

Supply

This government recognized that structural reform in our transportation system was long overdue. Reforming the Western Grain Transportation Act will eliminate barriers to value-added opportunities, diversifications and economic growth. Eliminating the WGTA will provide Canada and the agri-food sector with a faster, lower-cost and more efficient transportation system. Transportation reform can help us more effectively comply with the new international trade rules under GATT.

There is a big difference between subsidies for grain transportation and dairy producers. In fact, eliminating the \$560 million subsidy addresses competitive concerns raised by farmers in eastern Canada. The annual subsidy, which has already been reduced by over 23 per cent in the last two years, is now being completely eliminated as of August 1, 1995. The dairy subsidy meanwhile is being reduced by only 30 per cent over a period of two years.

The adjustment package this government is offering to the grain industry reflects the potential impact of eliminating a 96-year-old commitment to the western grain sector. To eliminate the subsidy with no funds to help the sector adjust would seriously disrupt the prairie grain economy because it has traditionally represented an important source of land value for prairie producers. An *ex gratia* capital payment of \$1.6 billion will be paid to owners of prairie farmland in recognition of the impact on land values that may result from the termination of the long-standing freight rate subsidies. This one-time payment is not tied to production or marketing decisions.

A multi-year adjustment package of \$300 million has also been established to address specific issues arising from the transportation reform. The amount is not excessive. It does not give western farmers an unfair advantage. Rather it is necessary to help adjustment of the industry and the transportation system in the west.

It should also be noted that while the GATT agreement has brought some discipline to export subsidies, the prairie grain sector will face considerable competition from subsidized exports of grain. While the dairy subsidy is being reduced, it is not disappearing. In fact, our national supply management system, one of the great advantages of our federal system, ensures a reasonable return to efficient producers, and this management system will be maintained.

It is rather ironic that the hon. opposition member calls our approach to transportation reform an unfair advantage for western farmers. Some western provinces and producers have argued the budget cuts to western Canada are substantially greater than to eastern Canada. They have argued that eastern Canada is receiving a greater share in adjustment transitional funding relative to the magnitude of the subsidy programs that are being eliminated or reduced.

What this tells us is that all farmers, and indeed all Canadians, are sharing equally, as we must, in the responsibility for deficit reduction. It is a responsibility we must all shoulder to ensure the future growth of our agriculture and agri-food sector and to maintain our competitiveness on a global scale.

● (1625)

This government is creating opportunities for western and eastern Canadian farmers alike. As my hon. colleagues know, this government has set aside considerable funding for adaptation initiatives. While the overall budget for Agriculture and Agri-Food Canada may have been reduced by 19 per cent, the department has initiated a 20 per cent increase in its adaptation funding. This reflects the industry's shift in direction toward acquiring financial security from the marketplace rather than from government programs. This adaptation funding is available equally to farmers in eastern and western Canada to help improve the sector's ability to grow and capture markets.

This government's package of reforms to grain transportation is not inconsistent with the position set out by the Quebec coalition on the WGTA in December 1994. The package of subsidy reform is fair and balanced with respect to different situations in different regions of our country and in different sectors. All will have to do their share in contributing to deficit reduction and all will share in reaping the benefits.

Mr. John Solomon (Regina—Lumsden, NDP): Madam Speaker, I am pleased to rise in the House this afternoon to ask a question of the member for Saskatoon—Dundurn.

I am quite taken aback by his very weak defence of the elimination of the Crow benefit for western Canadian farmers. I am taken aback because he says in his remarks that the elimination of the Crow benefit will take away almost half of the net farm income from farmers in Saskatchewan alone; it will reduce their land values by a significant amount; and it will double and in many cases triple freight rates for the transportation of grain. He said: "This is creating opportunities for farmers", that the Liberal program of eliminating the Crow benefit for farmers, which will devastate rural Saskatchewan and western and rural Canada, is creating opportunities for farmers.

This is reminiscent of another movie. The movie I refer to is in Saskatchewan with Grant Devine, the PC premier who bankrupted the province—he and his cabinet—almost single-handedly in nine short years. It was one of the wealthiest provinces in Canada. They fired 275 highway workers and their comment at that time was not "creating opportunities for farmers"; their comment was that they were freeing up the workers to participate in the private sector. That is exactly the same kind of comment, the arrogant positioning of the Liberal government with respect to the elimination of the Crow, that we hear today in this House of Commons.