

that a local elevator provides in holding them together would be gone. The United Grain Growers (UGG) told the Committee that most farmers are in favour of lower freight rates at efficient elevator points. With variable rates, the farmer would make the ultimate decision on whether the savings per tonne available through the utilization of efficient elevator points and unit trains would make it worth while to ship through the designated points.

In April 1987, the CTC decided in favour of variable rates for a one-year trial on *all* CN lines that can meet the conditions specified, the most important of which from the farmers' point of view is the capability to load 18 cars in a continuous string. Variable rates as approved by the CTC, should they be continued, could encourage grain handling companies to upgrade their facilities to handle 18-car strings and farmers to deliver to these points so that there would be easier assembly of these unit trains. The elevator system is already being rationalized, the UGG told the CTC, because of economics and not because of lower freight rates. It is widely recognized that the unit train is the most efficient method of moving grain. As the Committee was reminded, it has been estimated that in 1981 a shortening by one day of the grain car cycle could result in a saving of \$70 million. If the widespread use of unit trains could cut present grain car cycles in half, the saving would be considerable. The Committee notes that if this is indeed the case then the widespread use of producer cars could place an additional cost on the system.

The CTC stated, "In our view, the 1987-88 crop year will afford all interested parties the opportunity to monitor the impacts of lower freight rates and no doubt any salient results will be drawn to the attention of the authorities ..." (Canadian Transport Commission Railway Transport Committee, *Decision*, April 10, 1987, p. 33).

The Committee has an interest in any action which will reduce the costs to the farmer. Should variable rates be adopted system-wide, the Committee would hope that the savings would be passed on to those shipping at points offering the lower rate and not simply to the elevator company.

The Committee will be following the 1987-88 variable rate experiment with interest and it will be anxious to see if the saving is realized and how it is passed on to the farmer.

D. Branch Line Abandonment

Branch line abandonment is a very controversial issue. The objections of the National Farmers Union to variable rates have already been mentioned. Prairie Pools Inc. told the Committee that "... any further rationalization of the country elevator system must be based on the evaluation of the impact on the farmers' total cost — that is, on producer costs from the farm yard to the port" (Issue 20:5, 9-4-87).

These arguments go beyond variable rates and speak directly to the rationalization of the rail system and branch line abandonment. The removal of a branch line, and thus an elevator, can indeed affect the surrounding community. It can also affect the financial position of individual farmers, who must truck their grain farther from home. However, maintaining grain-dependent lines that represent a financial cost rather than a benefit to the entire system can no longer be afforded in these times of restraint.

As the system moves towards greater efficiency, with increased use of unit trains, variable rates and other such measures, inefficient branch lines become liabilities, the cost of which must be averaged out over the total cost of rail transport and paid, at least in part, by grain producers. An *ad hoc* Senior Grain Transportation Committee, representing all sectors of the grain industry (farmers, farmer-owned grain companies, private trade, the railways and organized labour) has determined that the elimination of the most expensive lines could save farmers more than \$3 per tonne in freight rates by 1991-92. For