



Second Session — Thirty-Second Legislature

of the

Legislative Assembly of Manitoba

STANDING COMMITTEE

on

AGRICULTURE

31-32 Elizabeth II

*Chairman
Mr. A. Anstett
Constituency of Springfield*



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MANITOBA LEGISLATIVE ASSEMBLY

Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, Hon. A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Brian	Ellice	NDP
COWAN, Hon. Jay	Churchill	NDP
DESJARDINS, Hon. Laurent	St. Boniface	NDP
DODICK, Doreen	Riel	NDP
DOERN, Russell	Elmwood	NDP
DOLIN, Mary Beth	Kildonan	NDP
DOWNEY, James E.	Arthur	PC
DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virden	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry M.	The Pas	NDP
HARPER, Elijah	Rupertslad	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
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LYON, Q.C., Hon. Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
MALINOWSKI, Donald M.	St. Johns	NDP
MANNESS, Clayton	Morris	PC
McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Hon. Vic	Rossmere	NDP
SCOTT, Don	Inkster	NDP
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SMITH, Hon. Muriel	Osborne	NDP
STEEN, Warren	River Heights	PC
STORIE, Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON AGRICULTURE

Thursday, 14 April, 1983

TIME — 1:00 p.m.

LOCATION — Swan River, Manitoba

CHAIRMAN — Mr. Andy Anstett (Springfield)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Bucklaschuk, Plohman, Uruski and Uskiw

Messrs. Anstett, Blake, Carroll, Downey, Gourlay, Harapiak, Manness

WITNESSES: Dorothy Minish, Big Woody Women's Institute;

Roy Hamilton, Local Committee of Kenville Pool Elevator;

Bob Seidel, Don Lindsay, The Pas Chamber of Commerce;

Leonard Harapiak, Private Citizen;

Mervyn Minish, National Farmers Union Local 520;

Murray Wenstob, Private Citizen

MATTERS UNDER DISCUSSION:

Western Transportation Initiative proposed by the Government of Canada

* * * *

MR. CHAIRMAN: Committee come to order please. Ladies and Gentlemen, this is a continuation meeting of the public meetings of the Standing Committee on Agriculture which is holding hearings with regard to the Western Transportation Initiative.

Before we begin our hearings I'd like to introduce to you the members of our committee. Starting on my left, at the end of the table, the Member for Swan River, the local member for this constituency, Mr. Doug Gourlay; sitting beside Doug, Mr. Clayton Manness, the Member for Morris constituency; sitting beside him, the gentleman with the beard, is Dave Blake, the Member for Minnedosa; beside him, Mr. Jim Downey, the Member for Arthur; beside Jim, the Honourable Sam Uskiw, Minister of Highways and Transportation and the Member for Lac du Bonnet.

Starting at the far end, on my right, Mr. Henry Carroll, the Member for Brandon West; beside Henry, Mr. Harry Harapiak, the Member for The Pas; beside him, the Honourable John Plohman, Minister of Government Services and Member for Dauphin; beside John, another John, the Honourable John Bucklaschuk, Minister of Co-operative Development and Member for Gimli; and last but not least, the Honourable Minister of Agriculture, the Honourable Billy Uruski, Member for Interlake.

I am your Chairman. My name is Andy Anstett; I'm the MLA for Springfield.

On March 15, 1983, the Legislative Assembly of Manitoba unanimously passed the following resolution which sets out the authority for this hearing. Before I begin reading the resolution and the fact sheet on the Western Transportation Initiative, I would like to ask if anyone in the audience does not have copies. If you don't, the Clerk will hand out copies. Please raise your hand if you don't have a copy and would like one.

The resolution reads as follows:

WHEREAS, on February 22, 1983, the Saskatchewan Legislature unanimously passed the following resolution:

Because the proposals advanced by the Minister of Transport for Canada to replace the statutory Crow rate:

1. Do not recognize the principles of a statutory rate for grain;
2. Do not provide cost protection for farmers;
3. Do not recognize that grain must be sold in a competitive international market;
4. Do not remove the distortion in rates by including all prairie crops and their products under the new structure;
5. Do not deal with unacceptable high taxation levels on farm input such as fuel;
6. Do not provide sufficient performance guarantees for the future growth and development of all facets of prairie agriculture;
7. Prescribe an unacceptable limit of 31.1 million tonnes for subsidized shipments;
8. Provide central Canada with further artificial processing and livestock incentives; and
9. Are not supported by a consensus of Western Canadians.

And because these are fundamental concerns and must be dealt with in any plan for the western rail transportation system this Assembly therefore rejects the Pepin plan.

THEREFORE LET IT BE RESOLVED that the Legislative Assembly of the Province of Manitoba concur in the above resolution passed by the Saskatchewan Legislature, and

BE IT FURTHER RESOLVED that the Standing Committee on Agriculture of the Legislature be authorized

- a) To inquire into matters relating to the Western Transportation Initiative proposed by the Government of Canada;
- b) To hold such public meetings as the Committee may deem advisable;
- c) To report to this Session of the Legislature.

The main focus of our meetings then relates strictly to (a) of the RESOLVED portion of the resolution, the Western Transportation Initiative, and the committee has asked that all comments be directed to that Initiative. To that end, staff have prepared a summary

of that Initiative, which I will read through before we commence the briefs. I believe everyone should have copies of that Initiative now.

1. The Federal Government will implement the principle recommendations of the Gilson Report for the four-year period, 1982 through 1985-86.
2. The Federal Government has defined the Crow Benefit Payment as representing the difference between the amount paid by producers, under the Crowsnest Pass Rate and the actual cost of moving grain during the crop year 1981-82 and has calculated it to be \$651.6 million. The average Crow rate was \$4.89 per metric tonne for the Prairie region and \$3.65 per metric tonne for Manitoba.
3. Starting in the 1983-84 crop year, producers will pay:
 - (a) The total cost of any future volumes of grain and grain products exceeding 31.1 million tonnes.
 - (b) The first three percentage points of railway cost increases, due to inflation in the crop years 1983/84, 1984/85 and 1985/86.
 - (c) The first six percentage points of railway cost increases due to inflation for the crop year 1986/87 and beyond.
4. Blended freight rates set by April 30th of each year for the following crop year by the Canadian Transport Commission, after consultation with grain shippers and railways.
5. Freight rates will remain generally distance-related.
6. (a) Under the Gilson recommendation, the federal contribution will be divided between the railways and producers. In 1982-83, 100 percent of the federal contribution will go to the railways; after that the proportion paid to the railways will decrease over time to a minimum of 19 percent by 1989-90. In 1989/90, 81 percent will be paid by producers.
(b) The method of paying the government contribution will be that recommended by Dr. Gilson, but the method will be reviewed in 1985/86 when the split is approximately 50 percent to each party. Parliamentary approval will be required to continue any further progression of payments to the producers.
7. Payments to producers will be on a acreage basis, including cultivated acreage devoted to non-Crow crops and to Crow grain used on the Prairies, not on the basis of tonnes of Crow grain shipped by rail. Since this would mean less money per tonne of grain shipped, the Federal Government will pay the producers an additional \$204 million for the crop years 1983/84 to 1985/86, as an agricultural adjustment payment. The Federal Government will commit an additional \$56 million after 1985/86 if the phased payments continue to 1988/89.
8. Canola oil and meal and linseed oil and meal will be included under the new statutory rate regime in 1983-84. For the crop year 1982-83, these products will be assisted through an existing program in the absence of legislation that will pay the difference between the statutory rate and the current minimum compensatory rate west of Thunder Bay. However, the Federal Government believes that the commercial rates for these products beyond Thunder Bay to eastern markets should be established. Currently, the railways charge a lower minimum compensatory rate on these products.
9. A new grain transportation agency will be established to perform the current duties of the Office of the Grain Transportation Coordinator and will have an enlarged mandate including car allocations, performance and service guarantees and improved efficiency and capacity in the transportation system.
10. The Canadian Transportation Commission will undertake necessary major cost reviews every four years in consultation with grain shippers and railways.
11. The Federal Government will purchase up to 3,840 more hopper cars over the next three fiscal years. Timing of the purchases will be made with the advice of the new Grain Transportation Agency.
12. The Federal Government will commit an additional 670 million to branch line rehabilitation in this decade. The future of the Branch Line Rehabilitation Program will be reviewed in 1985-86.
13. In accordance with the Gilson Report, the railway compensation of 100 percent of the long-run variable costs with a 20 percent contribution to overhead costs will be phased in.
14. The railways will receive \$313 million for the crop year 1982-83 as a payment towards their shortfall in revenues in that year.
15. Cost savings due to branch line abandonment or acquisition of government hopper cars will accrue to the Federal Government and shippers.
16. The Federal Government has agreed to extend special additional capital cost allowances to the railroads for investment in railway assets during the period of January 1, 1983, to December 31, 1987.
17. In return for the implementation of the new rate regime on grain and the extended capital cost allowances, the two railroads have indicated they will:
 - (a) Increase investment in 1983 in Western Canada by \$242 million and investment in Eastern Canada by \$33 million.
 - (b) Increase investment in the period 1984-87 in Western Canada by \$2,592 million and investment in Eastern Canada by \$395 million.
 - (c) Meet specific grain transportation performance and branch line maintenance obligations.

