500
Incentive Program Range	13% – 26%	35% – 50%
Total Compensation Range per Calendar Year	\$291,427 – \$382,284	\$256,237 – \$456,750

Perquisites Program

Car Allowance	\$45,000	\$24,000
Social, Sport Club Memberships		
Health Care Spending Account		
Comprehensive Medical Exams		
Financial Planning Services		

¹ On December 31st, 2018, Executives were: President and Chief Executive Officer, Chief Communications Officer, Chief Commercial Officer, Chief Transportation and Safety Officer, Chief Asset Management Officer, Chief Financial Officer, Chief Mechanical and Maintenance Officer, Chief Business Transformation Officer, Chief Human Resources, and Chief Legal & Risk Officer.

² The Cash Compensation does not report the actual salary and incentives paid to Executives but merely the range for their respective positions.

The average overall attendance rate of Board members at these meetings was 95%. Cumulative fees paid to Board members during this time period totalled \$300,891.

ANNEX 3. RISK AND RISK RESPONSES

VIA Rail's dedicated Enterprise Risk Management (ERM) function performs regular risk assessments and the monitoring of key strategic, operational and project risks, which allows Management as well as the Board of Directors to better understand uncertainty, its impact on the Corporation's objectives and the associated treatment strategies. VIA Rail has been deploying increasingly robust methodologies such as the use of Monte Carlo simulations as well as data analytics in order to improve risk management and provide better decision support.

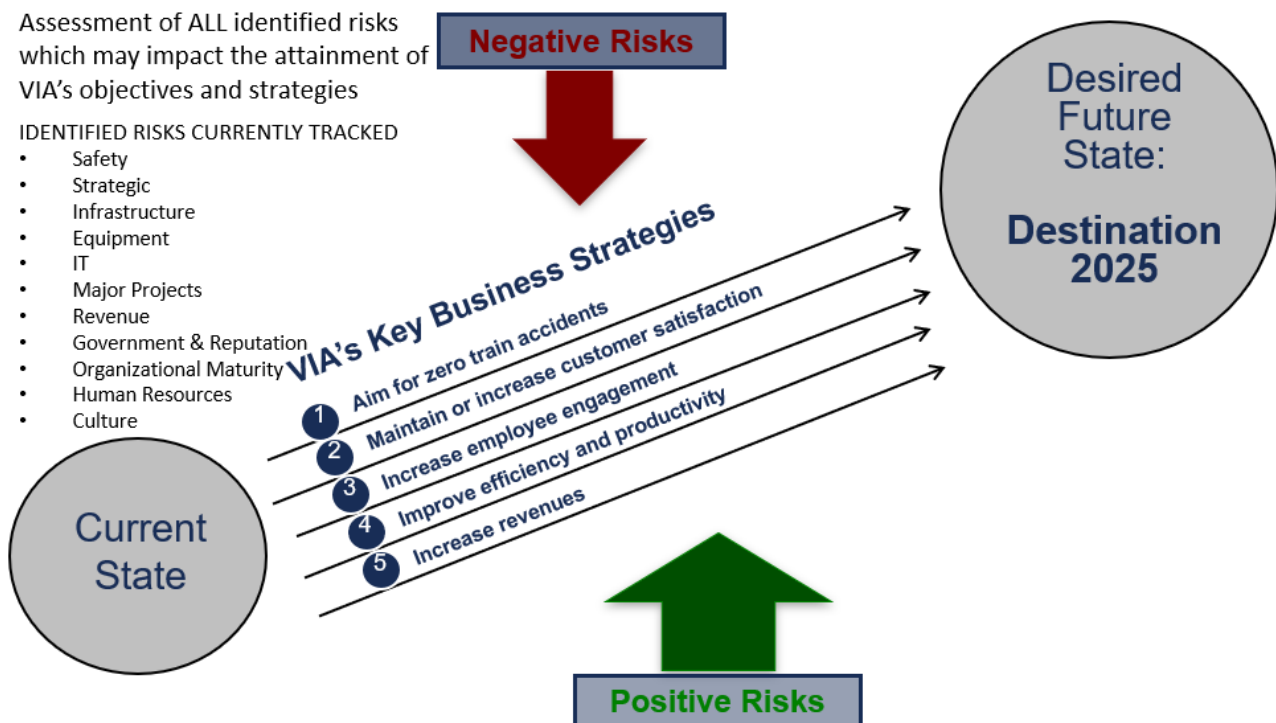
As shown in the next figure, VIA Rail's key business strategy can be impacted by risks that can be regrouped in several categories. In order to achieve its objectives, VIA Rail tracks these risks in the short and long term, as well as considering them when taking specific decisions.

