

*Government Orders*

Most Canadian Wheat Board grains produced in the western prairies move to the west coast for export. As a result the current pooling system has meant income has been transferred from the western part of the prairies to the eastern part of the prairies. The proposed amendment recognizes very clearly the locational advantages in the different regions on the prairies that all of those have on the markets for grain produced on the prairies.

This proposal represents a significant improvement over the current pooling system. It reflects the comparative advantage of different regions on the prairies. It reflects it better than the current pooling system. It significantly reduces the income transfer from the western part of the prairies to the eastern part of the prairies starting August 1, 1995. It does that provided that this bill passes before our summer recess which means that it needs to pass this week. We appreciate the co-operation of this House in hopefully seeing that done.

No seaway costs would be pooled after three years or after 1997-98, thus eliminating freight costs related income transfers in the prairies. This will result in grain producers in Manitoba and to a lesser extent in Saskatchewan facing higher transportation costs than before. However, the proposed change to the freight pooling system is being made in response to the requests from the western grains industry itself. Even Manitoba farm groups and the Manitoba government are in agreement with this amendment provided there is compensation. There will be compensation.

Assistance is available to offset a significant portion of the farmers' increased domestic freight costs in the eastern part of the prairies. With the passage of Bill C-92 a fair method of allocating freight costs among prairie producers of wheat and barley that are sold through the Canadian Wheat Board will be in place for the coming crop year and phased in during the next three years.

Again, I would ask all members of the House to support Bill C-92 before this House recesses for the summer for the good of the industry and to follow the directions and the wishes of the grain industry in western Canada.

**Mr. Leon E. Benoit (Vegreville, Ref.):** Mr. Speaker, I am pleased to speak to Bill C-92 and to express Reform's support for the bill.

The purpose of the bill is to amend the Canadian Wheat Board Act to change the pooling points on which initial payments are based from Thunder Bay and Vancouver to determine pooling points across the prairies and to establish a deduction from the initial payment that reflects the relative transportation cost across the prairies.

Through this bill, effective August 1, the federal government plans to change how eastward grain transportation costs are paid. This means that eastern prairie farmers who ship through the St. Lawrence seaway will have to pay the full cost of movement, or very close to the full cost of movement.

• (1900)

Originally the government planned to make this change in August 1996 and the minister says he actually had some lobbying on the part of Manitoba groups to make the change a year earlier, in August 1995.

I fully support this move because it will let the market forces take over a lot more substantially, a lot more effectively, in the grain business in western Canada. This change will mean farmers in Manitoba and eastern Saskatchewan will be paying substantially more of the cost of freight out of their pockets while farmers in western Saskatchewan and Alberta will be paying relatively less out of their pockets. The amount of freight paid will be much closer to the actual cost of the freight and therefore the freight pooling will be pretty much removed with this change.

I feel it is important to recognize for Manitoba farmers and eastern Saskatchewan farmers that it will be difficult for them to deal with this change. It is another change on top of the loss of the Crow benefit, the Western Grain Transportation Act subsidy. It is substantial and the two added together will have an incredible effect on their industry.

To help counter that for the next three years there will probably be \$100 million out of the \$300 million transition fund made available to help Manitoba and Saskatchewan farmers deal with the change.

Some positives will result from this change, even from the point of view of Manitoba and eastern Saskatchewan farmers. This move should encourage an expansion of the livestock industry in Manitoba and eastern Saskatchewan.

This kind of diversification is desperately needed in that part of the country as well as across western Canada. This will very quickly lead to a building of the cattle, hog, dairy industry in Manitoba and eastern Saskatchewan that would not have happened otherwise. By less distortion in the marketplace there will be a far better balanced industry in Manitoba and Saskatchewan as the effects of these changes take place. That is a positive and I support the bill. Reform supports the bill.

Our concern is the act amends the Canadian Wheat Board Act but does not nearly go far enough. Reform for some time has been calling for changes to the wheat board, particularly giving control of the wheat board to farmers by allowing farmers to elect a board of directors to replace the presently government appointed commissioners.