18. Under industrial and economic development initiatives, the Federal Government will commit \$75 million over the next five years to:
 - (a) Develop railway equipment manufacturing industry.
 - (b) Develop processing of agricultural products in Western Canada.
 - (c) Assist suppliers of equipment and material for future resource development projects in Western Canada.
 - (d) Assist western firms to develop new products and improve productivity and competitiveness.
19. Under agricultural and development initiatives, the Federal Government will undertake a five year, \$175 million package of agricultural development initiatives including:
 - (a) Improving local feed grain self-sufficiency in non-Canadian Wheat Board designated areas of Canada.
 - (b) Assistance to farms and farm organizations for activities leading to improved, sustainable increases in production of grains, livestock, and special crops in the designated area of the Canadian Wheat Board.
 - (c) Assistance to the food processing industry in Quebec.
 - (d) Soil and water conservation research in the Prairie provinces.
 - (e) Development of a crop information system by Agriculture Canada.
 - (f) Development of an electronic marketing system by Agriculture Canada.
20. In 1985-86, the Federal Government will review the following:
 - (1) The sharing of grain transportation costs between producers and the Federal Government.
 - (2) The system of payments to producers and progress in reducing distortions in the western agricultural economy.
 - (3) The possible impact on eastern agriculture.
 - (4) The system of railway performance guarantees.
 - (5) The freight rates required to provide appropriate compensation to the railways.
 - (6) The future of the Branch Line Rehabilitation Program.

Ladies and Gentlemen, that is the Federal Western Transportation Initiative. The purpose of our hearings today are to hear your comments on this initiative. We have received notification that the following people wish to speak to the committee: Dorothy Minish on Big Woody Women's Institute; Roy Hamilton for Kenville Pool Elevator; Don Lindsay and Bob Seidel of The Pas Chamber of Commerce; Leonard Harapiak, private citizen; Mervyn Minish, NFU Local 520.

Is there anyone here who wishes to make a presentation to the committee today whose name was

not read out? If there is, please come forward to the microphone at the table in front and give your name, so that we can add you to the list. Is there no one else? Then I would like to call on Mrs. Dorothy Minish of the Big Woody Women's Institute to make her presentation.

Mrs. Minish.

MRS. DOROTHY MINISH: Thank you, Mr. Chairman. The Big Woody Women's Institute is a local group affiliated with the Manitoba Women's Institute.

Women's Institutes were founded in 1897 in Canada because women needed to voice their concerns for issues which affected them. Our motto is 'For Home and Country.' Women's institutes are not aligned with any political party but have sought to influence governments regarding issues affecting home and country.

To date, the issues of the changes to the Crowsnest Pass Agreement mainly have been taken up by farm groups as an issue affecting farmers. W.I. members, who are mostly rural women with farming backgrounds, have watched the events from the sidelines as farm wives.

As the proposals have been advanced and farm groups have reacted to them, we have as a local W.I., become increasingly aware that changes to the Crowsnest Pass Agreement will have far reaching implications for all of Canada and all Canadians. We believe the changes will be particularly devastating for farmers and for rural communities. It is this realization that has prompted us to submit a brief to this task force.

Initially, the policy of our Canadian Government regarding the building and operation of the transportation system was set out to unite Canada from sea to sea. A transportation system was developed, which encouraged settlement wherever suitable land existed, not only close to the original population centres of the St. Lawrence River basin, the Maritimes and British Columbia, but into the vast interior of the Prairie provinces. It was realized then that government participation was necessary for settlement to be viable. To this end policies regarding regulated statutory rates based on distance only, not variable rates based on compensatory formula, were negotiated with the railroads. A package deal was made in order to carry out this concept. In return for these rates, which recognized that the railroads would not recover their costs on the branch lines, land grants, including the mineral rights, and large sums of monies were provided to the railroads.

May we suggest that the reasons for the original Crowsnest Pass Agreement are just as valid today as they were in the 1890s and later in the mid-1920s when changes were made.

The railways are wanting a renegotiation of the agreement on the basis that grain transportation is not paying its way. Surely any renegotiation should look at the total package deal that was entered into, not just the reported losses incurred from supposed uneconomic branch lines.

It is unrealistic to expect that any profit-oriented transportation system will ever provide satisfactory service through any branch line system serving the wide

expanses of rural Canada. The railways have been and are being well compensated for any supposed shortfall on the grain haul by the income generated by the package that they received in the Crow Agreement. The advertising that we see on TV regarding CN with its slogan, "We're in business for Canada," indicates a vast network with considerable assets has been established. We feel that this has been possible through the development of the assets gained through the Crow Agreement. A similar picture could be drawn for the CP which we understand is one of the largest corporate bodies in Canada.

If it is now necessary to renegotiate the agreement, the total picture including all the assets amassed as a result of the agreement must be taken into consideration in determining whether or not the transportation companies are in fact losing money on the agreement. Our country cannot afford to give any more concessions to a profit oriented rail system. Any monies given to the railroads should be linked to an equity position which will eventually give control of the railroads to the people of Canada to be run not for profit but for the service of all Canadians.

A second point we would like to make is that the concessions made in the Crow Agreement originally were made to farmers because it was felt necessary if they were to compete on a world market. The validity of these concessions applies as much today as it did then. Canada has always had a "cheap food" strategy which has been of benefit to W.I. members as consumers but has usually been achieved at the expense of low prices, many of which are set by governments, to farmers.

We see declining farm income as a threat to a rural way of life, and a real danger to the economy of the whole country. Any increase in the cost of farm inputs, particularly in the cost of transportation, can only increase the effects of a cost-price squeeze which is causing an increasing number of farm bankruptcies. Farmers are finding the need to borrow increasing amounts of money just to operate. The amount of money invested in a farm enterprise should be sufficient to ensure a reasonable standard of living without the farmer having to seek additional off-farm employment to keep going and to press all family members into his unpaid labour force in order to break even.

Farm bookkeepers, many of whom are W.I. members, would be delighted to use the same costing formulas used by the railroads in arriving at the fair market price for their produce. It would be delightful to then go to the government and expect it to guarantee this level of profitability by statute.

The government already has the power to ensure the performance levels of the railroads. It does not need to change the Crowsnest Pass Agreement to the detriment of not only the farmer but the whole Canadian population. The investments of the railroads do not need to be guaranteed in perpetuity while farmers' costs are allowed to increase without check and, in fact, by government decree. No other segment of our society has this kind of a guarantee.

Many more arguments could be put forward, but we are sure you have heard them all. Our own Manitoba Government has done a study on the overall effects of changes to the Crow Agreement and are much more aware than we of its adverse effects on the Manitoba economy.