MANAGEMENT TO PERFORM / BOARD TO OVERSEE

Assessment of ALL identified risks
which may impact the attainment of
VIA's objectives and strategies

IDENTIFIED RISKS CURRENTLY TRACKED

- Safety
- Strategic
- Infrastructure
- Equipment
- IT
- Major Projects
- Revenue
- Government & Reputation
- Organizational Maturity
- Human Resources
- Culture



Although VIA Rail is managing key risks and their components through a detailed risk register, the focus of the current Corporate Plan risk section is set on the following risks: Safety, Infrastructure, Equipment as well as Strategic resource capacity and Industry Disruptors. The focus on those specific key risks comes from its alignment with the current strategy.

Safety of Passengers, Employees and the Public

The safety and security of passengers, employees, and the public constitute VIA Rail's primary concern. Incidents that are part of railway operations, such as collisions and derailments, have significant human, financial and reputational impacts. As the rail industry is still a relatively non-automated industry, the risk of human errors remains one of the fundamental causes of potential incidents. VIA Rail is addressing this risk by continually improving its Locomotive Engineer Apprentice Program that leverages the latest development in pedagogy, human resource selection as well as mentoring and testing on simulators.

Infrastructure Availability, Reliability and Quality

The availability, reliability and quality of the rail infrastructure used by VIA Rail has a negative impact on OTP, trip time and the ability to add frequencies or have schedule flexibility to effectively meet market demand, influencing passenger satisfaction, their propensity to take the train and, ultimately the number of passengers and revenues earned. The most critical element of VIA Rail strategy to tackle this risk in the Corridor is the High Frequency Rail Project, which would be a game changer in intercity mobility. VIA Rail will fully support the Joint Project Office created to provide options to the Government of Canada regarding its final investment decision for the project. By leveraging its three-year capital appropriation, VIA Rail was able to improve the management of its assets. It is also working on a Capital Asset Management program in order to better plan its long-term strategy for its rolling stock, buildings and railway infrastructure.

Over the next few years VIA Rail, as a building and rail infrastructure owner will face gradual impacts from climate change. This could include changes in precipitation regime which may affect bridge integrity, heat waves which could impact the track and passenger comfort in various building as well as an increase in abnormal weather events that may impact operations. While the various inspections and maintenance programs provide comfort regarding short-term changes which could impact rail infrastructure, a broader strategy was required. As such, VIA Rail launched a climate change resilience initiative in order to better foresee and evaluate the challenges linked to this issue. The outcome of this initiative will be to provide an actionable plan that will increase the Corporation's readiness to face global warming. The growing segmentation of rail ownership also increases the complexity of access (e.g. Metrolinx acquisitions around Union Station in Toronto and CDPQ's REM project in Central Station), leading VIA Rail to believe that dedicated track access for passenger rail is the better long-term solution. The implementation of this solution would virtually eliminate the residual risk of the risk components related to this risk category for the Corridor.

Reputation

VIA Rail has a high level of visibility with the public. The decisions and strategic initiatives of the company may have a positive or negative impact on the perceptions of Canadians and communities across the country, their propensity to take the train and, eventually on the number of passengers served and revenues earned. The acceptability of VIA Rail's HFR project represents a major part of this risk. VIA Rail has conducted extensive public outreach with key stakeholders at the federal, provincial and municipal levels towards informing these groups of the benefits of VIA Rail's HFR plan and to obtain their perspective and feedback.

Equipment Availability, Reliability and Quality

The availability, reliability, and quality of VIA Rail's equipment may have a positive or negative impact on the satisfaction of passengers, their propensity to take the train and, eventually, on the number of VIA Rail passengers served and revenues earned. As the average age of VIA Rail's fleet keeps increasing, maintenance costs as well as equipment incidents could rise, leading to service disruption. As equipment incidents are especially high in winter, VIA Rail deployed a Winter Plan last year with specific weather events and temperature triggers associated to response levels. This plan will contribute in mitigating this risk, especially in the medium to long term context of climate change. As well, as VIA Rail's current corridor fleet is heterogeneous, this creates significant product and service challenges as customers have service expectations that cannot be met by VIA Rail's current fleet families (i.e. HEP and Renaissance). One of the risks that VIA Rail could face is delays to the Fleet Renewal project and / or the Heritage Program, which could be combined with an accelerated retirement calendar for the Renaissance, LRC or HEP fleets. This could impact VIA Rail's capacity to deliver services. This risk is mitigated by a detailed inspection program, as well as the application of disciplined project management for the various initiatives such as the Fleet Renewal and Heritage Fleet Programs.

