

(vi) The Issue of Comparative Subsidies to other Modes of Transportation

The issue of comparative subsidies to other forms of transportation in Canada has come up time and time again in the course of this Committee's proceedings. The arguments have ranged around whether railways are receiving a disproportionate amount of government subsidization when compared with other modes of passenger carriage. It has, on the other hand, been argued that when a true comparison is made, which takes into account all the factors associated with subsidizing a particular mode of transportation, railways are in fact relatively inexpensive when compared with the total amounts of money invested in the air and highway modes.

Particularly relevant to railways is the question of subsidies to bus lines. The conception that buses are essentially not subsidized at all by the federal or provincial governments was questioned during the course of the Committee's proceedings on the basis that buses use heavily subsidized public highways and roads in order to transport passengers. The comparative cost of building, rebuilding, conducting snow and ice removal and generally maintaining these roadways has been unfavourably compared to the cost of railway subsidies.

The roads and highways used by bus services are generally a provincial responsibility, but one must keep in mind the very considerable federal financial assistance in this field. Some examples from the recent and the present include: the "roads to resources" programs, Trans-Canada Highway subsidies, the "Urban Transportation Assistance Program" (UTAP), and the capital assistance program for intercity bus transport in the Atlantic Provinces. These are all multi-million dollar federal aid programs.

Transportion subsidies are not inherently undesirable. They should be regarded as a form of investment in the development of the country. But like any investment, the return must be calculated and must, given all the circumstances, result in a satisfactory yield. This yield need not be calculated in dollars alone. Long-term economic advantages, and social consequences should also be carefully considered. This should be kept in mind by those who have been justifying a reduction in railway subsidies on the basis that railways produce the lowest yield for the subsidy dollar.

Furthermore, the Committee cautions against wholesale superficial comparisons between one mode of transport and the other. Clearly, this type of analysis is most relevant to any discussion on Canadian transportation policy. However, the Committee has not been convinced, one way or the other, as to the strength of the arguments surrounding the real cost of subsidies on either side. For this reason, the Committee again refers back to its first recommendation and expresses its view that this issue of comparative subsidies be included in a long-range study of the future Canadian passenger transportation services.

D. Operational Factors Relating to Route Cancellations and to Railway Passenger Service Generally

(i) Sufficiency of Data

When the 20% reduction in passenger services was announced last autumn, the underlying rationale for this action was the need to make funds available out of VIA's