We are also aware that the Farm Bureau, of which the Manitoba Women's Institute is a member, has gone on record in support of the Gilson proposals and in favour of changes to the Crow. Our W.I. would like you to know that we are solidly opposed to any changes in the present Crowsnest Pass Agreement. We were not consulted by our representatives on the Farm Bureau in this matter.

We perceive the proposed changes to the Crow to be a detriment to our homes in rural Manitoba, and to our country, Canada.

Respectfully submitted by the Big Woody Women's Institute. Thank you.

MR. CHAIRMAN: Thank you very much, Mrs. Minish. Please remain seated, there may be questions from members of the committee. Are there any questions by members of the committee?

Mr. Manness.

MR. C. MANNESS: Yes, on Page 3, you say the government already has the power to ensure the performance levels of the railways. Specifically, what do you mean? How can the government today ensure that the railways perform?

MRS. D. MINISH: Well, it's my understanding that when they were given the land grants and whatever they were given to set up the Crowsnest Pass Agreement in the first place that under that agreement the railways made some commitments to provide for transportation, and I believe that included providing the rolling stock as well as the track beds and the whole bit.

I find it very difficult to understand why the government has now found it necessary to provide hopper cars, for example, to the railway companies in order for them to function. It's my understanding that they already had agreed that the railroads would provide this. Now, am I wrong there? I don't know, this is just my understanding of it.

MR. C. MANNESS: Well, you may very well be right, but I'm wondering again if you make the comment "the government has the power to ensure," it seems to me the governments today don't have an awful lot of power to force anybody to do anything in this country. I'm wondering how in fact you can see the government forcing the railways to handle freight.

MRS. D. MINISH: You have brought up a very important thing. Why should then the people of Canada accept a promise now that the railroads are going to perform? What guarantee do we have now, other than the word of the railroads, that they are going to perform in the future? They have given no greater guarantee than they have in the past.

MR. CHAIRMAN: Further questions?
Mr. Uruski.

HON. B. URUSKI: Mrs. Minish, are you therefore indicating that just because the rates are going to go up or proposed to go up will not guarantee service, are you basically saying that?

MRS. D. MINISH: Yes.

MR. CHAIRMAN: Further questions?

Mr. Uskiw.

HON. S. USKIW: In your statement you make the point that - this is on Page 2 - the railways should provide a service to the country. Are you making the argument that they should not generate profits to their shareholders?

MRS. D. MINISH: I'm making the arguments that it is unrealistic to think that they ever will on a branch line system in rural Canada, that they were never intended to make profit on the branch line system, that the overall system might be profitable. Again, it is inconceivable to me that any government should in perpetuity guarantee the railroads an overall profit like they are doing.

HON. S. USKIW: On Page 2, though, you make the point that we should not give the rail system any more concessions and you refer to them as being profit-oriented rail systems and that's why I raised the question. Are you trying to suggest that railways should not make any money, or am I misreading your intent in that particular section?

MRS. D. MINISH: I'm sorry, come again?

HON. S. USKIW: Your brief suggests our country cannot afford to give any more concession to a profit-oriented rail system. I simply want to clarify through you whether you mean that railways should operate as a public utility or whether you believe that profits at certain levels are reasonable but you would want them controlled in some way.

MRS. D. MINISH: I am not denying that any profit-oriented system should make a profit. What I am saying is it is unrealistic to think that a transportation system serving Canada will ever make a profit on the branch line, and to that end, yes, I am indicating that the overall picture that eventually the only method of transportation, in Canada that is fair is a government run transportation system for the good of all Canadians.

HON. S. USKIW: So then you're making the argument that we should have an integrated rail system that is owned by the people of Canada ultimately.

MRS. D. MINISH: I think I've made that point in saying that any monies given to the railroads must include an equity position.

HON. S. USKIW: If that were to happen, if through government subsidies in exchange for equity on the part of the CPR in particular, if in a matter of a decade or two decades that results in the Government of Canada owning the CPR, should then the CNR and the CPR, which would be publicly owned, should they then make money on their operations?

MRS. D. MINISH: I would say no. If they make any money, it should be for the good of all of Canada. Crown corporations, as I understand them, are never set up with the primary purpose of making money, but of serving the public benefit.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: Yes, Mrs. Minish, I'm particularly interested in your statement on the first page that these changes will be particular devastating for farmers and for rural communities. Could you elaborate on that a bit and explain how you feel that will come about, that will be the case.

MRS. D. MINISH: Well, if one farmer goes broke, simply he will have to go on welfare. He will have to find another job or else be a debt burden to the municipality, to the government. It's just that simple. Now maybe one farmer can get a job, another one won't. If a fellow is unable to make a living at his job, he will eventually wind up being supported by the government.

As I understand welfare rates, they usually provide a subsistence allowance. If I have been buying groceries and I have been looking at Canada's Food Guide and I have spent in the past - off the top of my head - \$2,000 in 1982 for groceries in my household, and suddenly I am in a welfare situation and my husband comes to me and says, look wifey, we have a problem here, you and are not making enough income from this farm, we're on welfare. I'm afraid that my purchases in the Swan River Valley are going to be reduced quite considerably from what I would be purchasing if I were a paying member of society. Now, to that end supposing I buy from Cox's or supposing I buy from the Co-op, my purchases to the Co-op are going to be reduced. That in turn is going to make the Co-op's viability questionable. So the Co-op, as you know, it's a fact that Red River Co-op has had to close most of its outlets. It puts more people unemployed. That in turn will put more people on the welfare rolls.

I don't know how much the Provincial Government, I don't know how much the Federal Government can afford in the welfare rolls. I notice they can afford, according to Fifth Estate last night, to finance our air industry quite considerably. Maybe they can finance all the farmers. Even if they can, the amount that they will finance to a welfare system will not be sufficient to generate the stimulation in the economy that we need to have any good effect on the present economic recession we find ourselves in.

HON. J. PLOHMAN: You say then, Mrs. Minish, that you feel this won't only negatively effect the farmers then, it'll also lead to greater unemployment and more closures of businesses and so on in rural communities, and that's how you see it being devastating to rural communities?

MRS. D. MINISH: Yes. In that respect, yes it will be. May I also say there's another aspect that will happen. If farmers do not operate their land, who will? It's my assumption that corporate farms will be formed. We see this happening in the potato industry in the Maritime Provinces. McCain's has bought out the farmers, whom they, because they control the price of potatoes, were able to manipulate the price and put the farmers out of business. They then took over their land the farmers are then farming the land for McCain's.

Now follow that through and we come into the same situation as we had in the feudal system. We called

them lords and we called them serfs. I see a situation similar to this developing in Canada in the very near future. It has been said that there is no country in the world - even a country like Bangladesh - that hasn't got the arable land to feed its own people. If the people are not in control of that land, we find the people farming the land for the rich landowners and for themselves, they're farming the marginal land and devastating their lands.

I see the same situation happening in Canada. It is a very grim prospect for me and for any thinking farm wife.

MR. CHAIRMAN: Mr. Downey.

MR. J. DOWNEY: Thank you, Mr. Chairman. Mrs. Minish, as I understand your comments in response to some of the questions, if I understand it correctly you would be recommending that all the railways that now handle the prairie grains in Western Canada should become basically a public utility. Is that correct?

MRS. D. MINISH: No, I have not said that. I have said that they are asking for a change in the Crowsnest Agreement. I have said that if they wish this, they should put back all the benefits that they have been given in return for the grain transportation system as we know it now.

MR. J. DOWNEY: Well I'm sorry, there was a misunderstanding. I understood that you felt that the people of Canada through an equity position should take over the railroads and hold them in a Crown corporation.

MRS. D. MINISH: Mr. Downey, I did not say that. I said that if there were to be any changes made, if you didn't like the system we now had, that this would be a way to go. I intimated that no transportation company could be expected to make money on the rural transportation branch line.

