

the United States. It may have initially appeared that VIA, being unfettered by complex and restrictive legislation, would be able to operate more freely in its formative stages. Such has not been the case. The rights and duties of the railway, in relation to the regulatory bodies with which it must contend as well as its relations with the other operating railways, and its position with respect to the Minister, are not provided for. The Committee feels that this has worked to the detriment of VIA. The senior management of VIA has, before this Committee, repeatedly urged the enactment of a Via Rail Canada Act. Apparently, discussions with the Minister on this matter have taken place. However, no timetable for the introduction of such legislation has been set.

3. The Committee recommends that an enactment providing a clear and all-encompassing legislative framework for VIA Rail Canada Inc., and in consequence for passenger rail service in this country, is an essential requirement. A good deal of delay has already taken place since the initial incorporation of the company. Time now should be regarded as of the essence and the Committee earnestly recommends the introduction of such legislation at the earliest possible date. The Committee recommends that such legislation specify the right of VIA to relevant costing data, and should specify the methods to be employed in order to obtain the necessary information either from the railways directly or through the Canadian Transport Commission. The Committee also recommends that the appropriate officials of VIA be fully consulted in the course of drafting the legislation.

C. Issues relating to Economic Factors and Financial Procedures

The Committee wishes to express its serious reservations as to the wisdom of abandoning viable, high ridership rail services in order to free funds to finance new equipment purchases. The Committee has significant doubts as to whether the amounts expected to become available as a result of the cancellations will be as high as initially anticipated when considering the overall picture. Thus, when about one-fifth of the VIA rail passenger network is ordered abandoned as it was last November, a very substantial amount of revenue in the form of ticket sales is lost to the company. It must be kept in mind that some of the routes that were cut, especially "The Atlantic", were heavily utilized.

The rail service reductions are designed ultimately to produce a \$100 million saving but this saving will not be realized in the first budget year following the cutbacks. The words of Mr. J. F. Roberts, Chairman and President of VIA Rail Canada Inc. in his testimony before this Committee on 3 December 1981, are relevant:

I think the minister said that the changes would be worth about \$100 million, and that is quite correct. I think the estimate shows approximately \$45 million worth of savings in the first year, that is, 1982, but it escalates each succeeding year, and by 1984 it will be about \$100 million.

There are other costs involved in such an abandonment project. A considerable number of jobs were lost which forced VIA employees into early retirement or into job re-allocation, all of which will cost the company a substantial amount of money estimated by VIA to be between \$2 and \$2.5 million. In addition, a fund of up to \$30 million has been set aside, to be administered by Transport Canada, for severance pay, early or accelerated retirement,