Strategic Resource Capacity & Industry Disruption

VIA Rail recognizes that vigilance and prudent resource planning will be required to carry on current operations while executing on multiple major strategies and modernization projects to transform the Corporation and the services it delivers to Canadians. VIA Rail's strategy to mitigate this risk of not having the execution capacity to achieve these objectives is first and foremost to clearly define priorities and communicate them accordingly. It is also to change the organization's culture by fostering a more collaborative approach and enhance its human capital. Revamped on-boarding and leadership training, the coaching in action program, the use of better collaboration tools to increase productivity and a more intelligent use of methods such as business intelligence and advanced analytics are all ways VIA Rail is ensuring it will be able to support its employees in achieving the goals of the Corporation.

VIA Rail also faces potential industry disruptors which could impact the relevance of its services to travellers. Currently, the most likely is that of autonomous vehicles. While the time horizon where such technologies could be fully implemented ranges from 5 to 20 years, the Corporation will be monitoring the development of these technologies and assessing their potential as possible partners in a door-to-door transportation ecosystem. The Corporation is also taking the necessary steps in order to increase its current value proposition. The modernization of the rolling stock pool as well as enhancement initiatives such as the new reservation system) and the renewed food & beverage offering will also contribute in the realization of the Corporation's vision: to be the smarter way to move people.

Insufficient Operating Funding

Without sufficient and timely funding, VIA Rail would be obliged to make drastic cuts, which is a significant business and reputational risk, exacerbated by layoffs (detrimental to employee contribution and loss of critical competencies), significant restructuring costs, including employment security and severance payments, and start-up costs when the service resumes.

Insufficient Funding of Pension Plan Liabilities

Notwithstanding recent increases, the long period of low interest rates used to discount pension liabilities continues to put pressure on the pension plans, which forces continued employer contributions and consistently threatens plan sustainability. The level of reserves needed in the Plan to meet the projected payouts is determined through audits conducted by the Office of the Superintendent of Financial Institutions and by federal legislation, namely the *Pension Benefits Standards Act*. VIA Rail is legally required to comply with the results of the audit. As interest rates rise, mandatory three-year smoothing will slow the improvement in the solvency deficit. The current situation still poses a risk, which VIA Rail is mitigating through a series of measures.

Capital Funding

Budget 2017 provided VIA Rail with multi year funding for FY 2017-2018 through to FY 2019-2020. This funding is sufficient to keep VIA Rail's assets in a state of good repair, not for any major replacement or acquisition program, whether of equipment or infrastructure. Beyond April 2020, capital requirements are unfunded.

Corridor Fleet Renewal – Risk Management

VIA Rail has separate and dedicated Risk Management functions specifically for this Program with a Program Risk Manager in place since inception.

This individual is responsible for the risk management process, taking a lead role in implementing and facilitating the process, assessing and analyzing risks, reporting on risk information and imbedding a risk management culture within the Program. As well the Program Risk Manager is responsible to actively identify business and program wide risks and to ensure adequate risk communication across the Program. The monitoring of risks will include the domains of:

- Master Program Plan;
- Program Staffing;
- Schedule interdependencies and critical path (Rolling Stock Acquisition Project);
- Program Governance and Internal/External Controls;
- Information Systems Integration Project; and
- Maintenance Facilities Upgrade Project.

ANNEX 4. COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

New Legislative Changes

(1) Access to Information

C-58 – An Act to amend the Access to Information Act and the Privacy Act

The *Access to Information Act* has been amended into two parts:

- Part I: new request and complaints processes;
 - Information commissioner's (IC) powers are expanded to include order-making;
 - Institutions may seek IC's approval to decline requests on certain grounds; and
 - ATIA reports to be tabled 15 days of the house sitting in the fall.
- Part II: New proactive publication requirements ensure key information is available in a timely manner and without a request.

VIA Rail will fully comply and:

- will proactively disclose the travel and hospitality expenses of senior officials within 30 days of the month they are reimbursed (rather than quarterly) via its website or <http://open.canada.ca>.
- will publish its ATIP annual report on its website or on open.canada.ca 30 days after it is tabled in Parliament.