MR. J. DOWNEY: Then I would ask Mrs. Minish, for clarification of my own mind, what she was saying then is if we are to continue on with the current system, the current statutory rate system that's in place; that if we were to go back to the period of say 1979 when we saw approximately half the grain sitting on the prairies, what would be her recommendation then to improve the situation in light of the fact that she's indicated that she doesn't feel that the taxpayers or farmers, I believe - she didn't say farmers - but the taxpayers shouldn't be providing rolling stock, what would be your alternative recommendation to getting the grain moving and to provide it to the markets of the hungry people in the world? What would be the alternative to what is taking place today?

MRS. D. MINISH: I don't know the exact timing, but I do know that the Farmers Union felt that the railways were not performing and the Farmers Union attempted to have a class action suit against the railroads to force them to perform under their contract under the Crowsnest Agreement. It's my understanding that class action was dismissed, not because there was no case,

but it was ruled that the farmer was not the one to make the case against the railroads.

I would suggest to you that if the railroads are not performing under their contract, then the government has not only an opportunity, but an obligation to invoke the full resources of the law to make them perform.

MR. J. DOWNEY: Would you then, Mrs. Minish, suggest that those people who are working in ports and within the rail system that move grain should have the same kind of rules put on them and the same kind of service provided for the farm community?

MRS. D. MINISH: I don't understand the question.

MR. J. DOWNEY: What you're suggesting is that the government take tough action with the grain to force them to live up to the current legislation that's now in place, that would be what you've suggested?

MRS. D. MINISH: Tough action against whom, the workers or the railroads? Because the railroads are the ones that are responsible for hauling the grain. Their workers are working for the railroads, they are not - they only work under contract.

MR. J. DOWNEY: Well, Mrs. Minish, there are people who work for the railroads and people who work for the grain system that work in the elevators at Thunder Bay or at Vancouver or Churchill, within the system, people that work for those particular companies as part of the system. If you were to force the railroads to perform, railroads being made up of iron, steel, roadbeds and people who operate them, if you were to force them to make sure that grain was moved would you as well think that it's not - isn't it equally as important to have everyone else in the system perform their duties to provide service for the grain farmers of western Canada. Would it not be as fair to go right through the system and place it all in essential service legislation?

MRS. D. MINISH: Mr. Downey, do I understand you to be asking about the specific instance of the dockworkers in Vancouver who were on strike and who were being labelled as being unco-operative?

MR. J. DOWNEY: Mr. Chairman, I'm talking about the total system. You have the railroads that move it; you have the farmers that produce it; the grain companies that take it off the hands of the farmers at the point of delivery; you have the railroads that move it to the ports. What I'm asking is if you're going to force the railroads to do it, is it not equally as fair to force the total system to work, to deliver, and to move grain. The whole works of them, the whole grain system, railroads included.

MRS. D. MINISH: Mr. Downey, I can only presume that you refer to the workers who work for the railroads in moving grain and may I suggest to you that when the matter of a strike on the west coast was a problem I heard a lot of outcry against the workers that they should be legislated back to work, to work for the railroads and the shipping companies. I heard no outcry

from hardly anyone to say, let the government intervene to provide a fair settlement for both the workers and the railroads so that the grain could be moved.

Now it is not my thinking that the worker should be compelled by law to produce a service when he has a collective agreement and he has rights under that collective agreement. I did not understand that the strike at the west coast was an illegal strike nor do I think that government should intervene and compel any worker to the detriment of the collective bargaining system in this country.

MR. CHAIRMAN: I would like to caution members of the committee that the Legislative Assembly addressed the question of whether or not labour-management relations should be included in our public meetings as a subject for discussion and the Assembly decided that specifically labour-management questions as they relate to grain transportation would not be part of the subject of our hearings because then we would be covering a much wider question. So I would ask members to try to direct their questions more to the transportation initiative.

Mr. Downey.

MR. J. DOWNEY: Thank you, Mr. Chairman, I just have one final question, Mrs. Minish. Do you feel in your own mind or does your organization feel in your own minds that the Federal Government are going to proceed with the current Pepin plan regardless of what is taking place in western Canada at this time?

MRS. D. MINISH: Mr. Downey, I cannot begin to perceive what the government might or might not do. My purpose in presenting this brief for our organization was to do whatever we felt we could do at this point to prevent the disaster that we see in the changes proposed to the transportation system. If we do nothing then certainly the Pepin proposals will be implemented and by making every protest available to us including lobbying in Ottawa it is my hope that, yes, governments do respond to public pressures and, yes, we can prevent this disaster from taking place.

MR. CHAIRMAN: Mr. Harapiak.

MR. H. HARAPIAK: . . . believe in the democratic system where we all have a role to play in the government and you still feel strong enough to come and make a presentation. I was just going to follow up in one area and that's in the area of corporate farms. You brought up the possibility of more corporate farms springing up because of small businessmen going bankrupt because of the increased cost. Swan River is surrounded by many small communities. What effect would this have on small communities if these corporate farms did come into being?

MRS. D. MINISH: I can only look to what's happening in any country where large corporate farms are the norm. Where you have large landowners you invariably have poor peasants and I would suggest that a lot of the problems that have developed in Nicaragua, Guatemala, Argentina, Chile, you name it, are partly because the people do not have control of their land.

MR. CHAIRMAN: Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: I want to make some reference to the second last paragraph of your brief in which you disassociate yourself from the position of the Manitoba Farm Bureau. You state, "We were not consulted by our representatives on the Farm Bureau in this matter." Who are you referring to by "our representatives"?

MRS. D. MINISH: Well, the Big Woody W.I. is a member of the Manitoba Women's Institute, which I mentioned at the start, and the Manitoba Women's Institute as I understand it has two members on the Manitoba Farm Bureau and it is my understanding that those two members did cast their ballots and did function in representing us, the Manitoba Women's Institute, on the farm bureau. Now, I have been an active member of the Big Woody Women's Institute, I have been an active member of the Manitoba Women's Institute, I am familiar with what has gone on at provincial conventions, I have been familiar with what has gone on at board meetings, they have been reported back to the local. I am not aware of any position statement that has ever been taken by the Manitoba Women's Institute regarding the Crowsnest Pass freight agreement and it is very - I was absolutely astounded when I realized that our membership on the Farm Bureau were representing us, without our knowledge or consent - no, we were not in any way consulted.

HON. J. BUCKLASCHUK: Are you normally consulted on other issues whether they be transportation or agriculture by the representatives on the board of the Farm Bureau?

MRS. D. MINISH: I'm sorry I do not know what positions our membership have taken there so I do not know if they are responding in statements that have been approved as policy by the Manitoba Women's Institute.

HON. J. BUCKLASCHUK: So then it would be a reasonable conclusion that your feeling is that the position taken by the Manitoba Farm Bureau does not necessarily reflect the positions of the member organizations?

MRS. D. MINISH: I would say not necessarily. I do not know what the Manitoba Women's Institute, in convention, what position we would take. I just know that we have never been asked.

MR. CHAIRMAN: Mr. Uskiw.

HON. S. USKIW: Yes, Mrs. Minish, given the fact that the Government of Canada is proposing to change the method of subsidy for the transportation of grain, what is your view with respect to whether any subsidy that is paid, should it be paid directly to producers or should it be paid to railways if there is going to be one?

MRS. D. MINISH: Mr. Uskiw, I don't pretend to know the ins and outs of that one but I do know this, that if it's paid to farmers it's going to be an awful hard way that's figured out as to how it should be fairly

distributed among farmers. I also know that if its paid to farmers, it will be received by the public to be a subsidy to the farmer instead of a subsidy to the railroads. To that end, I would have to presume, that it is not a good thing for it to come to the farmer direct.

MR. CHAIRMAN: Mr. Gourlay.

