By way of background, Bill C-26 deals with a transportation subsidy which is commonly known as the at and east subsidy. This rather odd name evolved from an attempt to counterbalance American freight rates which would encourage the movement of western Canadian grain between Buffalo, New York, and the port of New York City during the winter freeze up on the Great Lakes; in other words, movements at and east of Buffalo. The subsidy which was introduced in an effort to counter this U.S. initiative and to keep our winter grain movements on Canadian soil quickly became known as the at and east subsidy.

The subsidy gave shipping rail rates to eastern ports which were frozen at the 1960 rate for grain and the 1966 rate for flour. The government then paid the railways an amount equal to the difference between the frozen rates and the actual cost of the movement. The level of the subsidy was independently determined by the National Transportation Agency.

The amounts of grain which move under the at and east subsidy represent less than 3 per cent of our total grain exports in a normal year. Various impact studies have been done on this subsidy in the past 15 years. They have all acknowledged that the at and east subsidy no longer serves the purpose for which it was originally intended. Canadian ports and railways can now compete effectively with their American counterparts for eastern exports of grain and flour.

Canadian taxpayers cannot afford to pay subsidies based on a 1960 policy which is no longer required. Savings are expected to be about $20 million in the first year and some $35 to $40 million annually thereafter. The subsidy was terminated on July 15, 1989.

However, the legislation stipulates that all inventories of grain and flour which were held by the railways on that date would be delivered at the subsidized rate, provided they reach the eastern port for export on or before January 31, 1990. This sixth-month period allowed for a smooth transition thereby minimizing the impact on the users.

Pre-confederation Canada had to struggle constantly to meet its transportation challenges. This rugged land of vast spaces needed unifying bonds. Our early needs for unification were met through the realization of Sir John A. Macdonald's grand dream of a transcontinental railway. The openings of the St. Lawrence Seaway and the Trans-Canada Highway in 1959 and 1962 had enormous positive impacts on economic development and transportation. With new and ever growing technology, our expanding airwaves and communication have reduced the size of this country, and we are all now truly neighbours in this great nation.

Transportation must continue to play its vital role as we enter this new decade and the next century. In looking forward I see a transportation system with at least four essential elements: first and foremost, it will be safe; second, it will be efficient and effective, that is, it will make the best use of each mode of transportation, be it air, rail, marine, car, truck or bus; third, it will be responsive, that is, it will meet the needs of shippers and travellers; fourth, it will be innovative, both in the use of technology and in the services it offers.

The bill currently before us is one step in that direction. It will stimulate creativity and innovation. It will allow the industry to take advantage of unanticipated sales opportunities, no longer constraining potential cost savings.

Direct federal government expenditures associated with the grain transportation are very large. It must be remembered that the Canadian grain industry faces severe competition in world markets. A cost effective transportation system is essential, if Canada is to preserve its position in the world of grain trade. We must face the realities of our economy and our transportation system. Bill C-26 does just that. Therefore, I invite all members to give this legislation their full support.

Hon. Ralph Ferguson (Lambton—Middlesex): Mr. Speaker, I rise to speak to this bill today as a member of Parliament, as one who has spent a lifetime in the agricultural industry, and as one who recognizes the benefits that came from this particular bill, not just to farmers in Ontario but farmers all across western Canada.

It shocks me that the government would be withdrawing this at and east legislation at a time when the minister's own figures point out that for the coming year farm income will drop in Canada by 39 per cent: 101 per cent in the province of Saskatchewan and 87 per cent in Manitoba. Literally thousands of farmers across this nation are losing their farms, partly because of the callous disregard for their industry by this government and partly because of the cut-backs in funding. The