

Supply

Like all Canadians we must ask ourselves what is it that we can afford. We must make choices based upon utility and value. We cannot say to Canadians: "You must continue to pay more and more for something you rarely use".

I would encourage the opposition to recognize that we must face the reality of our economy, of our modes of travel, in particular the cost and benefits of rail passenger service.

If I may, I would like now to address the issue of where VIA is today. At the outset it would be helpful to briefly review some of the facts on VIA's performances in 1992. For the system as a whole the operating subsidy was \$332 million. This translates into an average total subsidy of \$92 per passenger. For the corridor, the most heavily travelled segment of the network, the operating subsidy was \$171.8 million for an average subsidy of \$56 per passenger.

• (2150)

As we move to the other categories of service we see that the level of subsidy rises dramatically. For example, it rises from an average of \$254 per passenger for Trent Continental service to \$454 per passenger for services to the remote communities.

It is also interesting to look at the level of cost recovery. It ranges from a high of 38 per cent on the corridor to a low of only 8 per cent on the remote routes. Nevertheless, VIA has not stood still since the 1993 budget announcement. To help meet the funding targets it embarked on a major restructuring of its corporate and management expenses last November. We as a government must respect the taxpayers' ability to pay. That is an important first step.

Unfortunately, with even bigger streamlining and a pared down corporate structure VIA cannot achieve viability unless at the same time it addresses its cost base. For example, labour costs represent approximately 46 per cent of the corporation's operating costs. These are in fact the largest single cost items in VIA's budget.

The decisions facing both VIA and its labour unions in the current contract negotiations will be difficult. At the same time it will be necessary for them to work together to find a resolution of their differences which is within the final financial constraints.

VIA is currently evaluating the effect on its operations of the budget funding cuts. As well, the negotiations between VIA and its employees will have a significant impact on future levels of service.

In addition, the corporation is reviewing every aspect of its operations to maximize all expenditures which do not impact directly on services to the travelling public.

In conclusion, I believe it is important to tell this House and Canadian taxpayers, who are in fact funding VIA to the tune of

\$323 million this year, that a resolution and a solution can be found. It lies within VIA itself coming up with some additional efficiency gains and the workers and labour components of VIA working co-operatively with the company to ensure greater efficiencies. Passengers and the travelling public who have a great desire for using passenger rail service—at least that is what they tell us—at the same time jump in their cars and drive down the 401. Ninety per cent of passengers do that.

I think the solution for passenger rail service, and there is no doubt that there is one in this country, lies with the passengers utilizing VIA more, the labour component part helping, and VIA looking for greater efficiencies. We believe that we can have a viable affordable passenger rail service in this country.

Hon. Audrey McLaughlin (Yukon): Mr. Speaker, I listened with interest to the member and his comments on the importance of rail and the decreased utilization of rail in this country.

I think we should put this into perspective. Following the changes to the rail system, to VIA Rail, we cannot on the one hand chastise people for not using rail when in fact the service and the funding to that service have been radically decreased and the quality of the service not upgraded. Certainly the proposals that have been around for quite some time on a high-speed train in the Toronto-Ottawa-Montreal corridor clearly would serve a very important transportation service both for passengers and produce.

I was recently in Japan. While I realize there is a much larger population there, their high speed trains are utilized fully because it is a good service.

Certainly the whole question of transportation is a major one. One of the debates during the Canada-U.S. and NAFTA free trade agreements was the impact on transportation, a further north-south investment into transportation routes of all kinds as opposed to the east-west links which had provided to the regions of this country, our farming communities and communities in the maritimes and Newfoundland, a substantial part of the development of this country.

• (2155)

I appreciate the member's comments specific to VIA Rail as it is now, but would it not make more sense from the environmental and utilization of best technology points of view to look seriously at a high speed-train in large quarters with large population?

Mr. Fontana: Mr. Speaker, the question is very appropriate. The member will know that the three governments, the federal government, the province of Ontario and the province of Quebec, have spent \$6 million on a further study of the high-speed proposal. That high speed proposal will come before the House and before the government some time this summer, at which point the House and the government will have an opportunity to