production and targeted to meet the needs of producers to sustain rural communities to the best of our ability.

Today I am not going to repeat myself in the short period of time that I have. I simply want to acknowledge and recognize that there is a crisis in agriculture. There are some serious financial problems in agriculture that must be addressed.

One of the concerns we are going to experience in 1993 that is addressed in this motion and put before the House today is the possible end of the Crow benefit subsidy. I want to address that important issue today in the short period of time I have because it is one of the issues we are going to have to address during 1993. Because the need for cash is so important, much of the debate is going to focus on cash. Perhaps some of the other large issues affecting farmers may be set aside in this debate.

I just want to argue today on behalf of the producers who are struggling to ensure that the Crow benefit payment is maintained.

I want to thank a former wheat board advisor and constituent of mine, Mr. Ted Strain, who farms outside of North Battleford, for some of the background I want to put on the record today.

We know that on November 14, 1983 the historic Crow rate ended with the passage of the Western Grain Transportation Act. The act was passed by a Liberal government with both opposition parties voting against the bill. Sufficient Conservative members of Parliament at that time were absent from the House to ensure the passage of the bill. This was also done by Liberal members in the Senate recently with the passage of C–91, the prescription drug bill.

• (1210)

The most profound implication of the Western Grain Transportation Act was its dramatic increase in revenue provided to the railways for the movement of grain. Under the statutory Crow rate, the railways received $4.89 per tonne for moving grain from central Saskatchewan to the seaboard. Under the Western Grain Transportation Act, the railways received $32 per tonne.

The cost was determined by Karl Snavely Jr. who had been hired by the federal government on three occasions to estimate the cost of moving grain by rail. The unusually high cost of 6.25 times the Crow rate was established as the price the railways should receive. The difference between the farmer's share and the amount the railroads received became known as the shortfall or the Crow benefit. It was paid to the railways in the form of a federal subsidy of $612 million which was later increased to $712 million. The December 2 statement of the finance minister indicates it will be reduced by $73 million in 1993–94 and by $104 million in 1994–95.

The Western Grain Transportation Act has given the railways and the government protection against increased costs but has left farmers exposed to future inflation and larger grain volume. The Crow benefit will not apply to export grain volume in excess of 30.5 million tonnes and farmers must pay the first 6 per cent of future inflation costs. That has been happening and will continue to happen.

The farmer receives no inflation protection while protecting the railways against inflation. If inflation continues at 6 per cent for 12 years, the cost of moving grain will double and the railways will receive $64 per tonne compared to $32 per tonne in 1990.

The $720 million Crow benefit is needed to allow western farmers to compete in the world market. Grain exports bring billions of dollars a year into Canada and benefit the domestic economy and farmers in rural communities. Grain is a renewable resource unlike oil, coal and potash where the revenue may not remain in Canada.

Saskatchewan stands to lose about $400 million a year if we lose the Crow benefit. In a province like ours where the rural base is so important, that benefit is critical to the survival of rural Saskatchewan.

Currently the Crow benefit is paid to the railway but the farmer receives the benefit in every bushel of export grain he delivers to the system. He receives it when he delivers his grain.

Realized net farm income is now $6.7 billion less than it would have been prior to the international grain war.