

with VIA Rail or the unification of our Armed Forces where the cure has perhaps been worse than the disease. Let us have another very close look and take as much time as necessary before passing legislation as fundamental as this is to our country.

Mr. Simon de Jong (Regina East): Mr. Speaker, in the short time available to me in this debate I would like to cover a few areas which I think are pertinent to the debate on Bill C-155. I would first like to register my full opposition to the Bill. It will drain between \$600 million to \$1 billion out of the Saskatchewan economy every year. That means roughly \$600 or \$700 for every man, woman and child will not be spent in Saskatchewan. It means less wholesale and retail sales in Saskatchewan. It means less jobs in Saskatchewan. The social and economic fabric of my Province cannot stand such an assault on its economy. In my district alone, Mr. Speaker, in the Port Qu'Appelle area, assuming a 3 per cent average volume increase over the next ten years, that would amount to around \$3 million taken out of the Port Qu'Appelle economy. That is something that area cannot afford. If we are to maintain the local economy, we need that \$3 million circulating and supporting the implement dealers and garages, the local hardware store and grocery store which in turn create employment in the Port Qu'Appelle area. In terms of its social and economic impact on Saskatchewan, this legislation is madness.

Why is this assault taking place, Mr. Speaker? The Government justifies it because it claims these old rates are out of date. In fact, the Prime Minister (Mr. Trudeau) calls us reactionary because we oppose what the Government, rightly or wrongly, feels is a progressive measure. Well, let us have a serious look at this. The Government claims that the Crow gap, the difference between what the farmers pay to move wheat and what it costs the railroads, is so great that the farmers must begin to make a higher contribution to moving the grain. Yet all these figures are based on a study that a certain Mr. Snavelly did at the beginning of the 1970s.

I would like to spend a few minutes examining some of his assumptions because they are at the heart of this proposed legislation. Mr. Snavelly admitted in his report that his figures tend to favour the railroads. At page 236 of his report Mr. Snavelly says this:

Our selection of gross ton-miles and revenue ton-miles as physical measures of the inputs and outputs of railway operations tend to produce results which bias, to the high side, the contribution required of heavy loading, long-haul commodities such as statutory grain.

To go into a little more detail, Mr. Speaker, Mr. Snavelly used figures based on the revenue ton-mile basis for the movement of statutory grain to determine the cost of moving grain. Using that basis accounts for an average of 19 per cent of the workload of CN and CP. However, it accounts for only 9.6 per cent of the workload when car loadings are taken as the unit of measure and 13.6 per cent when loaded car-miles form the basis of measurement. In other words, Mr. Speaker, it really depends on what measurements you are using. Mr. Snavelly admitted using the ones that tend to favour the railroads and increase the cost of moving grain. He could have

Western Grain Transportation Act

used other measurements which would have drastically reduced the cost of moving grain. But that is not all. Mr. Snavelly also determined, and I quote:

Donations and grants were treated as common equity in the development of the capital structure.

What does this mean, Mr. Speaker? It means that all the public gifts and subsidies that the railways have received in the past are used as a capital expenditure on which the railroads have a right to a return. In other words, included in the cost of moving grain is a capital return on gifts to, and public expenditures on behalf of, the railroads. This becomes acutely insane, Mr. Speaker, when we apply it to the branch line rehabilitation program. Under this program public moneys were used to rehabilitate existing branch lines. How does Mr. Snavelly deal with these public investments or subsidies to the railroads? He claims they are part of the capital expenditures and so therefore the railroads are entitled to a rate of return of some 25.4 per cent on this money. For example, in 1980 the public paid the railroads some \$67 million under this program. Mr. Snavelly figured that about \$39 million of this is a capital cost. Therefore, he grants them a rate of return of some \$9.9 million on that sum. In other words, he is allowing them a rate of return on money they never spent. It is public money. That rate of return effectively increases the Crow gap by some \$37.9 million.

Complicating the matter even more is the assertion by the railroads that they should receive higher payments under this program because of the enhancement of the value of their assets through the payments under the rehabilitation program. Snavelly supports this position. In other words, the more we give them the more we owe them. It is insane, Mr. Speaker. It is a rip-off of the highest degree.

The final piece of lunacy, Mr. Speaker, is when Mr. Snavelly deals with those branch lines where there were neither public investment for upgrading or maintenance and where the railways did not invest any money themselves. He subtracts the amount the railroads actually spent on maintenance from the amount he says they should have spent to keep the branch lines in proper repair, and he calls this amount the maintenance shortfall. He then grants the shortfall a cost of capital rate of 25.4 per cent to arrive at a figure of \$34.6 million for 1980. The total is then charged to the cost of moving grain. These imaginary dollars effectively increase the Crow gap by \$34.6 million. Snavelly has gone beyond granting the railroads the right to a return on capital which they did not invest. He now grants them the right to a return on capital which no one invested, as well as a claim for reimbursement of maintenance that they did not do.

• (1220)

The Crow gap, the imaginary amount which the farmers are supposed to begin to make up to the railroads, is a false amount. We in this Party cannot accept it. No farmer in western Canada can accept it. The first requirement, if the Minister is interested in having an honest debate on the