

Grain

The Herd Maintenance Program was originally under the purview of that Minister. It was moved to the Minister of Agriculture (Mr. Whelan) and then moved from him to the Minister responsible for PFRA, leaving the cattlemen and grain producers in Western Canada without anyone to carry their burden to Cabinet.

Several questions have been asked by my constituents regarding the same responsibility, who is responsible for the welfare of the grain producer. Corn producers were paid for the embargo on grain sold to the Soviet Union; rapeseed producers were not eligible.

The Minister of Agriculture told us the \$80 million plus came out of his budget. The Minister of Employment and Immigration (Mr. Axworthy) informed us that it came out of the phantom Western Development Fund. We are not sure where it came from, and we are not sure why it was paid out in the way that it was.

As producers try to feed a hungry world, adding their efforts and labour to something we all want to see in this world—self-sufficiency and everyone going to bed with a full stomach—we see the Government working directly against that. The Government is now asking food producers to pay up to 69 cents a gallon in federal tax on fuel used to produce food in this country. I would like to run through those taxes. There is the excise tax of 7 cents a gallon, the 9 per cent federal sales tax, 15 cents a gallon, the petroleum compensation charge of 18 cents, the Canadian ownership charge of 4 cents, the petroleum revenue gas tax of 7 cents and the corporate tax of 18 cents. This totals 69 cents a gallon. Even with a rebate, it is still 40 per cent of the cost of fuel that goes to the federal Government.

I see from the Chair that my time is coming to an end.

The Acting Speaker (Mr. Blaker): I apologize to the Hon. Member; I misled him. His time will come to an end at 4.37.

Mr. McKnight: Thank you, Mr. Speaker. The problems that I am placing before the House emphasize the need for the price of domestic grain, grain consumed within the country, to be raised to the level of \$7. Even looking at the change in statutory rates, the Government has proposed that the grain producers shall carry at their own expense any inflation rate up to 6 per cent. However, I do not see anything in the mechanism in the Two-Price Wheat Act to allow a 6 per cent increase per year, if that is the inflation rate, in the cost to the consumers of Canada.

Who has the ear of the Government? It is hard to dispute what a lot of producers in Western Canada are saying. It is not the producers of grain that this Government listens to but the railroads. For example, in order to get the railroads to invest \$806 million in 1983, the Government is offering them over \$900 million. That is broken down as follows: \$313 million as an interim payment for 1983, \$380 million for hopper car purchases and leases, and \$278 million for branch line subsidies. That totals \$971 million, and it is being given to the railroads to get them to spend \$806 million to expand their capacity.

We have a great deal—I was going to use a word that may not be parliamentary—a great deal of difficulty in placing too much faith in statements made by the Minister of Agriculture and the Minister of Transport (Mr. Pepin) recently regarding the change in the statutory rate. I want to put something on the record in the hope that someone on the Government side will be able to explain it for my information and the information of those I represent. In Montreal, Quebec the Minister of Agriculture stated:

—that the Crow rate was a major impediment to agricultural development.

That statement was made on February 1, 1983 in announcing the Government's change in the statutory rate. On May 7, 1980, during the Quebec referendum, the Minister of Agriculture said in Sawyerville, Quebec, and I quote:

● (1630)

The 'Crowstest Rate' and the Feed Freight Assistance Program have reduced the cost of grain shipped into Quebec and thus lowered the cost of producing hogs and poultry here. These subsidies have resulted in benefits for western grain growers, but they have also decreased the natural comparative advantage for livestock production on the Prairies and given assistance to livestock producers in the East.

Also, the 'Crowstest Rate' has favoured the growth in Quebec of processing plants for meat, flour and vegetable oils since products processed in the West are not eligible for the preferential statutory rate, while the raw products are.

On Saturday, February 5, 1983, there was a full-page advertisement which appeared in *Le Devoir*, which reads as follows:

The new Crow rate will not favour producers of pork and beef in Western Canada and will not have a negative effect on those industries in the East.

I would like to compare this with the statement on February 1, 1983, on page 18 of the "Western Transportation Initiative—The Policy Decisions". It reads:

The progressive reductions of distortions in the western agricultural economy should also yield significant benefits in terms of increasing processing, livestock production and crop diversification. On the basis of existing analysis, annual Western agricultural production should be \$3.5 billion higher by the beginning of the 1990's than if the decisions announced today had not been taken.

What we would like, Mr. Speaker, is an explanation as to where the benefits are; who will benefit from the changes in statutory rates; and where, under Bill S-6, and in the Two-Price Wheat Act, is there any benefit to the producers? Is there any mechanism for increasing, even by the 6 per cent rate of inflation, the cost to the consumers of Canada, because the producers of grain will have to pay in the movement of their product a 6 per cent increase?

It is not unreasonable right now to compare 1972 in constant dollars to 1982, or this present year. The producers of grain in Canada in the Wheat Board areas are receiving the same constant dollar, whereas costs have tripled and quadrupled in many, many cases.

Therefore, Mr. Speaker, I hope that we will hear from the Government side that they are certainly willing to allow the producers of food in this country to have the same protection which it is giving the railroads and other industries in Canada when it comes to establishing an inflation rate plus on their products.