Thus, faced with reports of huge government subsidies and inefficient operations, I felt it was necessary that the latest government attitude to the movement of grain in western Canada be made public, hence my motion for the production of the latest study. As is recorded in *Hansard*, the requested document was sent to me. It is entitled, "Report for the Grains Group, Department of Industry, Trade and Commerce." It is contained in two volumes dated July, 1979. It was prepared by Booze, Allen and Hamilton Inc., transportation consultants, and the IBI group under the direction of the grains group of the Department of Industry, Trade and Commerce. The report contains the results of an operations analysis of grains transportation and handling in western Canada carried out during the period from August, 1978, through June, 1979.

Specifically excluded from the terms of reference were possible changes to the statutory rates, that is, the Crow rates for grain. However, a recommendation in the report shows no hesitancy in suggesting another massive input of public funding. It recommends that, in addition to the 2,000 covered hopper cars now on order by the Canadian Wheat Board, 1,900 hopper cars be ordered for delivery in each of the following years, 1980-81, 1981-82, 1982-83, and 1983-84 crop years, and a further 1,700 cars for delivery in 1984-85. A total of 9,300 cars over the six-year period will be needed, requiring an investment of about $400 million in 1979 dollars. It is estimated that up to an additional 4,000 cars costing about $173 million may be necessary.

The report goes on to comment that there is a substantial body of opinion among major participants in the production, handling and transportation of grain in Canada, that some way must be found soon to provide a compensatory return to the railways for moving grain. Failing this, the lack of capital renewal of relevant rail facilities will become critical, vitally affecting the grain industry, the railways and other important industries.

The report also states that improved information, planning and control systems are required to direct the right grain to the right terminal at the right time.

To move Canadian grain it will be necessary to ensure an adequate number of boxcars. An inventory of the Canadian grain car fleet indicates that the number of serviceable cars regularly in grain service at the end of 1978 was about 22,000 units. The fleet currently consists of about two thirds railway-owned boxcars and one third government owned hopper cars. The boxcars fleets are old, with an average age of 29 years for Canadian Pacific and 33 years for Canadian National. As a result, the anticipated attrition rates for boxcars are high. Projections to 1985, based on railway company attrition estimates, indicate that the total number of cars in grain service will decline to 13,200, or less than 60 per cent of the 1978 inventory.

In addition to the existing number of cars, there will be in service the 2,000 covered hopper cars which have been ordered by the Canadian Wheat Board for current delivery.

As I have said, it is estimated that a cumulative total of 9,300 new cars will be required by 1985-86, and that the cumulative car total would cost about $400 million, based on a price of $43,000 per hopper car at 1979 prices.

It is interesting to note that in another government document produced by the commission on the cost of transporting grain by rail, which has only recently been received here in Ottawa—in fact, the date stamp on this document is October 14, 1980—it is stated that the cost of cars just three years ago was between $22,390 and $22,710, the variation in the two prices apparent between Canadian Pacific and Canadian National not being explained. But essentially we are talking about between $22,000 and $23,000 per hopper car, meaning that at the time, the agreement to purchase 2,000 hopper cars was worth some $46 million. Now we are talking about cars costing $43,000 per hopper car at 1979 prices, and we are talking about purchasing into the 1985-86 year at which time undoubtedly the price will once again have doubled. So that the figure that I have mentioned of $400 million based on 1979 prices should be taken with a pinch of salt. In addition, 125 locomotive units will need to be added by 1985-86 at a cost of $106 million in 1979 dollars.

The report recommended that a task force be established with strong leadership and an effective mandate to implement needed changes in the grain transportation system. The report also emphasizes that the institutional, operational and capital improvements recommended, while essential to the realization of Canada's grain export potential, should not be seen as a substitute to resolution of the Crow rate issue. The railways no longer have the economic or physical capacity to underwrite the grain drain. If the Crow issue is not resolved, the problem outlined in the report will not be completely overcome and grain will suffer due to its low priority.

I find the issue to be quite relevant today, Mr. Speaker. It is something of a pleasure—maybe that is not the right word—to be able to talk of the assistance that is going to the western grain farmer which is being paid out of Canadian taxes and by the Canadian consumer, therefore the share by which the easterner is participating in helping the western farmer. It is an example of something which I do not oppose, but I think probably it needs to be said these days that everything does not flow from west to east. In this particular case there is a considerable flow of dollars from east to west.

● (1720)

I have several questions for the parliamentary secretary who, I assume, will reply on behalf of the government. The questions are as follows: when the government removed the subsidy on bread, why did it not also eliminate the heavy subsidy to the western grain farmer, the subsidy paid jointly by all taxpayers and by all consumers? Is the report of which I have been given a copy available to the public? Is it available in the French language? Is any thought being given to co-ordinating the interests of the four ministers concerned, the Minister of State (Canadian Wheat Board), Senator Argue, the Minister of Transport (Mr. Pepin), the Minister of Agriculture (Mr. Whelan), and the Minister of Industry, Trade and Commerce (Mr. Gray), so as to reduce their