Since 2007, VIA Rail has had a dedicated unit to ensure compliance with access to information and privacy requirements. The unit has been under the responsibility of the head of the Legal Department since 2010.

(2) Accessibility

C-81 – Accessibility: An Act to Ensure a Barrier-free Canada

- This bill outlines how to identify and remove accessibility barriers and prevent new barriers, including in: built environments (buildings and public spaces); employment (job opportunities and employment policies and practices); information and communication technologies (digital content and technologies used to access it); procurement of goods and services; delivering programs and services; and transportation (by rail as well as by air, ferry and bus carriers that operate across a provincial or international border).
- Royal Assent was on June 21, 2019, and Regulations come into force within two years following, no later than July 11, 2021.
- Consultation on these regulations will determine whether the planning/reporting will be part of the annual Corporate Plan cycle or on a separate cycle such as ATIP/Privacy.

VIA Rail will, as per the *Accessible Canada Act*:

- publish accessibility plans every three years, develop progress reports during interim years, and establish a feedback process for its employees and customers with respect to barriers to accessibility;
- include participation, with direct consultation from a diverse group of persons with disabilities.

As well, regulated entities such as VIA Rail are also expected to establish accessibility advisory committees and share each plan with the government's Accessibility Commissioner.

VIA Rail has also started its planning toward ensuring that it complies with the provisions set out in the Regulations in *Accessible Transportation for Persons with Disabilities Regulations*, including all regulations applicable to Division 2 Rail Carriers, Application 86 to 133.

Compliance with the majority of the provisions will be required within one year of the Regulations being registered, which was June 25, 2019, with certain exceptions noted.

Within two years of the registration of the Regulations, the following requirements must be met:

- Availability of wheelchairs meeting criteria at terminals; and
- Availability of on-board wheelchairs meeting criteria, where applicable.

Within three years of the registration of the Regulations, the following requirements must be met:

- Criteria for boarding lifts, ramps and stairs; and
- Self-service kiosks are accessible.

It is worthwhile to note that currently every VIA Rail train provides accessible transportation to persons with disabilities. As the Canadian population continues to grow and age rapidly, the ratio and the actual number of people with disabilities will also markedly grow. VIA Rail trains provide a more accessible service than automobiles, buses, or airplanes, and VIA Rail is committed to continuing to make improvements particularly with the renewal of the fleet and continuing upgrades to stations and will fully comply with all accessibility regulations.

VIA Rail's new fleet will comply with and even exceed some regulations that were in force during procurement and award. Through our consultation process we are designing the new fleet to meet the needs of our customers with accessibility needs and they will continue to be consulted as the designs are finalized. To date they have been very pleased and impressed with the results. With this process we will not only meet the specific requirements of the regulations but also the real needs of our customers.

VIA Rail has recently completed the Ottawa Station Accessibility project. Accessibility improvements have also been implemented at Halifax and Winnipeg Stations and other initiatives such as accessible counters are forthcoming. Additional information will be provided in subsequent Corporate Plans.

Existing Complaint Process:

When an Accessibility complaint is received, it is directed to VIA Rail's Customer Relations for handling and / or follow-up. The complaint will be coded as an Accessibility complaint and then will be tracked and directed for the required actions.

The response process is as follows:

- Review of the complaint;
- Internal follow-up towards obtaining all relevant details;
- When appropriate, ensure employees receive coaching from their managers;
- Seek guidance from legal when required;
- Respond to the customer by email or telephone and advise of actions being taken, as appropriate; and
- Ensure policies/processes are updated as required and communicated internally.

Complaints addressed in 2018: 132

Complaints addressed in 2019 – up to August 31: 70.

(3) **Canada Labour Code**

Bill C-86 – Budget Implementation Act (2018)

Bill C-86, outlines changes in federal labour and employment relations regulations. The regulations come into effect in 2019 with staggered implementation dates.

The revised regulations include changes to:

- Breaks and rest periods;
- Minimum age;
- Leave;
- Vacation and holiday pay,
- Notice of work schedule;
- Group terminations;
- Notice periods;

- Unjust dismissal;
- Pay equity; and
- Compliance and enforcement.

The most relevant change to VIA Rail's operating environment is that employees will be entitled to five personal days of leave for illness, certain family responsibilities, urgent matters and attending citizenship ceremonies.

