

*Supply***SUPPLY**

CONCURRENCE IN VOTE 30—TRANSPORT

Hon. Arthur C. Eggleton (President of the Treasury Board and Minister responsible for Infrastructure) moved:

That Vote 30, in the amount of \$330,938,000 under the heading Transport—Payments to Via Rail Canada Inc., in the main estimates for the fiscal year ending March 31, 1995 (less the amount voted in interim supply), be concurred in.

Mr. Joe Fontana (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I am glad the opposition has raised this matter for debate. As all members know there are many pressing issues facing the railway industry and Canada is at a crossroads with respect to the industry's future.

Before dealing specifically with VIA I would like to put the rail passenger services into the larger context of the national transportation system. The hon. Minister of Transport set out a clear vision for the government's national transportation policy on June 3 in Thunder Bay.

Obviously transportation is as important now as it was in the past. We need a realistic achievable vision, and new partnerships to move the Canadian transportation system into the 21st century. We should respect the past but by doing so we must meet the challenges of the future.

We believe that the role and structure of crown corporations such as VIA Rail and CN must be reviewed. Because of the current uncertainty in the rail sector and concerns over its long term viability, the Minister of Transport intends to convene a meeting of industry leaders to discuss the problems railroads are facing and to search for solutions.

• (2145)

We must be pragmatic and focus on what will work. We must ensure that the common sense realistic needs and affordability are among the criteria driving Canadian transportation policy of the future. Passengers must have a multimodal transportation system that is safe, reliable and affordable. VIA has a role to play as we put the system in place.

Because of the need to reduce the government expenditures VIA has been required to operate within lower funding levels. Notwithstanding the fact that the funding to VIA has been reduced and its network restructured in 1990 we now have a streamlined and more efficient rail passenger carrier. The corporation has been able to complete cost studies of its operations that show where opportunities exist to make cost effective changes. Identification of such opportunities prompted VIA for example to introduce new service frequencies in the Montreal-Ottawa triangle while reducing further its requirements for government subsidies.

The government is pleased with what the corporation has been able to accomplish with the introduction of its silver and blue service on the western transcontinental trains. Public response has been outstanding. With both revenue and traffic increasing, on time performance is now at 90 per cent.

VIA has demonstrated that it is capable of meeting the challenge of subsidy reductions. That has been accomplished with the use of better equipment, improved productivity and a quality of on board services.

Recent years have seen VIA management exercising greater flexibility and control over the planning, development and operation of rail passenger services. With our government that trend will continue.

The 1993 budget reduced VIA funding over a three year period beginning in 1994-95 from \$343.4 million to \$235 million in 1996-97. The recent budget exercise further reduced annual funding over the next five years by a total of \$9.6 million.

As my colleague, the Minister of Finance, has already told the House, Canada has been building up a mountain of debt. We simply cannot allow this trend to continue. This was the reason behind our decision to confirm the VIA funding levels announced in the 1993 budget. VIA has met its challenges in moving to a more efficient customer oriented company.

This government is now asking the corporation to assist the government in reducing our national deficit. VIA's ability to meet this challenge is fundamental to its long term viability. The government's decision to confirm VIA's reduced funding was a necessary one and the right one for Canada. We cannot put the decision aside and look to the past. In my opinion that would be the wrong course. Rather we must now look to the future and forward building on VIA's successes.

There has been much discussion concerning the level of government subsidy to passenger rail service. In particular comparisons have been made with other modes of public transportation in Canada: buses, aeroplanes and the automobile. While the automobile and air modes have received more funding overall, each passenger on the rail mode receives a far greater subsidy than any other mode of transport.

Since its creation in 1977 the government has spent more than \$7 billion on VIA's operating and capital expenditures. Despite these government subsidies rail passenger service retains only 1 per cent of the total Canadian intercity passenger traffic. In comparison the air mode has a market share of 6 per cent. The automobile enjoys the lion's share of the market at 89 per cent. Even the bus mode enjoys a greater share of the market at 4 per cent.

These figures reveal that Canadians have a definite preference for passenger modes other than rail and they have sent a clear signal of that preference.