MR. D. GOURLAY: Mr. Chairman, Dorothy, on your comment about the W.I., I would like you to know that we are solidly opposed to any changes in the present Crowsnest Pass Agreement. I take from your brief that you and your organization would like to see the Crowsnest Agreement stay as is. The resolution that we are dealing with covers some nine points objecting to the Pepin proposal. Are you suggesting that the committee should take a firm stand relative to your brief, that no changes be implemented; or should the committee try to salvage as much as possible from the Pepin proposal.

MRS. D. MINISH: Mr. Gourlay, I can only speak on behalf of the Big Woody Women's Institute. I am not speaking on behalf of the Manitoba Women's Institute in this and I believe that I made it abundantly clear that our Women's Institute is opposed to any changes in the Crowsnest Pass Agreement at this time. I think I also made it abundantly plain that if there was to be negotiation for change that it was our feeling that the total package of the benefits that the railroads received also under the Crowsnest Agreement must put on the table before any negotiation be entered into.

MR. CHAIRMAN: Mr. Gourlay. Any further questions for Mrs. Minish? Seeing none, Mrs. Minish thank you very much for appearing here today.

MRS. D. MINISH: Thank you.

MR. CHAIRMAN: The next name on our list is Mr. Roy Hamilton, Kenville Pool Elevator. Mr. Hamilton.

MR. R. HAMILTON: Mr. Chairman, ladies and gentlemen, I am presenting this brief on behalf of the local committee of Kenville Pool Elevator to oppose the Pepin plan that would totally destroy the Crowsnest Statutory Freight Rate on grains. The Crow rate in the past has protected the western farmer from changes of political parties and change of government policies. But the Pepin plan removes all protection from the farmer but guarantees the railroad's protection. They would be guaranteed a compensatory rate plus 20 percent of their investment, after four years another 20 percent toward off-line costs. It has been well documented by the number of permit holders and the total volume of grain shipped that farmers in the Swan River Valley would lose \$8.4 million if the Crow rate was removed and these rates were applied.

By the crop year 2000 - 2001, under these rates it would cost us \$2.06 to ship a bushel of wheat and \$1.69 to ship a bushel of barley. The initial price we will be paid for barley at the new crop year August 1, 1983 will be \$2.07 per bushel. The Pepin plan has no cost protection for farmers. Our ability to pay has not been considered. There is no relationship between

freight charges and the price received for the grain. It does not recognize that export grain must be sold on the competitive market.

The Crowsnest Statutory Rate was put in place at the turn of the century by the government of that time and was kept in place by all following governments up until the present one today.

All of these governments have recognized that the prairie provinces were so far removed from export market, that there was no way that producers could afford to pay the full cost of transporting their product to the sea port, and at the same time stay in competition with other exporting countries. So what has changed? Our shipping point of Kenville is as far from a sea port today as it was back in 1897. The sea port has not come any closer to us. Up to the present time, western farmers are trying to market their grain through one ice-free export port. United States farmers can use 30 ice free ports.

The Canadian economy as a whole benefits from the export of grain and grain products, so the whole of Canada should pick up the increased cost of transporting grain.

Respectfully submitted,
Roy Hamilton.

MR. CHAIRMAN: Thank you very much Mr. Hamilton. Are there any questions for Mr. Hamilton from members of the committee?

Mr. Plohman.

HON. J. PLOHMAN: Mr. Hamilton, you mentioned that the Pepin plan removes all protection from the farmer. Could you explain that a little bit more as to your feelings on that and why you arrive at that conclusion?

MR. R. HAMILTON: Well, at the present time we are supposed to be guaranteed shipment of our grain under a certain cost. But under the Pepin plan that is removed entirely and the railway is the one who is guaranteed cost plus a percentage on their investment.

HON. J. PLOHMAN: Do you also connect this to the matter of variable rates and did you have a comment as to how the lack of protection against variable rates in the Pepin plan could affect the farm communities such as your own?

MR. R. HAMILTON: Yes, there are a number of points that I haven't mentioned in this brief, a great number. Variable rates is another one. We feel that under the Pepin plan that variable rates are going to be scrapped. They have never ever said anything very definite on them. I think that is more reason for us to be doubtful about them. Farmers in this area could suffer quite a bit from variable rates if it is going to cost a great deal more to ship from Swan River than from, say Kamsack, for instance.

HON. J. PLOHMAN: Mr. Chairman, explain that a little further as to what you mean if it's going to cost them a great deal more, what will that lead to if it's going to cost more to ship grain by rail from Swan River, say, than from Kamsack? Could you just take that further and just explain what you think that would do to communities? What would happen?

MR. R. HAMILTON: Well I see on TV last night that farmers are going bankrupt now who are living on branch lines and who are not that far from their elevator system. If farmers in this area, everybody had to buy twice the size of a truck they have today to haul to a distant shipping point, and otherwise, if the shipping point was still at Swan River but the rate was twice as much as Kamsack, it would be the same difference. People would be charged an exorbitant price that there's no way, I don't think, that they could afford to pay it.

MR. CHAIRMAN: Further questions for Mr. Hamilton. Mr. Uskiw.

HON. S. USKIW: Mr. Hamilton, you're noted here as coming from Kenville Pool Elevators. Are you representing Kenville Pool?

MR. CHAIRMAN: Mr. Hamilton.

MR. R. HAMILTON: I am presenting the brief of the local committee, Kenville Pool Elevator.

HON. S. USKIW: I see. Can you tell me whether this brief is in accordance with or contrary to Manitoba Pool position on this issue?

MR. R. HAMILTON: I think it's reasonably close to Manitoba Pool's position. Some of the figures I have used I got from correspondence from Manitoba Pool.

HON. S. USKIW: What in your opinion is the best mechanism that can be employed at the present time in order to get the kind of restructuring that is most acceptable to the grain farmers of the Prairies, in your opinion? What mechanism can we now use and it's obviously got to involve political action, since the legislation is to be introduced in the House of Commons next Tuesday. What do you think can be done and by whom to accomplish a policy change that would be representative of what the farmers on the prairies would want?

MR. R. HAMILTON: That's a pretty big question for a farmer from Kenville. I feel that it's almost out of our hands now. We have been making representation to Ottawa for a year to a year and a half now. I think it is more up to people who I am addressing today to take this forward and I think that if you want to, you can make more impressions than what we can, from Kenville.

HON. S. USKIW: The Manitoba Pool position to date has been one of not arguing with the need for reform but rather centering on the method of how that should take place and the apportionment of added transportation costs between the users of the transportation system, namely the grain producer and the Government of Canada which represents the taxpayers of this country.

You said a moment ago that you're not too far apart, that is, your local views as compared with that of your Pool executive of Manitoba. What differences then are there between your local opinion and that of your parent or your central organization?

MR. R. HAMILTON: Well I think it's the opinion of our local committee that if our parent company had taken more of a firm stand at the start and not flip-flopped around, that we might be in a better position today. That's what the people on my committee feel. They are more militant, if I might use the word.

HON. S. USKIW: Would I be accurate then in assuming that you feel that Manitoba Pool may have been somewhat used in this process then or co-opted by the Government of Canada?

MR. R. HAMILTON: I believe they represent the views of a lot of their delegates. Perhaps our delegates and ourselves felt a little differently.

HON. S. USKIW: Just on that point, did your delegate then present a different opinion or take a different message to your delegate convention than what is now the position of Manitoba Pool Elevators?

MR. R. HAMILTON: Yes, sir, I believe so.

MR. CHAIRMAN: Mr. Harapiak.

MR. H. HARAPIAK: The Priestville sub on which community of Kenville is located received the benefit of a rehabilitation program approximately five years ago. Has the railroad service improved after that rehabilitation program has gone in?

MR. CHAIRMAN: Mr. Hamilton.

MR. R. HAMILTON: You're referring to the railroad service on grain?

MR. H. HARAPIAK: Right.

MR. R. HAMILTON: I don't know that it has made any difference on grain. The subdivision was upgraded and is a lot better now than it used to be, but that was done mainly on account of the rock coming through from the quarry. It was done for that purpose not for the purpose of hauling more grain or giving better service for grain.