- Three of the days will be paid where an employee has completed three consecutive months of continuous employment with the employer;
- 10 days for victims of family violence (five of the days are paid);
- five unpaid days for indigenous practices.

The annual provision of five personal days became effective on September 1, 2019. The full allotment of five days is permitted to be used in 2019.

While applicable to all employees, this change from an operational or financial perspective will affect approximately two-thirds of VIA Rail's work force. These positions are mostly operational, many customer facing, be they on-board our trains or within our stations. Should these employees be absent, a replacement employee will be required to maintain service. This will entail the additional expense of a second employee, possibly at overtime rates called from spare boards. Prior to this provision, most of VIA Rail's unionized work force did not have paid personal or sick days.

Other legislative changes that will be implemented or are anticipated to come in to force include:

(4) Pay Equity

Bill C-86 – Budget Implementation Act (2018)

A new *Pay Equity Act (PEA)* has been created, along with related amendments to the *Canadian Human Rights Act*, that aims to redress systemic gender-based discrimination in the compensation practices and systems of employers. Specifically, the *PEA* focuses on discrimination that is experienced by employees who occupy positions in predominantly female job classes, with the aim of ensuring employees receive equal compensation for work of equal value, while taking into account the needs of employers.

(5) Safe Workplaces & Leave Provisions

Bill C-65 – An Act to amend the Canada Labour Code (harassment and violence)

Among numerous recent changes to the *Canada Labour Code*, the existing framework for the prevention and reporting of harassment and violence has been strengthened. This bill amends legislation and grants authority to develop consolidated regulations for harassment and violence prevention, which includes: the requirement for comprehensive workplace harassment and violence prevention policies; courses & training; effective workplace committees; clear definitions; employee-driven resolution process with timelines. Part II of the Code is amended to include specific duties of the employer related to workplace harassment and violence, as well as to broaden the scope of those duties related to access to information. The bill expands the definition of workplace harassment and violence to include harassment and violence of a sexual nature.

(6) Locomotive Engineer Work/Rest Rule Modifications

On December 20, 2018, a Ministerial Order was issued to order the revision of the Work Rest Rules. The Railway Association of Canada (RAC) filed a proposed revised Rule in May 2019. On July 8, 2019, the Honourable Marc Garneau issued letters to CN and CP as well as the Railway Association of Canada, stating that the proposed revisions to the *Work/Rest Rule for Railway Operating Employees (Work/Rest Rules)* submitted by the Railway Association of Canada on their behalf would not be approved.

VIA Rail is fully committed to safety and has already instituted many fatigue mitigations following a revamp of its Fatigue Management program initiated in 2017. This included many new initiatives, such as:

- A full risk assessment on fatigue;
- The development of an onboard napping policy;
- Employee's involvement in the hotel procurement process;
- Define criteria to develop work schedule and employee consultation/involvement in this process; and
- The development of a web-based application where employees can follow the train and adjust their sleep when the train was delayed and many other initiatives.

All these initiatives were accomplished with a very strong involvement on the part of the TCRC. In addition, VIA Rail and the TCRC included many new measures in the collective agreement to mitigate some of the factors that can cause fatigue, such as increased preparatory and final time, amongst other steps. We are fully in favour of a healthy and safe work environment that fully recognizes the latest fatigue science. VIA Rail will take all measures possible to comply with the new Rules.

Minister Garneau's letter dated July 8, 2019, includes an Annex A which provides Transport Canada's expectation with regards to rules and limits. Due to the regular delays caused by host railways, mainly for our remote and Long-Distance services, the rules will necessitate a review and relocation of employee terminals, requiring more employees.

VIA Rail is confident that full compliance and the successful application of the Work/Rest Rules that will result with little or no service disruptions is completely achievable and realistic given a sufficient compliance period and requirements that reflect passenger operations. At the time of drafting this Corporate Plan, Railway Association of Canada is actively working with Transport Canada and Industry stakeholders to develop a new Rule. The safety and security of passengers, employees, and the public is always VIA Rail's primary concern and we are pleased to be part of this consultation process. VIA Rail will provide additional information in subsequent Corporate Plans as developments occur.

Travel, Hospitality, Conference and Event Expenditures

The Corporation's Travel Policy is aligned with the July 16, 2015 Treasury Board directive for Crown corporations guidelines and practices on travel, hospitality, conference and event expenditures for Directors and the CEO.

