

Government Orders

problems with the rail system which I believe are further complicated by the manner in which the subsidy is paid.

By paying the railroad directly one would assume that they ship all the grain and the overall cost of the freight is reduced by the subsidy amount. This is not the case. Many grain elevators are full to capacity and have been for quite some time. Some of these elevators have not seen a rail car in over two months.

A further complication to this is the spring road weight restrictions which are now in place which make it even harder for farmers to move their grain when elevators space does become available. Grain farmers are not paid for their harvest until it is sold and shipped to the purchaser. In the interim period grain farmers are not only not paid for their work and expenses, they also incur further costs which are often the difference between making a decent return on their labour and investment or going broke.

Some of these include the cost of storage of grain, interest charges on debts which should have been reduced or paid off from the proceeds of the grain sale, lost sales as a result of failure to deliver the product on time and demurrage charges levied by ships sitting in Vancouver harbour empty, waiting on grain to be delivered by the railway. These demurrage charges run up to \$20,000 a day and some ships have left the harbour empty after collecting as much as \$350,000 in demurrage charges.

The total crop transportation subsidy last year was about \$36 million. Western grain farmers have lost approximately \$200 million in grain sales and demurrage charges alone since the beginning of the Vancouver port labour dispute which the government was so reluctant to end.

Since the 1970s provincial and federal governments and the Canadian Wheat Board have supplied thousands of hopper cars to the railway. The Western Grain Transportation Act pays a transportation subsidy directly to the railway. In doing so there seems to be a loss of accountability which can be addressed very easily.

Paying the subsidy directly to the grain farmer on a pro rata basis will allow the farmers to have more control over the method of shipment and provide more incentive to the rail lines to move the grain more effectively and efficiently. The concept of a reduction in the amount of the subsidy paid is not where my concern lies. I know costs have to be cut and this is an area that has potential for reduction. These cuts however must not be solely on the backs of the grain farmers who are already in a very insecure financial position.

In normal business practices one looks at a rate of return on an investment. A return of 10 per cent is not considered particularly high, especially if there is an element of risk involved.

In addition, one normally and reasonably expects to be paid something for one's labours. Many grain farmers are currently paid less than one-quarter of the normal return on their investment that they hold. If we look at their total income in light of that small investment return they are paid nothing at all for their labours.

These farmers are not growing coloured TVs or fancy furniture. They are growing the food we need to produce in this country to maintain our independence for this vital commodity and an extremely important export product which helps maintain the economic viability of our country in an international global market.

• (1605)

We cannot simply turn our backs on the needs of the farmer. We must find a way to reduce expenses like the grain transportation subsidy without creating further economic hardships on people who are a vital part of our food chain and economic well-being.

The changing of the payment of the subsidy directly to the grain farmer is the first step. This step however must be accompanied by further changes to reduce unnecessary loss of income caused by the current transportation problems.

Subsidy reductions contained in the 1994 Liberal budget would result in a saving of approximately \$5 million.

If the government were prepared to take some initiative in ending the unnecessary loss of income through the current transportation problems, not only would the subsidy reduction not create a further hardship, it would open up the potential for further reductions without hardships at all.

In short, there is a potential in this small portion of a great all-encompassing bill for savings in the area of grain transportation subsidies, but the government must do its homework first. In this draft that homework has not been done.

I trust the government will accept these remarks as items to consider and modify this entire section before it is brought before the House again.

I now turn my attention to the Atlantic region transportation subsidies. The Atlantic region consists of New Brunswick, Nova Scotia, Newfoundland, Prince Edward Island, Labrador and the eastern portion of Quebec. The purpose of these subsidies is to promote and encourage the transport of goods within the Atlantic region.

There are three different components to these subsidies under the Maritime Freight Rates Act. The first is a basic westbound subsidy on virtually all commodities travelling from inside the region to territories outside the region.

In 1992 this totalled \$38.4 million, \$9.6 million for rail transport and \$28.8 million for truck transportation; a separate