

approximately 83 per cent of the branch line network which existed in the 1930s.

● (1730)

Let me go back to the Hall commission and pick up another aspect of federal study and action in grain transportation. It was by this time generally accepted that the railways were losing money. But how much? There was no common understanding of the magnitude of the losses, nor was there complete acceptance that the railways were in fact losing money on grain despite the findings of the MacPherson Royal Commission on Transportation.

Perhaps the most significant study on grain transportation was the one done by Mr. Carl Snavelly, head of the commission on the costs of transporting grain by rail. The Snavelly commission identified for the first time in a systematic, quantitative way the losses incurred by the railways as a result of the statutory grain rates. The proposer of the motion has been provided with a copy of this study.

The results of the study, first released in 1976, then later updated, showed that railways in 1977 experienced a revenue shortfall of \$175 million on grain transportation. It is generally estimated that those losses are in excess of \$200 million per year at the present time. While there are different estimates of these losses by the railways themselves and by western provincial governments, the Snavelly report still provides the most independent assessment available. Whatever the actual figures, their magnitude made it clear why the railways were forced to allow their capital plant to deteriorate.

Three major initiatives have been taken to bring railway rolling stock and infrastructure back to the condition they need to be in for efficient movement of grain. The first, begun in 1973 and later accelerated, was the purchase of modern, heavy-load hopper cars. The federal hopper car fleet now numbers 8,000, purchased at a cost of \$258 million. A further 2,000 cars are in the process of being acquired on long-term leases at a cost of approximately \$11 million to \$12 million per year. We were pleased to see the provinces get involved in this question with the acquisition of some additional hopper cars of their own.

The second initiative was the repair of the existing boxcar fleet. By 1974, when this program began, CN and CP boxcars, many of them 30 years old, were in deplorable shape. The federal government has provided over \$22 million to the railways to share the cost of rehabilitating some 7,400 boxcars.

Between boxcar rehabilitation and the acquisition of hopper cars, the grain car fleet is beginning to respond to the demand placed on it. Results can be seen this past year during which grain deliveries to export points were up almost 20 per cent over the previous year.

The third and most substantial initiative was the program to bring the condition of prairie branch lines up to standard. Announced in 1977, the program involves over \$700 million total expenditures, of which \$240 million has already been spent. Already there are noticeable results in the condition of

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prairie branch lines, and, again, Canada's grain trade has benefited.

I could talk about a number of other improvements in the grain transportation system, including the expenditures at the port of Churchill since 1968, the elevator modernization at the port of Montreal and the recently concluded agreement to proceed with construction of a major grain terminal at Prince Rupert. But we have been talking primarily about studies and there are a couple of recent one I want to mention.

As I mentioned earlier, the problems of the grain transportation system were recognized as widespread and deep-rooted. Studies had identified major institutional and economic difficulties in specific aspects of the grain industry. Significant improvements were under way, at a substantial cost, in the areas of rolling stock, rail network rationalization, branch line upgrading, and port modernization. But what was needed was a look at the system as a dynamic, interrelated structure, and recommendations on immediate action to relieve bottlenecks.

This was the study undertaken by the consultants Booz-Allen, completed in July, 1979, which, as requested in the motion put forward by the hon. member, was forwarded to him. The recommendation of their report which received the most visible follow-up was that a grain transportation improvement task force be established, headed by someone of stature in the industry, with an action-oriented mandate to propose, oversee and monitor improvements in the grain transportation system. As members know, this led to the creation of the office of the grain transportation co-ordinator.

So you see, Mr. Speaker, there has been no shortage of studies. Nonetheless, I think it is clear that this government is firmly committed to making significant improvements to the grain transportation system. Not only studies have taken place, there has also been action on a number of fronts, involving large expenditures. In fact, approximately \$1.3 billion has been spent on grain transport related projects since 1970.

The government recognizes, first and foremost, the vulnerable position of the producer, particularly in such areas as a crop diversification and further processing. But now there is also a realization of the magnitude of the railways' losses, with the result that Canada is not achieving its potential in grain exports.

The debate on grain transportation is now a rational, realistic one. Different ideas are emerging, and it is our challenge to hear these and develop proposals which will be beneficial to the grain industry and acceptable to westerners. In concluding my comments on this motion, Mr. Speaker, I can assure you that this government will continue to place a high priority on improving the Canadian grain handling and transportation system, and that the country as a whole will benefit from the improvements.

The hon. member for Vaudreuil (Mr. Herbert) asked a question relating to the latest report. The latest report is available to all hon. members and the public by request. At this time it has not been translated into the second official