Employment Equity Act

VIA Rail must ensure that no one is denied employment opportunities or benefits for reasons unrelated to ability. Moreover, the Corporation is committed to ensuring equitable treatment for everyone, and to taking special measures to correct any disadvantages suffered by the members of the four groups designated by the Act in the field of employment, i.e. aboriginal peoples, persons with disabilities, women and persons who are, because of their race or colour, in a visible minority in Canada.

The main aim of this policy is to ensure that in all job categories, these designated groups be represented among VIA Rail employees in numbers proportionate to their representation in the labour force. Accordingly, VIA Rail has adopted action plans and programs with specific hiring objectives and the appropriate means to attain these targets, for example:

- recognizing that professional skill is the sole criterion for hiring and promotion;
- preventing any discrimination in terms of recruitment, selection, promotion, training and compensation against any member of the designated groups; and
- promoting the use of methods to facilitate the recruitment of members of these designated groups, and to progressively increase their numbers in all employment categories.

In short, VIA Rail is committed to offering equal chances for employment and advancement in the Corporation to everyone, including members of the designated groups.

Connecting people and places from coast to coast, it is only natural that VIA Rail would be committed to providing a productive and welcoming workplace that reflects our Canadian society. This commitment entails:

- Recognizing the value of a diverse and representative workforce, encouraging wider participation and ensuring dignity and respect for all employees;
- Planning and implementing programs, systems, policies and practices that aim to decrease any type of discrimination and promote equal employment opportunities and foster the establishment of a representative workforce and
- Promote inclusion and diversity while complying with our legal obligations as regards employment equity, multiculturalism and other human rights related obligations.

Official Languages Act

In compliance with the Act, VIA Rail's policy is to:

- recognize the right of the public, and particularly passengers, to be served in the official language of their choice;
- promote the use of both official languages by its employees;
- ensure that its employees reflect the presence of both official language communities in each work group, hierarchical level and geographic location;
- cooperate fully with government and other organizations striving to promote the use of both official languages.

Accordingly, VIA Rail is committed to:

- taking the necessary steps to provide services in both official languages for the general public and passengers;
- providing Headquarters with employees able to communicate with the public and employees in both official languages;
- eliminating administrative obstacles to the use of both official languages in the workplace;
- ensuring internal and external communications in both official languages; and
- guaranteeing equal chances for employment and advancement to members of the two official language communities.

Through our Statement on Official Languages, VIA Rail Canada recognizes English and French as the two official languages. The Corporation is committed to taking positive measures to serve members of the public and its clients in the official language of their choice.

Pension Plan Reform Directives

VIA Rail is aligned with the Government of Canada directive for the federal public service to shift to a balanced 50/50 employee / employer share of pension contributions, as announced in Budget 2012.

Order in Council – Labour

The Economic Action Plan 2013 Act No. 1 enacted sections 89.8 to 89.92 of the Financial Administration Act, which created oversight mechanisms in relation to compensation of employees of Crown corporations that can be triggered by Order of the Governor in Council. On December 9, 2013, an Order in Council was issued (P.C. 2013-1354) directing VIA Rail to obtain the Treasury Board's approval of its negotiating mandates with respect to collective agreements that expire in 2014 or later. It also directed the Corporation to obtain the Treasury Board's approval before fixing the terms and conditions of employment of its non-unionized employees.

On June 3, 2016, an Order in Council was issued (P.C. 2016-0443) that repealed the requirement for VIA Rail to obtain the Treasury Board's approval of its negotiating mandates with respect to collective agreements. The requirement to obtain Treasury Board approval prior to fixing the terms and conditions of employment for non-unionized employees was however maintained.

Regulatory Requirements

VIA Rail supports and complies with the following key legislation that affect various facets of its operations:

Corporate

- Canada Anti-Spam Legislation
- Canada Business Corporations Act, RSC 1985, c C-44
- Competition Act
- Copyright Act
- Criminal Code
- Financial Administration Act, RSC 1985, c F-11
- Economic Action Plan 2013 Act, No. 1, SC 2013, c 33
- Economic Action Plan 2014 Act, No. 1, SC 2014, c 20
- Trade-Marks Act

Government Institutions

- Auditor General Act R.S.C., 1985, c. A-17
- Conflict of Interest Act, SC 2006, c 9, s 2
- Commercial Arbitration Act, RSC 1985, c 17 (2nd Supp.)

