

when transportation was a more costly item in the production of grain in western Canada.

Third, the farmer will not pay the full rate. In other words, transportation in western Canada will always be at a special rate and grain will always be a special commodity. The railways will never have to pay commercial rates for the transportation of grain. Obviously the concept of a compensatory rate is a limited one in comparison to what the railways would like.

The federal government is going to put a lot of money into easing the pain of western farmers when it comes to the transportation of grain. I have already mentioned how this will come about. The federal government will pay the current Crow benefit representing about \$600 million per year. In the statement I made in Winnipeg I also envisaged that money might be made available, within the budgetary framework we now have, for a contribution to the added cost after 1981-82. I have already referred to the continuation of the branch line rehabilitation program and the purchase of hopper cars.

But the main point I want to make here is that western farmers stand to gain by having a damn good transportation system—sorry for the “damn”, Mr. Speaker! I was the minister in charge of the Canadian Wheat Board in the late sixties, so I have seen the uncertainty that exists among farmers about the adequacy of the transportation system. It is the intention and purpose of the government to put an end to this uncertainty about the transportation of present volume, and the uncertainty about the transportation of future volume. I do not have to wonder too much about the reaction of the western farmer when he is told he could sell a lot more grain. First of all he wants to be certain that the grain will be hauled.

There should also be a savings for the farmers on storage and on the purchase of hopper cars.

This morning a newspaper reported that the Canadian Wheat Board complained it was losing sales internationally because the system was not good enough to make it possible for more grain to be shipped.

Another thing that is changing in the west is that the western farmer—in Saskatchewan as elsewhere—is realizing that indeed he has an interest in transportation as the producer of raw grain, but he also has an interest as a processor of grain. The western grain producer who is a member of a wheat pool is interested in the maintenance of the best possible rate, but as a processor—for example, the Saskatchewan wheat pool accounts for 35 per cent of all rapeseed crushed in this country—is also interested in his processed products getting good transportation at good rates.

These are also ideas that are being expressed which might only make it more palatable for the western farmer to accept an increase in the basic rate. The rate might be tied to the grain stabilization program or to the cost of grain nationally

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and internationally. These ideas are being debated and no doubt will result in acceptable compromises.

The third matter being raised these days in western Canada concerns variable rates and whether they are tolerable. Mr. Speaker, some may be and others may not. On this subject the Saskatchewan government is making a big fuss about what it calls the fact that the policy we have announced would contribute to a deterioration of rural life in western Canada. It is inventing all sorts of things to demonstrate that. Anyone who has knowledge of the facts knows that consolidation of rural life in western Canada is a historical trend. It has been going on for a number of years with the Crow being the basic rate for the transportation of grain. Essentially it has been caused by the economics of primary elevators. As old elevators become obsolete they are replaced with others that have a much larger throughput. In many cases changes have also been caused by events that come under the control of provincial governments, such as building highways, integrating of schools and hospitals and so on.

If anyone is guilty of having contributed to the deterioration of rural life in Saskatchewan, it is likely to be the government of Saskatchewan. I do not blame it, however, because these events are the result of decisions made by individuals.

My friends opposite who love Hall so much should read the Hall report, on that subject, but, in any case, I should like one day to put some quotations from the report on the record. The truth of the matter is that a decision has not been made on variable rates. I repeat that this is one item which is on the table for discussion with the Gilson group.

• (1430)

I should like to reflect for a minute upon change. There is no doubt that everyone theoretically loves change, as far as it affects others. We have introduced an important statement which I think is but a recognition of changes which have already taken place. Knowing that people do not like to adjust to change, the policy presented by the government on western transportation was very democratic in the sense that we constantly took into account the view of interested parties, which I have demonstrated. Also I and many others think the government has been quite generous in the amount of money it is putting on the table to cushion the adjustments farmers will have to make. Finally and fundamentally, in order to protect farmers even better than in the past, we will in due course present a bill to the House that will consecrate the guarantees to which I have already referred.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, it is a very unique occasion when a westerner hears the account of the Minister of Transport (Mr. Pepin) about the problems of being understood in western Canada. After the speech which he just delivered, I can understand why farmers are somewhat confused. If the minister would just sit back in calm reflection and visualize the facts of life in the country, he