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Chair

The Honourable Roger Gallaway

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• (0905)

[English]

The Chair (Hon. Roger Gallaway (Sarnia—Lambton, Lib.)): We can start the meeting this morning, which I think is going to be brief.

We are here to consider a motion, notice of which was given last week by Mr. Gouk. You should have a copy of that motion in front of you.

Mr. Gouk, having given notice, would you like to start this off?

Mr. Jim Gouk (British Columbia Southern Interior, CPC): Certainly. I would start, Mr. Chairman, by saying that I have heard unofficially that the government has in fact told VIA to back off for at least a year. Now, I say unofficially, because I've heard it from a number of sources, but there has been no official announcement. I have certainly not heard it from the minister or from anyone speaking on behalf of the minister, nor have I seen it appear. So I would like to continue with the motion.

The whole rationale behind this is that the Rocky Mountaineer was actually started by VIA Rail. The government of the day decided that it should be the private sector rather than the taxpayer that risks capital in order to build the tourism business, because it wasn't there at the time. VIA carried something in the range of 5,000 passengers when they operated it. This started it up. Who knows what they might have done with it, but they didn't. As it turns out, the private sector company took it over and invested millions and millions of dollars in this.

There were times when it was a little shaky. I know for a fact that the head of the company that took it over worked around the clock himself. His wife worked as an on-board attendant. I mean, they did everything they had to in order to make a success of this. They now carry in excess of 80,000 passengers a year.

I just have a fundamental problem, first of all, with someone going back into direct competition with them, but particularly in light of the fact that VIA is still very heavily subsidized. There's no way to unravel cross-subsidization. If it were another private sector company coming in and wanting to compete, I may not like that from the point of view of the one company, but that's the market and that's fair. But in this case, I don't think it is.

I think probably the minister agrees insofar as what I've heard he has decided. But I would like to proceed with this in any case, because it's not official and because I think it is appropriate that this committee send a message: if this is what he's agreed to, he should

support it, and we want to see something done for the future so we don't have to keep revisiting this issue all the time.

The Chair: Mr. Bonin.

Mr. Raymond Bonin (Nickel Belt, Lib.): Yes. I speak in favour of the motion. I will be supporting it. If VIA Rail has extra equipment, they can put it on from Ottawa to Sudbury so we don't have to go via Toronto. Go where it's needed, not where you're competing for bucks.

The Chair: Anyone else?

Mr. Bell.

Mr. Don Bell (North Vancouver, Lib.): Procedurally, Mr. Gouk, shouldn't your motion be that they "request" rather than "instruct VIA Rail" ?

Mr. Jim Gouk: No, the government doesn't ask VIA Rail to do things; they tell VIA Rail. They are the basic owners of VIA Rail.

The Chair: Mr. Scarpaleggia.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Do we not have VIA Rail coming shortly to our committee?

The Chair: Yes, we do. We have VIA Rail coming on November 3, a week from this Thursday.

Mr. Francis Scarpaleggia: To be honest with you, Mr. Gouk, I don't know anything about this issue. Would it be possible to confront VIA about this and then vote on it subsequently?

Mr. Jim Gouk: I met, actually, with Paul Côté in Montreal yesterday morning. He acknowledged that they have been instructed to back off. The approval that was tentatively given to them has been withdrawn.

I think it's just appropriate by way of housekeeping that we clean this up. There are a number of things to talk to Mr. Côté about when he comes before the committee, issues of concern for passenger rail throughout the country in terms of coming up with a long-range plan so we don't have these confrontations and in terms of things like station security. Now that airport security has been beefed up, there have been more problems with rail transport, passenger rail, since 9/11 than there have been with the airlines. It's something the rail is going to be forced to look at—environment, fuel surcharges, all these things. We have a very full complement of things to talk to Mr. Côté about.

I think this is just housekeeping to tidy this one up, and then we're finished with it.

The Chair: Mr. Julian.

Mr. Peter Julian (Burnaby—New Westminster, NDP): I would agree that we shouldn't be considering this motion today. If we intend to have this discussion, I think we should have Transport 2000 in. The discussion about public rail has enormous implications. The reality is that the rails weren't laid down by Rocky Mountaineer; the rails were laid down by the Canadian taxpayer. Canadians right now do not have access, through low-cost rail transport, through the southern Rockies.

I have some real concerns about this motion. I'd like to hear VIA Rail's reaction to this. I'd like to hear Transport 2000's reaction to it. I too have the same sense as Mr. Scarpaleggia. This is inappropriate to consider at this time.

The Chair: Mr. Gouk.

Mr. Jim Gouk: Yes, just to put things in perspective, first of all, I would argue that it wasn't the Canadian taxpayer who put down the rail, it was private rail companies. We can go into the history of that and do the arguments, pro and con. VIA Rail is an operator on the rail, just the same as Rocky Mountaineer. They lease that from private rail.

Second of all, the NDP member who comes from British Columbia should know that with the exception of the West Coast Express, there is no such thing as rail transportation in British Columbia. It's rail tourism, pure and simple.