MR. H. HARAPIAK: In your opinion, is the railroad offering a good service for the movement of grain, or are other commodities receiving priority over the grain movement?

MR. R. HAMILTON: On our subdivision, I think they have given us a pretty good service on grain, but they have only done so since we have made them a gift of 14,000 boxcars or hopper cars. That made the biggest difference.

MR. H. HARAPIAK: Mr. Hamilton, do you feel the railroads should be receiving some incentive or a bonus to ensure that your grain is moved?

MR. R. HAMILTON: The railways should certainly be paid the compensatory rate. We are not suggesting that the railways should haul grain at a loss. We are saying that they should be paid for doing the job and

that the people of Canada should pay them for doing it. It shouldn't be loaded on the farmers' backs.

MR. CHAIRMAN: Mr. Downey.

MR. J. DOWNEY: Mr. Chairman, the brief has indicated that the additional cost or loss of money to the Swan Valley would be \$8.4 million. What kind of a freight rate or what kind of assumptions have you made to come up with that? For example, what would be the volume of grain that is now going out of Kenville or the Swan River Valley, and what would be the rate, which you're assuming would take place, would give you that kind of a figure?

MR. CHAIRMAN: Mr. Hamilton.

MR. R. HAMILTON: The total volume of grain out of the Swan River Valley in 1978-79 crop year would be 201,140 tonnes.

MR. J. DOWNEY: How much is that in bushels? I am still on the old system. I'm sorry.

MR. R. HAMILTON: I'm sorry. I seem to be in the same age bracket as you are, Mr. Downey.

MR. J. DOWNEY: 201,000 tonnes, so we're talking approximately 5 million bushels, 7 million bushels?

MR. CHAIRMAN: Was that a question, Mr. Downey?

MR. J. DOWNEY: I just want to make sure. I think that - if my assumption is - maybe somebody else could be the answer that's approximately 7 million bushels. In other words, you've used the calculation of the assumed freight rate. I'm not sure precisely what is the current cost of transportation out of the Swan River Valley now on the current Crowsnest rate?

MR. R. HAMILTON: 19 cents a hundred.

MR. J. DOWNEY: The figures which you are using as an assumption of increase, where did those figures come from that the increase would go up to that particular figure and how have you used the calculation of funds paid to the railroads? If the \$650 million were paid to the railroads, would that offset the increase that you feel will be charged to the farmers?

MR. R. HAMILTON: I don't believe I'm using any assumption, Mr. Downey. We're taking those figures and the total number of bushels and using the figures that the railways would receive for acquiring the grain. The price goes up year after year. I believe I quoted you the year 2000-2001 that the rate per tonne then would be \$75.90 per tonne, which amounts to \$1.69 for barley.

MR. J. DOWNEY: Is that considering the \$650 million that is paid into the railroad system on an annual basis? Has that been deducted from those figures?

MR. R. HAMILTON: No. Whatever money the railway gets has nothing to do with the cost that they're charging us for the grain, for freight.

MR. J. DOWNEY: I still have a hard time in trying to find out what - you're using the figure of - was it 79 cents? - what was the per hundred weight again? I didn't mark it down.

MR. R. HAMILTON: 19 cents.

MR. J. DOWNEY: It's 19 now, but you're assuming that it'll go to?

MR. R. HAMILTON: Here again it's rather confusing, it's rate per tonne now - \$75.90 per tonne.

MR. J. DOWNEY: That's what the multiplier is. The reason I'm asking these questions, Mr. Chairman, is just to try and explain it is that I have heard assumptions made that the rate would increase by five times the present rate. We've heard, as my colleague from Morris just indicated, an increase of up to 12 times, but now you are suggesting that it could in fact go as high as 16 times the current rate, and that's by the year 2000 is what he's indicating. I think in view of that kind of information that your own organization would be prepared to sit down and discuss it with you, Manitoba Pool, so they could in fact put a little stronger case forward. Have you made this case to your central body of Manitoba Pool Elevators so that they could carry this cost figure forward to the Federal Government?

MR. R. HAMILTON: Mr. Downey, these figures I'm giving you, we received from head office, from Manitoba Pool Elevators. They are their own figures. I didn't calculate this myself.

MR. CHAIRMAN: Mr. Uruski.

HON. B. URUSKI: Thank you, Mr. Chairman. Mr. Hamilton, in your submission you indicated the increased costs for freight of going up to \$1.69 for barley, \$2.06 for wheat. In the Pepin proposal, it's intimated that livestock production will increase substantially if there is a change in freight rates. How do your people view that analysis and what impact do you see those changes having on the livestock sector here in the valley?

MR. R. HAMILTON: Mr. Uruski, we feel that is a very silly thing to project something like that. I could put it plainer if this wasn't a mixed audience.

HON. B. URUSKI: Mr. Hamilton, I wanted to know what your definition was of compensatory rates. You said that the railways should be paid compensatory rates. What is your definition of compensatory rates and what does it include in terms of the railway's costs?

MR. R. HAMILTON: I expect it would cost all the cost of hauling grain from shipping points to the point of export.

HON. B. URUSKI: Would that include the acquisition of boxcars and the building of tunnels and terminal points of the railways? Would that be included in your definition of the costs?

MR. R. HAMILTON: No, it wouldn't. Tunnels, I believe, are used by all traffic on the railway, not just by the trains that haul the grain.

HON. B. URUSKI: If, as you say, that the people of Canada should pay the railways for their operating costs or compensatory rates on the basis of your definition and as noted the people of Canada should also pay towards the capital investment of the railways or for the tunnels and the boxcars, who should get the benefits of that investment into the railway companies if the Canadian taxpayers are expected to put those funds into the railway?

MR. CHAIRMAN: Is the question clear, Mr. Hamilton?

MR. R. HAMILTON: Not exactly.

MR. CHAIRMAN: Perhaps I could ask Mr. Uruski to pose it again, please.

HON. B. URUSKI: If the people of Canada are to put up the money for the tunnels, boxcars and capital that you say is not part of the operating costs, who should get the benefits in terms of the return on that investment that they put in?

MR. R. HAMILTON: Mr. Uruski, I feel that the people of this country should have a railway just as we should have an airline or a shipping system and so on.

MR. CHAIRMAN: Mr. Manness.

MR. C. MANNESS: Thank you, Mr. Chairman. Mr. Hamilton, I'd like to pursue a little questioning on the rationale you've used to determine your cost of shipping in 2001. You indicate that your freight rate today is 19 cents a hundred weight, which by my calculation makes it 11.5 cents a bushel for wheat and roughly 9.5 cents for barley. If you divide that into the total numbers that you have presented to us in paragraph 4, you would come out with a factor of some 16 times Crow.

Now, the only information I've seen that is projected to 2001 was presented in the Manitoba Co-operator dated March 31st, and they make the assumption that possibly using the full rates of inflation, the Crow would be multiplied by twelve and a half times, so maybe you can tell me why there is that difference.

But I'd be more interested to know how you can justify the fact that starting in - particularly as a Pool member, and by the way, I'm a Pool member also - how in the 1930s the rate of elevation that was charged by Pool, and indeed by all elevators, was some 1 cent a bushel. Today it's roughly 20 cents a bushel. The freight rate in the 1930s was 11.5 cents a bushel by your own calculations from Swan River and today it's still 11.5 cents.

Using the extension of those figures and applying the same 16 times factor to elevation as indeed you have to your present cost of transportation, would have you paying an elevation in your own Pool Elevator and, indeed, in my own Pool Elevator of \$3.20 a bushel in 2001. Can you tell me how the farmer of the day will be able to pay that cost of elevation and I guess it then begs the question what can we have the government do about our own elevator companies to ensure that they maintain proper costs?

MR. CHAIRMAN: Mr. Hamilton.

MR. R. HAMILTON: Are you comparing the cost of operation of a grain company to the freight rates?

