

*Western Grain Transportation Act*

involved as to what steps should be taken before attempting to change the Crow. That, however, would be far too logical a method to expect from this Government. Instead, it has decided to proceed with this legislation no matter what consequences to the West.

There are numerous concerns created by this Bill which force me to oppose it. To start with, it is a complex and bureaucratic nightmare. It is doubtful that a Philadelphia lawyer could decipher it, let alone the average farmer or layman. As I said earlier, the farmer knew what the Crow rate was and could plan accordingly. It was simple, half a cent per tonne mile. What we have presented in this legislation is a formula for setting freight rates which would make anyone's head swim. It is nothing but bureaucratic gobbledygook.

I do not believe that this Bill retains the principles of a statutory freight rate which is essential to the grain producers of western Canada. The freight rate structure set out in the Bill will allow for open-ended escalation without taking into account what the wheat farmers' profit position is or the value of the grain. By 1985-86, producers will be paying double the existing Crow rate. An additional \$160 million will be taken out of the prairie economy. We on this side of the House are aware of the delicate financial position many of our farmers are now in. Production costs have skyrocketed and farmers' net incomes have nose-dived. Wheat prices today are only a shade higher than they were nine years ago. In that period of time the rate of inflation increased by 135 per cent. If that rate applied to the price of wheat our farmers would be getting \$11 a bushel instead of \$4.63.

There is no protection for the farmers from escalation of the freight rate. By 1991-92, farmers will be paying five and one half times the Crow rate, which means that more than an additional \$1 billion will be drawn from western Canada. The Minister has stated his intention to bring in a safety net. The record of this Government indicates we need more than good intentions to depend on.

There are many more concerns that we have with this piece of legislation. The Bill excludes new crops and specialty crops. The Minister has suggested there will be changes, but I do not see them yet.

There is no provision in this Bill to reduce rates if costs should happen to fall. The Government should not have to be reminded what happened in the field of energy. Everything was based on a projected oil price of \$70 a barrel and no thought was given to the possibility that prices would drop.

The Bill is a costly bureaucratic mechanism, introduced at a time when agricultural prices are declining and production costs are on the increase. It will force further costs on farmers who are having a tough time shouldering the burden today. The Bill will hamper diversification and further processing of agricultural production in western Canada. It is far too generous to the railroads. It concentrates too much power in the hands of the Minister. It may erode the power of the Canadian Wheat Board. The concerns raised by this Bill go on and on.

• (1230)

We in the Progressive Conservative Party, Mr. Speaker, believe the Crownest Pass freight rate should remain in statute for the producers of Canada, but adequate compensation proportionate to the cost of moving grain should be provided to the railways. This Bill certainly does not reflect our position. We believe the distortion of the low freight rates in grain and oil seeds vis-à-vis processed products—

**Mr. Blais:** Author!

**An Hon. Member:** We all are the authors.

**Mr. MacDougall:** Pardon me, Mr. Speaker, I can see we have another Member from northern Ontario who is objecting to the freight rates. I will continue, Mr. Speaker.

We believe grain producers must have a statutory freight rate which preserves the benefits of the Crow and must be protected from open-ended escalation. There is no statutory protection for the farmer in this Bill. Producers should be guaranteed an efficient, cost-effective and reliable grain transportation system. There will be no railway performance guarantees for the first three years under this legislation. The railways will be given a free ride for three years.

There are many ways of improving efficiency and cost effectiveness without changing the Crow rate. As one of my colleagues pointed out, does our grain really have to be weighed six times and graded three times before it is finally exported? Many bottlenecks occur at the grain terminals rather than with the transportation system. Reduction of turnaround time at the terminals would greatly improve the system. Other steps could be taken to increase efficiency and cost effectiveness without tampering with the Crow rate.

We in the Progressive Conservative Party believe the Government of Canada and the railways have a continuing obligation to provide a special low rate to assist our grain producers in competing with subsidized grain exporting nations. As a trading nation we must be competitive. Our farmers must be protected from the artificial and natural advantages of other grain exporting countries. Australia, Argentina and the United States all subsidize their grain producers. Grain export is a key component of our economy. If we are to remain in a competitive position a special low rate for the transportation of grain must be provided.

We recognize that the railways should receive fair and adequate compensation for the movement of grain in order to allow it to be done efficiently. This Bill, however, goes way beyond being fair and adequate in its compensation to the railways; it is overly generous. Under this Bill the railways will receive 100 per cent of their long-run variable costs, 20 per cent contribution to overhead and 20.5 per cent contribution to capital. On top of that, they will have a freight rate by 1990-91 that will be ten times what the Crow rate is today.

The concerns raised by this piece of legislation are many, Mr. Speaker. One of the greatest concerns to farmers is the timing involved in the introduction of this inadequate piece of