Of the three methods of getting from Edmonton to Vancouver—bus travel, airline travel, VIA—even with their subsidized fare, VIA is the most expensive way to go. It is the longest way to go; it's a 17-hour trip. It is the least environmentally friendly. It is rail tourism, pure and simple.

I have argued in the past that the Canadian taxpayer should not be subsidizing tourists, neither Canadian nor foreign. They should pay their own bill.

• (0910)

The Chair: Okay, anyone else?

Mr. Scarpaleggia.

Mr. Francis Scarpaleggia: Jim, when you brought this up with Mr. Côté, what did he say? What was his response to this?

Mr. Jim Gouk: He was kind of, "So be it. We have been told this, so we're prepared to work in that area."

They have indicated an interest in my facilitating a meeting between them and Peter Armstrong so they can try to find some common ground and work on issues together. I think it's a very positive step. Maybe we've done a little head-bumping along the way, but I think we're now at the point where I think there's some real hope for a lot smoother passenger rail cooperation in this country. I'd like to keep it moving that way.

As I say, I think this just puts an end to this one. Although it's already technically done, we haven't officially been heard, so we do the housekeeping from the committee to express the view of the committee, and then we move ahead. I think there's a good opportunity to do that.

The Chair: Mr. Bonin.

Mr. Raymond Bonin: Mr. Chair, what we are doing here is making a recommendation. That's what committees do. I think we should deal with it and vote on it so that when VIA Rail comes here they know the position of the committee.

I would like you to call the question.

The Chair: Well, I'm quite willing to do that.

Mr. Hubbard.

Hon. Charles Hubbard (Miramichi, Lib.): Mr. Chair, I have some difficulty in terms of VIA Rail coming. I know certain people have concerns...they talk about subsidies. We look at VIA Rail. Over the years, I think we've certainly reduced the government's involvement in terms of providing subsidies to VIA Rail. Our position in terms of transport and the need for passenger transport across this country by rail is certainly a topic that has been discussed for probably over a hundred years. Maybe sometime it will change dramatically.

In all fairness to VIA, I think it's a little bit difficult to start micromanaging their operation. You know, maybe it's not even a major part of their overall operational plans for the future.

A number of us, I think including you, Mr. Chair, have been on the Rocky Mountaineer. We know it's a tremendous tourism asset to Canada and to the people of British Columbia and Alberta. I would suggest that in terms of this motion, we should probably ask some questions to VIA Rail when they come and then deal with it according to what their position might be.

As a government, I don't think we want to get involved in micromanaging VIA Rail. They have to operate as a public utility, with our help, but if we start trying to decide where they're going to go, when they can go, and what time they can go, I think it's a very difficult job for a government.

The Chair: Thanks, Mr. Hubbard.

I just want to clarify that I have never been on the Rocky Mountaineer.

Monsieur Carrier.

[*Translation*]

Mr. Robert Carrier (Alfred-Pellan, BQ): Good morning. I missed Mr. Gouk's presentation. I apologize for being late.

After reviewing the motion, the Bloc Québécois has decided not to support it for several reasons. First, VIA Rail does not offer the same kind of services as private carriers. It offers panoramic travel. Second, the service is available on a limited basis. VIA Rail offers passengers three weekly trips and many miss out because seats are fully booked. Furthermore, contrary to the allegation, VIA Rail service is not subsidized. Therefore, it competes fairly with other services. Finally, the rail line was not built by the current private corporation and at issue here is a public good.

Therefore, we cannot support this motion.

[*English*]

The Chair: Mr. Gouk.

Mr. Jim Gouk: There are points here Mr. Carrier raised so quickly that I'll start in reverse order.

First of all, the rail is not a public asset. It is owned by CN and CP, both private companies. Both Rocky Mountaineer and VIA Rail pay running rights to operate on that. They don't have any access to public lines, nor does the public make any money from those rates.

I might add, in terms of subsidy, that government, on behalf of VIA Rail, negotiated with or actually instructed CN and CP to provide a very favourable rate to VIA over the other private operators. VIA pays approximately one-fifth the running rate Rocky Mountaineer pays to run on the exact same track for the exact same purpose. It is rail tourism pure and simple, and VIA is subsidized in the amount of about a half a million dollars a day; that's their operational subsidy alone. That's putting aside the \$400 million in capital funding they got a few years back.

In terms of leaving passengers at the station with their three trips a week, their average train runs 20 to 24 cars. The "consist", which is the makeup of cars and locomotives, contains three locomotives, and with the grade and weight of cars involved they could carry up to 50 cars without adding a locomotive. If they want to run more capacity, they're able to add more cars onto what they're running right now.

If they run three more trains a week, they increase their costs by approximately half a million dollars a month, and that's just in direct wages, running rates, and fuel costs for those three runs. At a time when the government and other people, the NDP, are talking about the environment, Kyoto, and the reduction of fossil fuel use, instead of their running additional cars with marginal increases in wage costs and fuel costs, the additional three trains would burn over 66,000 litres of diesel fuel per week for those three runs. I don't know where the rationale is for this being a good deal for anyone.

