

Supply

I also had an opportunity to talk to municipal authorities, who told me they had no objection to reviewing their right to raise property taxes and to business people who expressed an interest in investing in short-line railway companies. In fact, the only ingredient still lacking is a clear-cut decision by the government and the Minister of Transport to include the public or its representatives in this debate.

So far, and we see this in the so-called task force set up by the Minister of Transport, there is no room for the opposition, not for the Official Opposition and not for the Reform Party. As far as consultations with the industry are concerned, there are a monumental farce, and that is why we are telling our stakeholders to boycott these consultations, since their only purpose is to let the government hear what it wants to hear. What we need is genuine consultations across Canada, and I am prepared to co-operate with the government and let our intervenors come and say what they think of railway transportation and what they are prepared to do to ensure its future.

• (1305)

Mrs. Pierrette Ringuette-Maltais (Madawaska—Victoria, Lib.): First of all, Mr. Speaker, I wish to commend the open-mindedness the hon. member for Mégantic—Compton—Stansstead has shown in advocating a national railway system from coast to coast, that is to say from the Atlantic to the Pacific and, of course, going across Quebec.

It is with pleasure that I will be talking today about a critical element of Canada's infrastructure, CN North America. CN is the largest rail carrier in Canada as well as the largest federal crown corporation with assets over \$5 billion and revenues in 1994 forecasted at over \$4 billion. CN North America operates an extensive network of 18,000 miles and provides about 30,000 jobs across the country. It serves shippers in 8 provinces giving them access to all major Canadian ports and to markets in the U.S.

CN North America has faced several difficult challenges over its existence and, more particularly, over the last few years. Let me explain, the market for rail has changed dramatically and motor carriers now compete vigorously against rail carriers. The commodities best served by rail are under growing world price pressure and are demanding lower transportation rates. Shippers from the manufacturing sector are demanding better services in terms of reliability and rapidity.

All these factors have affected the financial performance of CN North America and resulted in continued losses over the past few years. However Mr. Speaker I believe that CN North America has begun to take the necessary steps to improve its future performance. The company is rationalizing its network. It is abandoning the few remaining lines where there is simply no

traffic and selling to local entrepreneurs the lines that serve local markets and can be operated profitably by a small-scale railway company.

These regional railways or shortlines are usually more responsive to local shipper's needs and consequently provide services of equal or higher quality than class 1 carriers. In addition, their more flexible work rules allow them to adapt quickly to market demands and make them a lower cost solution than the traditional class 1 carriers.

In addition to rationalizing its network, CN North America is currently implementing a major labour reduction initiative. The company announced in 1992 that 11,000 jobs would be eliminated over three years. That announcement resulted in a significant write-down and a loss over \$1 billion in that year. But it also signalled to the financial market, the company's firm intention to control its costs.

CN North America is now in the second year of this initiative. It recently confirmed that 70 per cent of the cuts have been made. This initiative represents an important change in the organization that needed to be made if CN North America is to become a viable operation.

CN North America has also increased its marketing effort and is investing to offer shippers the best service available. The expansion of the Sarnia tunnel is perfect example of an investment that will give the company a competitive edge over its competitors in the intermodal market. By investing over \$200 million to expand the Sarnia tunnel, CN North America will soon be able to move double-stack containers between Montreal, Toronto and Chicago. This could represent savings of 12 hours for shipments going to Chicago.

• (1310)

Another good example of CN North America's strive for improved service is the recent purchase by the company of a leading-edge information system that will track individual shipments from pick-up to delivery. It will now be possible for CN North America and its shippers to know exactly where a shipment is and when it will get to its final destination.

I am glad to inform the House that CN North America is starting to reap the benefits of its ongoing efforts. The company earned \$186 million for the nine months ended September 30, compared with a loss of \$41 million in the comparable period in 1993. The company could earn as much as \$225 million profit this year, which would break the long series of losses experienced over the last few years.

However, this year's profit is not yet the happy ending we are all hoping for CN North America. The company's debt remains at \$2.2 billion, a very high level. And the profit in 1994 will not be sufficient to reduce the debt significantly because of important requirements for capital investment.