The Acting Speaker (Mr. Kilger): Is the House ready for the question?

Some hon. members: Question.

• (1850)

The Acting Speaker (Mr. Kilger): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to, bill read the third time and passed.)

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CANADIAN WHEAT BOARD ACT

The House proceeded to the consideration of Bill C–92, an act to amend the Canadian Wheat Board Act, as reported (without amendment) from the committee.

Hon. Christine Stewart (for the Minister of Agriculture and Agri–Food, Lib.) moved that Bill C–92, an act to amend the Canadian Wheat Board Act be concurred in.

(Motion agreed to.)

The Acting Speaker (Mr. Kilger): When shall the bill be read the third time? By leave, now?

Some hon. members: Agreed.

Mrs. Stewart (for Mr. Goodale) moved that the bill be read the third time and passed.

Mr. Lyle Vanclief (Parliamentary Secretary to Minister of Agriculture and Agri–food, Lib.): Mr. Speaker, over the last couple of weeks a number of colleagues have spoken on this bill. I would like to add my words in favour of Bill C–92 again today. It is an act to amend the Canadian Wheat Board Act. This bill would change the pooling points for wheat and barley sold through the Canadian Wheat Board to bring greater fairness to that system.

We are living through a time of enormous and almost revolutionary change in western grain transportation. After many long years of debate the federal government has finally moved to put western grain transportation on a commercial footing. The impetus for change came partly from the need to meet international obligations under GATT, partly to ease the federal debt and deficit, but mostly because it was the right thing to do for the economy of western Canada, including the grains and oilseeds sector.

Under the new GATT agreement that was reached in Geneva in December 1993, Canada along with 120 other countries made a commitment to reduce export subsidies. For Canada this meant gradually eliminating export subsidy components of the Western Grain Transportation Act or hampering exports of oilseeds and special crops as early as this year, the 1995–96 crop year.

When the Minister of Finance tabled his budget on February 27, 1995, he announced major changes to modernize the western grain transportation and handling system. This included the cancellation of the WGTA effective August 1, 1995.

Rather than allow the subsidy to wither away as called for under GATT, we decided to take the value of the subsidy over the next seven years, which is $1.6 billion, and funnel that $1.6 billion into the prairie economy. Along with that one time $1.6 billion ex gratia payment the government also announced a $300 million adjustment fund to assist the prairie agriculture sector in adjusting to the new environment including a change in the Canadian Wheat Board freight pooling system.

Changing the pooling system has long been seen as a prerequisite to making the system fair. Under the present system, grain producers in the western part of the prairies subsidize the movement of grain from the eastern prairies through the St. Lawrence seaway.

I will take a few minutes to explain how it works. When farmers deliver grain to their local elevators they receive an initial payment plus the freight costs for moving the grain to export position. These costs are based on two pooling points at the present time, Thunder Bay and Vancouver. It has been generally recognized by the industry that these pooling points, while historically price equivalent, are no longer appropriate points at which to pool sales revenue. This is due to changes in the global grain market and the transportation system.

• (1855)

Very little grain is now exported directly from Thunder Bay. It is usually now transferred from Thunder Bay elevators to terminal elevators in the St. Lawrence. This means the difference between the cost to export grain from eastern Canada and western Canada is greater than it used to be. At the same time, more Canadian grain is exported through the west coast because of the markets that can be reached from there.

Under the current pooling regime, a producer for example in Brandon, Manitoba, being closer to Thunder Bay, would have an estimated $20.34 per tonne in freight deducted starting as of August 1, 1995. A producer in Calgary, Alberta being closer to Vancouver would have a freight deduction of $22.19 per tonne.

There are additional costs of about $20 a tonne for moving grain from Thunder Bay east through the St. Lawrence to an export position somewhere on the St. Lawrence River. These costs are shared equally by all producers through the Canadian Wheat Board's pool accounts. For wheat that is about $7 per tonne. That is paid by every farmer delivering wheat and barley to the Canadian Wheat Board regardless of where they are on the prairies. It is paid out of the pool account for this purpose.