

● (2310)

The producer's rate per tonne has risen from an average of \$4.85 on August 1, 1983 to \$5.74 on January 1, 1984 and to \$7.70 on August 1, 1984. This represents a 58 per cent increase in one year and, indeed, it set a further price-cost squeeze on the economically embattled farming community in Western Canada and brought them fear of even higher rates.

In substance this is what the amendments to the act do. The first one is to set a rate ceiling. The freight rate ceiling is established to ensure that a producer's rate will not exceed the 1984-85 average of \$7.70 per tonne in the next two crop years. If freight rates are set at a higher level than this by the Canadian Transport Commission, the railways of Canada will be required to absorb the difference. Although this ceiling is set, no floor has been set. This ceiling will not stop the announced decline this year to an average of about \$6 per tonne in August.

The second of these amendments also provides, as does the first one, a degree of stability and predictability. This legislation will remove the 31.5 million tonne volume cap and it will protect producers against dramatic year-to-year fluctuations in their share of the freight rates through the introduction of what is referred to as a tally adjustment mechanism. This has been recommended by the Senior Grain Transportation Committee. At present, the Crow benefit is paid by the government only on the first 31.5 million tonnes with producers paying the full transportation cost beyond this volume cap. The result has been unstable rate systems that discourage increased production, as we have shown with the sudden rises in one year. This tally adjustment system will work to smooth out year-to-year fluctuations in freight rates.

The annual calculation will now be based on the extent to which the federal government has either over-paid or under-paid its share of the grain transportation costs. Any portion of the \$658.6 million in annual benefit payments that is not utilized in one year may be utilized in future years. This is a rather complex formula.

Third, the Senior Grain Transportation Committee will be changed in its composition. The number of producer representatives elected to this committee will be increased to nine from four. There will now be two representatives from Alberta, two from Manitoba, four from Saskatchewan and, for the first time, one from British Columbia. British Columbia will now have the right to vote whoever they wish to have on this Senior Grain Transportation Committee. There will also be a representative on this committee for specialty crops such as peas, lentils, beans and so on, who previously was an observer and who will now become a full voting member. There has been a minor change in this, and I have included the latest insubstantive amendment, as those of you who were aware of the act as it was discussed at the Transport Committee meeting will notice. We must admit that this representation gives a stronger voice to producers on this committee which advises the minister.

Railway accountability is provided for by the amendments. This is an accountability to the clients and it is done because of

the oligopoly that has been created in the situation of two major railway systems carrying all the grain. The railways will now be required to publish annual statements of their general investment plans for grain transportation. The onus will be on the railways to make their case before the CTC as to why any part of this information should not be made public. Previously, they were not obliged to do this. The railways will also be obliged to hold annual public meetings in each of the four western provinces to allow them to respond to concerns and suggestions raised by the producers. Finally, with regard to branch lines, in the past branch line rehabilitation has been a voluntary performance of the railways. Now, the government is committed to branch line rehabilitation and this will be statutorily included in the act, allowing the government to participate and formulate agreements with the railways and others to ensure the upkeep of branch lines.

I have been as brief as I can be because of the hour. I should point out that these amendments were brought to our attention in the Transport Committee meeting of about one week ago. The minister appeared. A great many questions were asked and I felt that they were answered to the satisfaction of the committee. I urge honourable senators to give second reading to this bill.

**Hon. D. G. Stuart:** Honourable senators, in speaking to Bill C-44 I would first like to say that I support it and I hope that it will be given favourable consideration by the Senate. I support Bill C-44 in spite of the fact that the amendment putting a so-called freeze on the rate farmers will pay to ship grain during the crop years 1985-86 and 1986-87 is actually phoney window-dressing. The other changes to the Western Grain Transportation Act are generally beneficial and will be welcomed by farmers. Honourable senators will recall that when the original bill Bill C-155, the Western Grain Transportation Act, was before the other place and before the Senate many changes were proposed by the then official opposition, the Conservative Party. Because these amendments were not accepted they voted against the bill. For example, 14 specific objections were made to Bill C-155 by the Honourable Don Mazankowski, who is now the Minister of Transport and the author of this bill. Oddly enough, most of these objections have been ignored in Bill C-44.

I would also point out that during the last federal election campaign, many Conservative candidates in western Canada promised drastic changes to the Western Grain Transportation Act. Mr. Mulroney made a specific promise to freeze farmers' freight rates on grain at the 1983-84 level, as well as to remove the cap of 31.5 million tonnes on which the government would pay freight assistance on behalf of the farmers. However, before I go into details about the so-called rate freeze and the omissions from Bill C-44, I will cover those amendments which I believe will be welcomed by the grain growers of Canada.

● (2320)

Bill C-155 contained a volume cap of 31.5 million tonnes of grain shipped in any one crop year on which freight assistance would be paid. Under that bill, the farmers shipping grain are obliged to pay the full costs of shipping all grain in excess of