about an additional 2 cents per bushel for the farmer. So instead of paying 15 cents per bushel, the farmer would end up paying 17 cents per bushel.

That is pretty good protection against inflationary costs for the farmer, and yet the critic from the Conservative Party this morning said that they will vote against this Bill because that kind of inflationary protection is not built into the Bill. I believe I have just demonstrated that that protection is built into the Bill.

There is an additional measure of protection in the form of a safety net. This is not at present in the Bill but will be proposed in committee, as the Minister indicated in his speech. This mechanism will simply ensure that freight rates never go above a fixed percentage of the price of grain, so if grain prices take a sudden drop, the farmer is again protected. This is one of the big concerns that I have heard from farm groups who visited Ottawa, from individual farmers when I visited out West, and through the letters I have been receiving, and I have been receiving two to three hundred letters per week, Mr. Speaker.

Fifth, additional crops will be added to the list of those eligible for the statutory rate. Some products may also be added. Already the legislation provides for the addition of canola and linseed oil and meal, and more will be proposed in committee. This will encourage farmers to diversify into new crops and help remove the disparity between the raw seed and the product in a number of cases.

Sixth, the Canadian Transport Commission, not the railways, will set the specific freight rate every year by April 30, based on allowable costs. The railways will not be able to pass on costs that are not specifically allowed, another concern that has been expressed to the Government by many western farmers.

Seventh, there are strict railway performance and investment guarantees which I will describe in a moment. As a result, farmers can be assured of efficient service and adequate capacity to move their grain.

Finally, there has been a lot of concern about the 31.1 million tonne ceiling. That is the record amount of grain moved in 1981-82. Mr. Gilson had to find a base somewhere and he struck that crop year as the base year. Over that amount, farmers are expected to pick up the full cost of moving grain; but in order to avoid a disincentive to additional production, there will be a single blended freight rate which applies to every bushel of grain moved in a given year.

I must say, Mr. Speaker, that the Members of the NDP have not explained this Bill to the farmers in an adequate fashion. I believe that we as elected representatives, whether we agree with a piece of Government legislation or not, have the duty and responsibility at least to interpret it accurately and pass on that interpretation to the people it affects.

I have outlined the many benefits that the Bill will bring to the producers. Let me go on and explain what the Bill will do for the railways. Mr. Speaker, some would say the railways have gained a financial windfall without any reciprocal obligations. Nothing could be further from the truth. The railways no longer have to subsidize the transportation costs of the western grain farmer, as they have for more than a decade. In return, however, this Bill imposes very strict controls and obligations on the railways.

First, the Bill provides that the railways will not be fully compensated for moving grain until crop year 1986-87. This means a $340 million loss over the next four years.

Second, the Canadian Transport Commission, not the railways, will determine what the annual freight rate should be. Every four years the CTC will be required to do a comprehensive review of railway grain transportation costs and revise them if necessary.

Third, the railways are paid only for the tonnage they move, nothing more.

Fourth, the Bill provides for a system of penalties against the railways. If tonnage targets are not met and the railways are to blame, they could face a penalty which, if in place today, could cost both railways up to $45 million. To demonstrate that that is actually so, Mr. Speaker, I would quote from page 10, Section 21(2) of the Bill which reads:

> The sanctions ... shall, in respect of any railway company, consist of a reduction in the government payment to the railway company ... as prescribed by regulations made by the Governor in Council, not exceeding an amount that, in the opinion of the commission, is equal to 40 per cent of the contribution toward the constant costs of the railway company—

And it goes on. The railways will be obliged to report annually on their past, present and future capital investment plans related to grain movements. This is spelled out very clearly in Section 29 of the Bill, which reads:

> Each of the railway companies shall annually submit to the Minister, the Administrator and the Committee a statement showing
>
> (a) the investments in railway equipment and plant for the movement of grain made by the company during the calendar year preceding the calendar year in which the statement is submitted;
>
> (b) the general investment plans of the company in respect of railway equipment and plant for the movement of grain during the calendar year in which the statement is submitted and the next calendar year; and
>
> (c) the expenditures by the company related to the maintenance of grain dependent branch lines during the calendar year preceding the calendar year in which the statement is submitted.

Under this Bill, the Minister of Transport (Mr. Pepin) can withhold funds from the railways if their capital investment programs for grain transportation are inadequate.

Faced with this environment, the railways will have both a financial and legal incentive to move grain efficiently. I might point out, however, that their recent performance has not been bad. Over the last few years the railways have moved record tonnages each year, even with the heavy losses being incurred. But they cannot be expected to continue, especially as other more lucrative traffic picks up and starts filling the available capacity.

I would like to spend a few minutes explaining to the Chamber how the freight rates will be established according to this Bill. Freight rates have been a major concern. Farm organizations such as the Wheat Pools have said that they want them to remain distance related. As a general rule, they will be distance related under the provisions of the Bill.