the Georgian Bay and other St. Lawrence Seaway ports. Not only will it impact on the ports in terms of the grain handling, there are two or three flour mills in that system that will be affected by the moving of flour to Montreal, and Halifax and Saint John in particular, for export.

The cancellation of the at and east freight rates is a relatively small saving to the government, at $30 million to $40 million a year. Yet it could mean the loss of at least two flour mills in the Great Lakes system and the grain handling facilities, not only for milling grades of wheat but for feed grains, a fair amount of which is produced in Ontario.

As I pointed out earlier this day, when the Atlantic provinces are forced to consider bringing in corn from the United States and feed grains from western Europe there is something fundamentally wrong with the government's policy. The ramifications of this action by the government are far wider than just a reduction in subsidies for the transportation of milling grain and flour to eastern ports.

The ramifications reach west past Regina and so the government, I submit, needs to reconsider what it is it is doing. The so-called savings under this bill will be offset by much higher costs not only to the government but to people in the milling industry, the grain terminals, the employees and the grain producers, both of feed grain and grain raised for milling into flour.

I want to thank my colleague again because the government has to reconsider what it is doing to some Great Lakes and St. Lawrence Seaway ports, not just Saint John and Halifax, because there will be ramifications for them as well.

Mr. Pat Nowlan (Annapolis Valley—Hants): Mr. Speaker, I too am glad to take part in this debate, but I do so with mixed feelings because we have been wrestling with the implications of Bill C-26 in the transport committee.

The bill has been before the House since last June. My hon. friend, the hon. member for Regina—Lumsden mentioned that even though we have not passed the bill, it is being implemented retroactively by the railways against the shippers.

Certainly, having been in the opposition for many years, I share the views of my friend, the hon. member for Regina—Lumsden, in terms of the effect of retroactive legislation. That is one reason why I speak with very mixed feelings today.

This bill, which appears to be insignificant, with just two pages and one clause which amends the Railway Act and something called "at and east", is a complete mystery to most members of this House. Yet, for those of us from Atlantic Canada, the "at and east" provision of that Railway Act that is being abolished by Bill C-26 is as fundamental to us in Atlantic Canada for the export and the movement of grain as the Crow's Nest Pass was in western Canada.

I am very embarrassed that a government would bring this on without consultations with all the affected parties, as has been promised. We heard it was going to be brought forward last Thursday. Having checked with the Atlantic Provinces Transportation Council today, there has been no response to them from the ministry to discuss something that Atlantic Canadians, the Atlantic Provinces Transportation Commission and most of the Atlantic members were prepared to accept.

We understood there needed to be change in the "at and east" subsidy, a subsidy that was valued at $35 million in direct payments to the railways to pay the difference between a frozen rate in the 1960 climate of freight rates and the compensatory rate which obviously is a higher rate. That difference is a subsidy of about $35 million. It is quite correct, this is a budget item which, of course, is another element which gives me some concern in view of other things that have happened with budgets around here.

• (1530)

The sad thing is that the Atlantic community most affected by this and Atlantic members on all sides, especially the government side, have been waiting to see what was going to come from something called "offsets". "Offsets" is about as mysterious as the words "at and east". The offsets are offsets that could be done by cabinet order involving one, two or three ministers to, in effect, offset the loss of the subsidy by doing some other things, for instance, removing the tariff on the importation of American corn. That itself would help somewhat to redress the loss of the subsidy.

There was to be some type of agreement with unit trains from the lakehead eastward. There were to be many things, and yet none of that has happened even though we have known about a change.