

### Supply

These sales would help to preserve rail access for some shippers and free the railways of lines on which they cannot become profitable. As my colleague pointed out, federal and provincial impediments to the creation of short lines from unprofitable lines of the Class I railways unfortunately exist. I also agree on including a review of this issue as part of our rail renewal effort.

• (1620)

The railways need to make progress on other fronts as well. They must continue to improve the service which they provide to shippers if they are to compete against truckers and U.S. railroads. The railways must also continue to improve their relationships with the trucking industry so that the whole transportation system can become more efficient for Canadian shippers.

But the railways alone are not responsible for making this improvement. Labour is a key factor in determining the competitive position and viability of the railways. A skilled and dedicated workforce is essential to the successful operation of a railway.

As my colleague mentioned, rail workers are among the highest paid in the transportation industry. Their collective bargaining power, based on the railways' historical importance, has enabled them to negotiate very generous wage rates and enviable job security provisions.

However, these agreements are no longer realistic in today's rail operating environment. The railways demand greater flexibility in deploying their labour resources than the current collective agreements provide. Employees and unions, however, want to protect the jobs and benefits which they already have.

Management and labour need to come to a common understanding of the current situation. The railways are struggling to be profitable, which makes it harder for them to achieve the efficiency that Canadian shippers will badly need as the 21st century approaches.

All stakeholders must contribute to the rejuvenation of rail transport in Canada, and our government recognizes that it has a role to play in this regard.

Government must create a sufficiently flexible regulatory framework so that the railways can maximize efficiency.

I agree with my colleague that the current system hinders the railways in several respects. They must go through a long and arduous process to implement decisions which, in any other sector, could be made on a purely commercial basis.

While recognizing the need to take into account the interests of shippers and the communities involved, we also should consider allowing the railways greater freedom to restructure and modernize their networks.

Both levels of government need to look at how they might simplify the rules under which Canadian railways now operate in competition with Canadian truckers and U.S. railroads.

Like my colleague, I think that the taxation regime is significantly more burdensome for Canadian railways than for Canadian truckers or U.S. railroads. The government should assess the importance of this factor in making the railways profitable.

As regards the industry structure, my colleague mentioned the government's consideration of the unsolicited CP Rail offer for CN's eastern assets, as well as the government task force on CN commercialization.

I take this opportunity to emphasize that government must examine all options for restructuring the railways, bearing in mind that corporate restructuring by itself will not solve all the problems of this sector.

I have pointed to areas for consideration by several stakeholders—railways, labour and government—in the efforts to renew the Canadian rail sector. The regional roundtables and national roundtable on rail renewal, sponsored by Transport Canada, which my colleague discussed, will be helpful in providing this government with input from stakeholders on its efforts in this regard.

In conclusion, let me reiterate that this government is making a great effort to rejuvenate rail transport, but all parties have a role to play. We must all come together to help ensure the viability of the railways, not just for their sake, but for the sake of the many Canadians who depend on them.

[English]

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I am pleased to join the debate today as someone who is a great supporter of rail transportation and a great believer ultimately in high speed rail transportation, but within the context of an integrated transportation system in eastern Canada. I do not believe that ever again we will see one form of transportation being used at the expense of others in one part of the country or another.

In rising in this way, faced with the position of members opposite, I would like to explain to the House some of the background of the government's position on this very important matter.

In November 1991 the then federal Minister of Transport with the ministers of transport for Quebec and Ontario announced a joint study of the feasibility of operating a high speed train service in the corridor between Quebec City and Windsor, the busiest transportation corridor in the country.

That study was to take between 18 and 24 months and the cost of \$6 million was shared equally among the three governments. The decision to conduct the study was based on the recommendations of a joint Quebec–Ontario task force report that was released in May 1991. The task force concluded that the final