- Library and Archives of Canada Act, SC 2004, c 11
- Lobbying Act, RSC 1985, c 44 (4th Supp.)
- Privacy Act, RSC 1985, c P-21
- Public Servants Disclosure Protection Act, SC 2005, c 46

Regulatory Statutes

- Canada Transportation Act, SC 1996, c 10
- Railway Safety Act
- Canadian Transportation Accident Investigation and Safety Board Act
- Heritage Railway Stations Protection Act
- Memorandum of Understanding on Railway Security
- Canada Labour Code, RSC 1985, c L-2
- Impact Assessment Act, S.C. 2019, c. 28, s. 1
- Canadian Environmental Protection Act, 1999, SC 1999, c 33
- Canadian Human Rights Act, RSC 1985, c H-6

Trade Agreements

VIA Rail is subject to and complies with the following trade agreements:

- North American Free Trade Agreement (NAFTA) and the United States-Mexico-Canada Agreement (USMCA) once ratified.
- Comprehensive Economic and Trade Agreement (CETA) is a free-trade agreement between Canada, the European Union and its member states.

ANNEX 5. GOVERNMENT PRIORITIES AND DIRECTION

Transparency and Open Government

Within the required timeframes, VIA Rail openly publishes its Public reports such as Annual and Quarterly Reports, Summary Corporate Plans, Proactive Disclosures and Access to Information Act inquiries. The Corporation aims to respond in a timely manner to all information requests as well as reasonably address their associated concerns when feasible.

Gender-based Analysis plus, Diversity, Employment Equity

To improve the manner in which women, men and gender-diverse people may experience policies, programs and initiatives, VIA Rail has established several strategies under the GBA+ lens.

Supporting Diversity Internally

A Regional Inclusion & Diversity Network exists at VIA Rail. It is composed of employees from various cultural backgrounds who promote diversity in the workplace and holds several celebratory events throughout the year. This group was also implicated in the development of the VIA Rail's Employment Equity and Diversity plans.

The VIAWELL Ambassador program exists to champion workplace mental health at all levels. There are currently 33 VIAWELL Ambassadors trained to provide support, reduce the stigma of mental illness and promote employee engagement on this issue.

As part of VIA Rail's commitment to parity, equity, diversity, and inclusion, the management team implemented a program to enhance the representation of women at all levels of the company and in non-traditional roles. On September 11, 2018, VIA Rail received Silver Parity Certification from the Women in Governance organization in recognition of these efforts.

Women in Governance has a mission of supporting women in their leadership development, career advancement and access to Board seats. Parity Certification recognizes an organization's efforts to promote the equal representation of women and men within their strategies, actions and results. VIA Rail has achieved parity within its Board of Directors, which is composed of eight women and five men, and it is also doing well with its executives, with four women and five men. The rest of the organization is also on the right track: 31% of managers and 34% of non-managers are women.

Partnering for Diversity

In 2017, VIA Rail executed or initiated a variety of partnerships to publicly promote and engage with groups beyond biological sex and socio-cultural gender.

- Pursuit of the Canadian Council for Aboriginal Business (CCAB) Progressive Aboriginal Relations Certificate. To be considered for the certification, Via Rail must demonstrate leadership actions, equitable employment programs, business development with Aboriginal-owned businesses and establish and maintain positive community relations.
- Proud sponsor of the 2017 Invictus Games, a major international Paralympic multi-sport competition where more than 550 international athletes (wounded, injured or sick members of the Armed Forces and Veterans) compete in various disciplines.
- Contributed \$2 million worth of tickets to over 1510 community groups. Examples include: Salon immigration, Immigration Quebec, Black Girl's Magazine, Black African Museum, Women Engineering Forum.
- Partnered with Montreal and Toronto Pride to celebrate diversity and community as well as sponsoring the Diversity & Inclusion Conference in Toronto.
- Hosted a citizenship ceremony in Quebec City to celebrate new Canadians and also supports various retention programs for International students through partnerships with Montreal International and Quebec International.
- Participated in several job fairs targeting designated groups, including: YWCA WorkBC Job fair, Salon de l'immigration et de l'intégration au Québec.

Employment of Veterans and Reservists

In 2017, VIA Rail was honoured on two separate occasions by the Canadian Forces Liaison Council for its supportive employment practices.

VIA Rail has set a goal that 10% of new hires be veterans and reservists. To that end, VIA Rail is working with Veterans Affairs Canada, Canada Company Military Employment Transition (MET), and the Mission Emploi employment programs, to connect potential applicants from the Canadian Armed Forces members and Veterans with VIA Rail jobs.

