Western Grain Transportation Act

If you were to choose any time between the 1930s and today to come up with a new method of moving grain and making radical changes to the system, you would not be able to choose a more critical time than the present. The farmer faces some very serious problems. First of all, he faces competition in the international marketplace which puts additional stress on agriculture today.

According to figures given to me by Dr. Andy Schmidt of the Unviersity of Saskatoon, the United States pays its farmers a subsidy of 33 per cent. European countries subsidize wheat production by $5 per bushel. The total subsidies in Canada, including the grain stabilization subsidy and the Crow rate, come to less than 17 per cent. I want to make the point to the Minister of Transport (Mr. Pepin) that it is most important that our farmers be kept in a competitive position in the international marketplace. If they are not, we are in very serious trouble.

Bill C-155 makes a great deal of trouble for farmers and this has been vented in various ways across the country despite the fact that the Minister has said there is a consensus about what he is doing. Many agricultural communities, the towns, villages and municipalities and organizations in the Prairies aare concerned about the Bill. The eyes of the West are focused on this House today as people wonder about the decisions being made on Bill C-155.

I have before me a letter addressed to the Minister from the council of the Town of Gravelbourg. I should like to read it into the record because I think the research is very good. It begins as follows:

Dear Sir:

We as a Council have listened and studied your proposals to change the Crow's Nest Pass statutory freight rates and we feel obligated and compelled to write you.

Your proposals raise much concern and worry in our town and community. The general feeling is that instead of improving the economic and social position of our community your proposals will do just the opposite. This view is widely supported across the nation including Central and Eastern Canada.

Instead of improving the purchasing power of farmers which in turn generates economic activity in the industrial sector your proposals will transfer billion of dollars from the grain producers pockets directly to the railway coffers (this is called force transfer), bypassing our rural communities and cities. Furthermore, grain production will subsidize mineral transportation costs such as coal ore, potash, lumber, oil etc. Farmers are already paying freight both ways for the shipping of his products to market and for the farm inputs.

In our area served by the Town of Gravelbourg we have approximately 220 permit holders, whose average farm is about 960 acres each delivering approximately 12 bushels of grain per acre per year—

This takes into consideration the fact that about half of the farm land in that area is in fallow ground.

—which equals 11,520 bushels (or 315 tonnes) at pesent with the Crow's Nest Pass Rates in place of 4.89 per tonne. The average transportation cost by rail per farmer is approximately $1,533.00 per year.

That is as of today.

Collectively for 220 farmers the total cost equals $337,285.00. If the Crow rates are abolished and the cost of freight triples—

We are talking about increasing the rates five times by the 1990s.

—this amount will be $4,599.00 per farmer

By the year 1990 it will be about $8,500 per permit holder in the Province of Saskatchewan.

Collectively $4,599.00 × 220 farmers equals $1,011,780.00.

I wonder if the Minister can imagine what this outflow of capital will do to every town and village in western Canada, to the communities where branch lines service the farmers.

The Hon. Member who spoke earlier referred to farms becoming larger, and small farmers and young farmers having a hard time competing. I want to suggest to you, Mr. Minister, that this will just complicate further a very difficult situation. I appeal to the Minister that he take a new look at the whole perspective of what this Bill is going to do to the economic situation of the farmers in western Canada, particularly in the grain growing areas. Certainly, there is need for upbuilding the railways; no one would argue that. Certainly, there is a need to continue in a positive direction to provide a better rail line, and so on.

• (1520)

But let us look at the position of the railroad in this. I want to make the statement in this House that this Bill is very rich for the railroads. When you consider, Mr. Speaker, that hopper cars have been bought by the Provinces and have been bought by the Wheat Board or by the farmers, and the rolling stock for the most part belongs right now to the Provinces, the Government and the farmers, and when you consider the upgrading of rail lines and lines which are scheduled for abondonment and the amount of dollars being spent there, you must realize that the railroads have been treated very well.

We had hearings in my riding this fall at Big Beaver and the Colony Line, and it was really quite amusing because of an amount of money which was supposed to have been spent on the railway. I believe it was about $70,000. The question came up before the inquiry as to what happened to the money. The railroad said: "Oh well, that was put on deferred maintenance".

I want to suggest there has been a lot of money paid to the railroad which has gone into "deferred maintenance". As the Hon. Member for Moose Jaw (Mr. Neil) so ably pointed out earlier today, there is a great deal of question about accounting and what the figures mean. The Minister has put before us in the House a very complicated Bill and, if I may say in all sincerity, a Bill not too well explained as to exactly what it means in terms of dollars and cents and guarantees laid out for the farmers in moving grain. I have a great deal of concern about that.

With respect to capital cost allowance, the railways are allowed 20.5 per cent for their capital cost allowance. Let me make a small comparison. For example, if we allowed a farmer who had an investment of $500,000—and that does not take a very big farm today with the cost of land and machinery, and so on—a capital cost allowance every year on that farm, that would mean that he could start at $100,000 income. From that he could start deducting his expenses and so on, and he would then have a pretty profitable farm. He is now probably lucky if he nets $10,000 on that farm.