

Canada Grain Act

out that would lead to a more efficient operation and so allow Canadian grain to remain competitive in world markets. It seems to me that the dropping off of the high cost elevators along uneconomic branch lines will help us to do that. The implementation of the idea inherent in Bill No. C-70 would effectively prevent the desired improved efficiency. Consequently I cannot support the bill.

The overexpansion of our country elevator system has generated a progressive rise in both direct and indirect operating costs related to this overbuilt position, and has resulted in a total cost of operations which may well be in excess of the level that the Canadian grain system can bear if it is to remain competitive. It has been suggested that the prairie grain collection system now comprises too many, too small elevators at too many delivery points. The system now consists of 5,187 separately licensed elevators located at about 2,000 separate shipping points.

The licensed capacity totals 370 million bushels. These levels are fairly representative of the situation that has prevailed over the past six or seven years. Prior to 1940, the country elevator capacity was stable at about 200 million bushels, distributed amongst 5,600 elevators. During the war the construction of temporary annex structures and enlargements of existing elevators brought the total country capacity to 310 million bushels.

After the war the temporary storage was progressively cut back so that by 1952 the post-war low point of 293 million bushels was reached. The number of elevators totalled 5,430. The high level of crops in 1951 and 1952 reversed the trend and by 1957 a level of 371 million bushels of space was available in country elevators and special annexes, the latter including non-elevator structures such as rinks and airplane hangars. Since then this temporary storage has been progressively eliminated.

Such capacity is not at all desirable for reasons already given, and it would seem that permitting the storage of grain in elevators on abandoned rail lines is in the same category as storing it in these temporary structures.

Another factor to bear in mind is the size of the box car fleet which must, as a matter of course, be related to the size of the country elevator system. With fewer elevators and the same number of box cars, efficiency is automatically increased because the throughput is increased; that is, the ratio of the

volume of grain moved to the storage capacity is higher. At the same time, the box cars become available more quickly and the whole grain flow is speeded up. With an adequate box car supply each country elevator can turn over its capacity four or five times per year with little difficulty. Only at that rate, as a minimum, can grain handling through a country elevator be made to pay. Because of the overexpansion, very few elevators have such a turnover and this indicates why some companies eagerly await an opportunity to close down some elevators.

It has been estimated that a country elevator system of 250 million bushels capacity, consisting of modern, properly located plants, is ample to handle marketings of 700 million bushels or more per year. If this is so, then the loss of elevators on abandoned lines will not be felt in the over-all grain movement picture. Indeed, to keep them open and transfer the grain to an elevator on a live line by truck would be a self-defeating act because of the added expense.

Mr. Olson: I wonder if I could ask the hon. member one question?

Mr. Whelan: Yes.

Mr. Olson: Does he not think there are other qualifications and specifications that could be applied in considering whether or not an elevator should have a licence, other than the fact that a railway line runs alongside of it?

Mr. Whelan: I said that I thought the bill sponsored by the hon. member for Medicine Hat (Mr. Olson) had a certain amount of merit and I think it warrants some definite consideration. The fact that an elevator may not be located on a railroad line deserves some definite consideration when it comes to licensing. However, the potential of the area and the history of it should be considered in connection with licensing. If my words were interpreted in the manner the hon. member suggests, I certainly did not intend to give that impression.

Mr. Olson: Then, why are you opposing the bill?

Mr. J. H. Horner (Acadia): Mr. Speaker, in rising to take part in this debate I find myself wholly in agreement with the hon. member for Medicine Hat (Mr. Olson), the sponsor of the bill. Actually, Bill No. C-70 will have a direct effect on the grain marketing industry in the years ahead, even if rail line abandonment does not reach the huge