MR. C. MANNESS: Well, I guess I'm trying to determine the cost of hauling a bushel versus handling a bushel and the net impact that it has on your income and my income as farmers. I suppose all I did was applied the same inflation factor that you used in your elevation and I've somehow come to \$3.20 to elevate and to put into a car, the bushel of grain in the year 2000. I'm wondering how we are going to be able to meet that particular charge against our operations?

MR. R. HAMILTON: I hadn't heard that elevation charges were going to escalate at that amount to that date. I would like to point out to you that Manitoba Pool Elevators is a grain company, they don't get any subsidy at all from the Federal Treasury.

MR. C. MANNESS: Well, Mr. Hamilton, I would hope it would not be that rate. All I've done is always used the same rates of inflation that Manitoba Pool Elevators have assumed will occur for the next 17 years out in rail. In other words, whatever rates of inflation apply to rail movement and rail costing, would obviously apply to grain elevation. So I haven't attempted to bring forward any new information.

Now you say that maybe we, as farmers, have to look at elevations in a completely different light. That may very well be, but the net effect of paying 20 cents a bushel today in elevation, and maybe \$3 dollars 15 years from now, has the same impact upon our net income position. I'm wondering if you accept my argument and if you don't maybe you could tell me why.

MR. R. HAMILTON: No, sir, I don't accept your argument. The figure that I have given you on what it'll cost us to ship a bushel of barley by the year 2000 - I don't know what that has to do with inflation. I didn't mention inflation. This is just the cost that Manitoba Pool assures us that it's going to cost us, according to the figures brought out in the Pepin proposal.

MR. C. MANNESS: Well, Mr. Hamilton, let me assure you that indeed the biggest reason for the 12.5 or the 16 times Crow figure that we seem to be using relatively loosely in our discussion here, is indeed, inflation. That's the major factor - 3 percent over the next three or four years and then after that 6 percent, and you start compounding that number over the years, and you very quickly arrive at the 12.5 times Crow figure that indeed the co-operator has seen fit to put into your March 31st edition. So I say to you that inflation is the major cause for the increase in perspective, or the estimated increase in freight rate.

MR. CHAIRMAN: Do you have a further question, Mr. Manness?

MR. C. MANNESS: No, again, I'm just wanting a comment from Mr. Hamilton. If not, fine, we'll leave it there.

MR. CHAIRMAN: Any comment on that remark then, Mr. Hamilton?

MR. R. HAMILTON: Nothing further. There seems to be disagreement here on what's inflation and what's projected charges.

MR. CHAIRMAN: Thank you, Mr. Hamilton. Mr. Uskiw.

HON. S. USKIW: Yes, I'm interested in your suggestion, Mr. Hamilton, that you want the grain moved and you want adequate service in moving your grain to market, but you want the railways to get full compensation for moving it, based on a profit rate and you want the taxpayers of Canada to pay for it. I'm trying to understand that scenario.

In bringing forward to you the problem I have with that proposition, I have to note that CN and CP, according to Jean-Luc Pepin, are going to spend \$16.5 billion in improving the railway system throughout Canada, of which \$9.5 billion - that's over a 10 year period - will be spent in Western Canada, \$4.5 billion in Ontario, \$1.4 billion in Quebec, and \$1.1 billion in the Atlantic Region. That's based on the assumption that Crow will be changed and the economy will improve - those are their figures. The revenues they're going to receive from changes in the Crow on grain transportation are \$13.3 billion in that same period, which is \$9.4 billion more than they would receive for hauling your grain over the present rate that they get for hauling grain - that's over Crow.

Now, they argue that the expansion of rail capacity in Western Canada has to do with the grain industry and the fact that it is going to increase its production. Statistically the projections show that grain will only represent 16 percent of added production of bulk commodities in Western Canada. It will be moved in the next decade. Eighty-four percent of expansion is related to coal, potash and sulphur, which means that of this \$9.4 billion of railway expansion in Western Canada, under the changes proposed, the farmers will be putting up \$4 billion over that 10 years, which is 42.5 percent of Capital Expenditures of CN and CP, and the Government of Canada, which is the taxpayers, will be putting up \$5.4 billion.

MR. CHAIRMAN: Do you have a question, Mr. Uskiw?

HON. S. USKIW: Yes. My question has to do with the fact that 99 percent of these railway expansion costs are going to be paid for under this package by the farmers of Western Canada and the taxpayers of Canada, which means that the railways will only be putting up 1 percent of the cost of expansion out of their earnings. Therefore, how can you arrive at the proposition that the taxpayers should further be burdened with picking up the entire increased cost of transportation for grain. Shouldn't we be looking at grain prices as somehow being adequate to pay for increased transportation costs from time to time? How can we justify loading this kind of burden on to your friends and your neighbors who work in the stores in Swan River, who work in the highway department yards in Swan River, who pay income taxes? How can we ask them to pay the bill for transporting grain as opposed to asking the railways to finance a good chunk of this out of the earnings of the movement of coal, potash, and sulphur which is 84 percent of new capacity requirements?

MR. R. HAMILTON: It was a pretty large question Mr. Uskiw.

I would hope that wage earners in Swan River, and other centres would not have to pay a cent more in paying the compensatory rate. We have a great deal of natural resources in this country. There's a great many ways for the federal treasury to raise money without taxing the wage earner any more.

HON. S. USKIW: Are you not aware that CPR is a company, or CP, which owns large coal deposits in British Columbia, which are going to be developed and which require this upgrading and transportation?

MR. R. HAMILTON: Yes, sir, I've heard that many times.

HON. S. USKIW: Well, that is a matter of fact. The question I'm putting to you again is why should the taxpayers be asked to upgrade the railways in order that CP can move its coal at minimum cost to get that coal shipped out to Japan and why should the Canadian farmers do that?

MR. R. HAMILTON: No, I'm not saying the taxpayers should pay it. I'm saying the Canadian farmers should not pay it definitely.

HON. S. USKIW: But you did say you want railways to receive a compensatory rate. Then that must mean that your compensatory rate must be different from that which is recommended by Snavely. Would that be a fair assessment?

MR. R. HAMILTON: Yes, it certainly would. I have disagreed with Mr. Snavely for a long time.

HON. S. USKIW: Okay, that answered my question. Thank you.

MR. CHAIRMAN: Thank you, Mr. Uskiw. Are there any further questions from members of the committee? Seeing none, Mr. Hamilton, on behalf of the committee I'd like to thank you for making your presentation here today.

The next presentation is on behalf of The Pas Chamber of Commerce, Mr. Don Lindsay and Mr. Bob Seidel.

MR. D. LINDSAY: Well, Mr. Chairman, we are representing The Pas Chamber of Commerce, so we'll get right to the point here.

MR. CHAIRMAN: Sir, could you speak up just a little more please, or pull the mike a little closer.

MR. D. LINDSAY: The Pas Chamber of Commerce wishes to go on record here as opposing totally the Pepin plan to abolish the Crow Rate, and following we list our reasons for this stand:

1. Since our grain is the largest annually renewable resource of our country, we consider its transportation a national responsibility, rather than a farmer-oriented one.

2. There is no provision in the Pepin plan for tying the price of transportation to the world market price

of grain and could thus easily wipe out the entire returns from our grain sales as we experienced during the '30s when cattle and grain prices were often less than the freight bill to market.

3. Nowhere in the plan is there any mention of the Port of Churchill. At the present, excluding rail shipping costs which are about the same for both destinations, it costs us \$4.94 per tonne for cleaning and elevation fees loaded on the boat at Churchill. The same fees are \$4.35 per tonne at Thunder Bay but with the St. Lawrence Seaway tolls, lake shipping costs, extra loading fees, fuel, etc., it costs us \$21.29 per tonne loaded on the ship at Montreal which is still some 1100 miles or 1800 kilometers from European ports.

If the Crow Rate is dropped, Churchill could lose the protection of equal treatment. This is what happened in the United States where railway companies charge varying per-mile rates.

Farmers who presently earn more by shipping through Churchill, because it is a shorter transportation route to Europe, may be charged excessive rail rates in order to force them to ship their grain through another port.