● (0915)

The Chair: Mr. Bonin.

Mr. Raymond Bonin: This committee studied passenger rail a few years ago; I chaired it. The recommendations were that because of a shortage of service, we should open it up to the private sector to come in and compete with VIA Rail. It didn't recommend that VIA Rail be allowed to go destroy the little bit of private sector that was out there. There should be more Rocky Mountaineers throughout the country, because there is a shortage of this service for tourists. I don't think that people who succeed should be punished.

(Motion agreed to [See *Minutes of Proceedings*])

The Chair: It's been brought to my attention that at our last meeting we did not reconstitute the steering committee, which is going to meet very shortly. I would entertain a motion to form or reconstitute the steering committee in the same form as in the last go-round.

Mr. Andrew Scheer (Regina—Qu'Appelle, CPC): I so move.

(Motion agreed to)

The Chair: I would point out that on Thursday, October 27, we will have the Minister of Transport here. It's an open session—might I say it's open season?

Some hon. members: Oh, oh!

The Chair: I know there are a number of interests and matters people have questions on, and we're not limited to anything. That is this coming Thursday; at 9 a.m. we will start.

A week from Thursday, November 3, we will have VIA Rail; Mr. Côté from VIA is coming.

That is all we have on the agenda for this morning. Your steering committee is going to meet now.

Yes, Mr. Gouk.

Mr. Jim Gouk: Could I ask a question of our new parliamentary secretary?

The Chair: Go ahead.

Mr. Jim Gouk: We have notice of Bill C-44 coming up, and I say this candidly; this is not partisan. You know me pretty well, Charlie; I'm not that partisan, particularly at committee.

I remember when the minister said he was going to bring this forward, and the way he put it was, "I am going to reintroduce Bill C-26". Now, Bill C-26 had no support in industry and it had no support on this committee; even when the Liberals had a majority government it couldn't pass. It's come forward in essentially the same form as Bill C-26.

I wonder if you could explain to us what the rationale is for pressing ahead to bring this bill forward, knowing that there is widespread industry, committee, and obviously political opposition to it. What is the point? Why are we pursuing this when there are so many other things?

● (0920)

Hon. Charles Hubbard: Maybe this clarifies it. You're talking about two bills. I think there are five bills we have before the House right now.

Mr. Jim Gouk: It was Bill C-44 I was specifically talking about.

The Chair: I think what he's asking, Charlie, is this. Bill C-26 was in the last Parliament. Bill C-44 is what we'd call successor legislation; it's virtually the same.

Hon. Charles Hubbard: Bill C-44 is on the order paper today, Jim, and it might be good if we had a minute to hear Jim's concern with that. There are probably five major issues in Bill C-44. Which issue are you mainly concerned about? Is it the VIA issue?

Mr. Jim Gouk: No, it starts with the title page and it moves forward from there—

Some hon. members: Oh, oh!

Mr. Jim Gouk: —and I'm not trying to be facetious.

We had a lot of hearings on Bill C-26 across the country and there was very little support, and we're talking about both sides of the spectrum. We have the rail companies on one side that don't like it, and we have the shippers on the other who don't like it either. It has removed mechanisms some feel are important. It doesn't address issues like running rights. It leaves out as much as it puts in that we object to, and of course there is the VIA issue on top of that.

We've just had VIA propose to do something, and the minister in his wisdom said he didn't think it was a good move. If we had passed Bill C-26, we would not have been able to have that interjection by the minister; it would simply have been something they would have gone ahead and done. I think that just highlights the fact that we need to slow down and take a good look at what we're doing and why we're doing it.

The Chair: I don't mean to jump in here, but the minister is coming here on Thursday morning, and I know his parliamentary secretary, Mr. Hubbard, is going to convey your question to him in 48 hours or less. I'm sure, Mr. Gouk, that Minister Lapierre would want to answer that question, and now he has 48 hours' notice of it.

Mr. Jim Gouk: Mission accomplished.

Hon. Charles Hubbard: Thank you, Mr. Chair.

But when it comes before the House...probably it won't today because there are a whole group of things on the order paper, and it's towards the bottom of the list. We certainly would be interested in hearing your speeches. We would have to decide from there what

exactly might happen, but I think the idea would be that this committee, hopefully, would get it after first reading and that we would take it and see what changes we could make. We're certainly open to amendments or to changes.

But there are parts of that bill that are quite significant in terms of cleaning up some of the problems we see right now in the various modes of transportation. There may be a whole mode, James, I think I've been told you're very much concerned about, but I'm not sure whether that should be deleted or not. We're dealing with air, we're dealing with VIA, we're dealing with the ports, and so forth. So we'll wait to hear your speeches in the House and then go from there.

The Chair: Are there any other comments? I didn't know it was going to turn into question period for the parliamentary secretary.

That being the case, we're just going to suspend for a few moments, and then the steering committee will meet. Everyone else is free to go.

[Proceedings continue in camera]

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