VIA Rail has also put into effect an employment Policy for reservists to ensure that these members of our workforce are able to take an authorized leave of absence for their military training and service without impacting their pay, benefits, and career progression.

VIA Rail recognizes that transitioning members of the Canadian Armed Forces, Veterans, or Reservists share common values such as discipline, dedication to country, and service to fellow Canadians. Military members and Veterans are highly qualified professional individuals with years of acquired know-how and leadership that will help VIA Rail succeed.

GBA+ Statistics 2018

GRI / VIA RAIL INDICATOR		2018	2017	2016	2015
EMPLOYEES					
102-7	Number of active employees at the end of the calendar year	3,115	2,899	2,731	2,577
405-1	Number of active male employees	2,074	1,913	1,865	1,701
405-1	% of active male employees	67%	66%	68%	66%
405-1	Number of active female employees	1041	986	866	876
405-1	% of active female employees	33%	34%	32%	34%
102-41	Unionized employees %	78%	81%	81%	81%
401-1	New Hires	697	545	566	393
VIA Rail	New Hires form Canadian Armed Forces	31	22	25	5
401-1	Employees turnover rate (%)	11%	11%	10%	11%
VIA Rail	Attendance rate (%)	94%	94%	95%	93%
405-1	Number of active Indigenous employees	54%	54%	52%	n/a
405-1	% of active Indigenous employees	2%	2%	2%	n/a
405-1	Number of active visible minority employees	376	350	278	n/a
405-1	% of active visible minority employees	12%	11%	10%	n/a
405-1	Number of active people with disabilities employees	60	67	49	n/a
405-1	% of active people with disabilities employees	2%	2%	2%	n/a
405-1	% of active veterans employees	79	50	38	n/a
405-1	Number of active veteran employees	3%	2%	1%	n/a
405-1	Age group over 50 (%)	32%	35%	39%	43%
405-1	Age group between 30-50 (%)	53%	50%	44%	42%
405-1	Age group below 30(%)	16%	15%	17%	15%
102-22	Female board directors (%)	60%	50%	50%	50%

Sustainable Development and Greening Government Operations

Greening

As the national passenger rail service, VIA Rail Canada is devoted to meeting its customers' current and future needs in an environmentally sustainable and responsible manner. VIA Rail is continuously striving for a better environment for all Canadians. Since 2009, trains operated by VIA Rail have avoided 271,888 tonnes (tCO₂e) of GHG emissions as compared to making those trips by car while also reducing GHG emissions intensity by 30% and Criteria Air Contaminants (CAC) intensity by 21%. The delivery of 32 new bi-directional trainsets that are more efficient and environmentally friendly, will result with four to five times less pollution than with travel by automobile or other modes. These trains will also be 5% more fuel efficient.

THE BASIS OF OUR COMMITMENT

- Make the environment an integral component of our business decisions;
- Continue to improve our environmental performance and achieve our environmental objectives and targets;
- Comply with or exceed applicable laws and regulations; and
- Maximize our efforts while taking into account their economic and technological feasibility.

OBJECTIVES FOR REDUCING OUR ENVIRONMENTAL FOOTPRINT

- Minimize the impact of our activities on the environment;
- Develop and implement energy conservation programs;
- Reduce the use of environmentally harmful products and materials; and
- Apply the Reduce, Reuse and Recycle (3R) principle to minimize consumption of resources and production of waste.

Additional information regarding VIA Rail's numerous sustainability initiatives may be found at:

https://media.viarail.ca/sites/default/files/publications/2018_SMR_EN_FINAL.pdf

Safety

Operation Life Saver's Rail Safety Week is a yearly engagement that VIA Rail considers to be particularly important. In more than 25 cities across the country, employees man kiosks and run information sessions at railway stations, on trains, around railway crossings, and in various schools to spread awareness about the dangers of railroads and the precautions to take when approaching a railway.

National Parks

In alignment with the Ministerial Mandate to "Work with VIA Rail to make opportunities to travel to Canada's National Parks more accessible and affordable", VIA Rail and the Parks Canada Agency have initiated discussions regarding the preliminary planning and partnering of various travel opportunities to our National Parks. First stages of planning already include potential excursions to parks such as Point Pelee National Park, Thousand Islands National Park and La Mauricie National Park.

VIA Rail will provide updates to this initiative in subsequent Corporate Plans.

ANNEX 6. FINANCIAL STATEMENTS AND BUDGETS
