Board grains shipped in producer cars are subject to a fee of $150.23 for documentation. As well, they are subject to carrying charges (for example, for wheat in 1985-86, $4.23 per tonne, including storage and interest costs) which are applied to all Board grains plus a small charge per tonne for cleaning. At the moment even with these charges a producer could save $400 to $500 per 90-tonne car.

The Canadian Wheat Board automatically calculates and pays a storage and interest fee to the elevator companies. Should the storage and interest payments be remitted to the producer rather than to the elevator company, a producer shipper of wheat could save an additional $360 on a 90-tonne car.

The Committee fully recognizes and endorses the fundamental right of grain producers to use producer cars. It also believes that only those charges accruing to producer cars should be levied. As farmers using producer cars do not make use of the elevator facilities, they should not be expected to pay for elevation or for storage.

The Committee understands that the Canadian Wheat Board has recognized this problem, which is largely one of farmers shipping Board grains (wheat, oats and barley) and the Board has recommended to the Minister for the Canadian Wheat Board that the *Canadian Wheat Board Act* be amended to allow some portion of the storage and interest costs now remitted by the CWB to the elevator companies be paid directly to the shipper of the producer car.

4.3 The Committee recommends that the *Canadian Wheat Board Act* be amended to allow a portion of storage and interest charges to be remitted by the CWB directly to those shipping grains in producer cars.

At the same time the Committee agrees with the Manitoba Farm Business Association that: "A freer access to producer cars would encourage grain handling companies to streamline their services and only invest in points that have the volume of grain necessary to compete with producer cars" (Issue 7:7, 4-2-87). The Committee is therefore very interested in the discussion on variable rates which arose during its hearings.

C. Variable Rates

The variable rates issue, stated simply, is that of reducing system costs through the introduction of efficiency measures in the grain transportation and handling process. The Committee believes that there are three basic aspects: efficiency and cost saving; fairness and equity of accessibility to farmers; and the ability of the individual producer to make financial decisions on what is best for his operation. Witnesses who appeared before the Committee expressed views on all sides of the issue and brought to bear a number of important points.

The Alberta Wheat Pool stated in response to questioning that the concept of variable rates was acceptable but that they must be applied uniformly across the system on both Canadian National (CN) and Canadian Pacific (CP) rail lines to all locations with the capacity for 18-car loadings and not only to specific locations. Also a net benefit to the producer must be proven for the $1.50 per tonne rate reduction to be acceptable. Other witnesses stated clearly that the $2 million saving which CN claimed would be made under variable rates in its submission to the Canadian Transport Commission (CTC) had not been proven to their satisfaction.

The National Farmers Union expressed concern that branch rail lines would be rendered uneconomic as variable rates would encourage the centralization of grain deliveries. This would mean that service to farmers from elevator companies would be reduced; farmers would have to truck grain farther at greater personal expense; and, ultimately, small communities would wither as the "glue"