4. If the freight rates are increased as projected in the Pepin-Gilson plan, it will become less expensive to ship Canadian grain through U.S. ports such as Duluth or New Orleans than through Canadian ports, threatening Canadian jobs in handling and transportation.

5. The Manitoba Pool Elevators have presented alternatives which are far more acceptable. They are as follows:

The government payment for the shortfall and any additional costs for which the government has responsibility should be paid directly to the railways. Payments would be based on volumes moved and would be subject to satisfactory performance.

The upper limit of 31.1 million tonnes should be removed. Any increased sales will benefit all Canadians and producers should not be discouraged from increasing production.

All grain crops should qualify for the statutory rate. This is the simplest and cheapest way to eliminate discrimination between crops.

The producer would be protected from freight cost increases which become prohibitive in the event that grain price levels are inadequate.

The government should maintain its previous commitment to the branch line system which has been declared necessary and protected until the year 2000. The freight rate structure must be strictly controlled so that the producers, grain companies, and communities are not threatened by a discriminatory rate structure which would drastically re-shape the grain handling system.

6. A letter from an Edmonton MP published in the Open Forum of the Western Producer, March 24, 1983, quotes a government ad placed in the Montreal Star and headed, "The Crow Goes Without a Flap".

The government of Canada recently put a full-page ad in the Montreal Star at a cost of about \$4,500 celebrating its controversial policy on the Crowsnest Pass grain freight rates. "The Crow Goes Without a Flap," the ad began and went on to tell readers how the new policy will not favour Westerners, and quotes again, "Higher transportation costs," the ad trumpeted, "will prevent Western pork and beef producers from

becoming more competitive with their eastern counterparts in their traditional markets." Elsewhere it implied, not very subtly, that western producers might in effect be penalized by "possible corrective measures if the program is detrimental to eastern farmers." This was written by David Kilgour the member of Parliament for Edmonton-Strathcona, Edmonton, Alberta.

Thus it can be seen that Mr. Pepin is telling western livestock producers they will gain by the abolition of the Crow. At the same time he is telling eastern producers that the West will not be allowed to gain any advantage.

7. The Pepin-Gilson formula demands the western farmer give away something guaranteed him by statute in return for absolutely nothing but a vague concept that he will get a more efficient grain handling system. Experience has taught us that the most efficient systems can be totally paralyzed by events beyond our control as in the case of labour disputes at the west coast recently.

8. The snowball effect of inflation in such farm necessities as machinery, fertilizer, fuel, etc., and interest rates, are things over which a farmer has no control, but these factors have already placed him in economic jeopardy. Another uncontrollable and rising cost could well imperil his survival, as he must compete in a world market which dictates his returns while operating in a domestic climate that is not playing by the law of supply and demand. That is something that seems to die at the farm gate on the way out.

MR. CHAIRMAN: Thank you very much, sir. Your name is?

MR. D. LINDSAY: Don Lindsay.

MR. CHAIRMAN: Okay, and the other gentleman then is Bob Seidel. Just so I can keep you straight when the questions start coming. I take it either one of you will answer the questions depending on the nature of the question? That's why you're both here?

Okay, members of the committee, any questions for either Mr. Lindsay or Mr. Seidel? None? Mr. Plohman.

HON. J. PLOHMAN: Mr. Chairman, I want to thank the gentlemen for their excellent brief and particularly for the concerns that they raised about Churchill. I agree with those concerns that you have raised about Churchill and what effects the Pepin proposal would have on Churchill. Would you also agree, though, that the variable rates would also have a detrimental effect on communities? Would you agree with the first presenter, Mrs. Minish, when she said that it would have a devastating effect on rural communities and farmers in these communities and I think extrapolated from that on businesses and employment in rural communities, would you agree with that?

MR. CHAIRMAN: Mr. Seidel and Mr. Lindsay.

MR. D. LINDSAY: Yes, I would agree with that.

HON. J. PLOHMAN: I wonder whether you could elaborate on how the variable rates would affect the community of The Pas or areas around The Pas? Are

there branch lines there that could be affected by variable rates?

MR. CHAIRMAN: Mr. Seidel.

MR. B. SEIDEL: We just have the one main line we wouldn't be affected that way.

HON. J. PLOHMAN: Would your reference then to the concerns that you have about rural communities be more to other communities in the Province of Manitoba as opposed to The Pas?

MR. B. SEIDEL: Yes.

MR. CHAIRMAN: Further questions? Mr. Manness.

MR. C. MANNESS: Thank you, Mr. Chairman. The presenters have just indicated in answering Mr. Plohman's question that indeed variable rates and large increases in freight rates would have a very negative impact upon communities such as The Pas. I'm wondering if they would also agree though that in the year '78-79 when Western Canada carried over roughly \$2 billion worth of grain they could not move to market because of a transportation system that was not adequate, that indeed that has a negative impact on communities in Western Canada, including The Pas also?

MR. CHAIRMAN: Mr. Lindsay.

MR. D. LINDSAY: Well, it would have an effect, yes. We'd have to do our own storage.

MR. CHAIRMAN: Mr. Manness.

MR. C. MANNESS: That's fine, thank you.

MR. CHAIRMAN: Mr. Uskiw.

HON. S. USKIW: Yes. Would it be fair to describe your submission as one of supporting Manitoba Pool position?

MR. CHAIRMAN: Mr. Lindsay.

MR. D. LINDSAY: A good bit of it would be, yes.

HON. S. USKIW: You wouldn't want to elaborate where, if any, you differentiate or deviate from the position of Manitoba Pool?

MR. D. LINDSAY: I'd have to look at that for a moment. These alternatives, I might add, are not necessarily a good thing either. The statutory rate of the Crow, if it remains, would be better.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Yes. Just in the final or the seventh paragraph in your presentation, Mr. Lindsay, you mention the experience has taught what we can expect with the most efficient handling system that we can devise that experience has taught us that these systems

can be totally paralyzed by events outside of the control and I'm sure you're referring to labour disputes. I take it from that, that you would be in favour of considering the transportation of grains as a national renewable resource and should be protected, or movement should be guaranteed in some way. Could you elaborate on that?

MR. D. LINDSAY: My own belief in that is, that it is a national problem and should be handled nationally. The taxpayers of Canada have got a great deal more clout than the farmers.

MR. CHAIRMAN: Mr. Downey.

MR. J. DOWNEY: Thank you, Mr. Chairman. I'm pleased to note . . .

MR. CHAIRMAN: Mr. Downey, would you use a mike please?

MR. J. DOWNEY: I'm pleased to note the mention of Churchill and the support for the Port. The area of The Pas is pretty much - I guess I'll ask the question directly - does the majority of the grain from The Pas now go through the Port of Churchill?

MR. CHAIRMAN: Mr. Seidel.

MR. B. SEIDEL: Some of it goes that way but our wheat and barley goes east and our rapeseed goes west. We do ship some carloads of wheat and some carloads of barley up there but it doesn't all go up to Churchill.

MR. J. DOWNEY: What is approximately the total grain production in The Pas area now in the Saskeram area?

MR. B. SEIDEL: Last year it was 1.3 million bushels.

MR. J. DOWNEY: Mr. Chairman, The Pas Chamber of Commerce may want to or may not want to comment on this. It is my understanding - and this would have a direct relationship to the Crow rate and to the amount of grain that would come out - if the Saskeram area were to be developed for agriculture and the land base increased by some several thousands of acres that have identified agricultural capability, would that have a bigger impact on the development of the whole The Pas area and the grain producing, the amount of grain that would be available to go out the Port of Churchill and the total agriculture and community development?

MR. B. SEIDEL: Yes, I believe we could triple our output, yes.

MR. J. DOWNEY: In other words, the Chamber of Commerce feel if the whole Saskeram and all of the potential agriculture acres were developed you could triple your grain output which would have a major impact, it's correct, would have a major impact on the whole community growth and as well the potential output of grain that could go through the Port of Churchill, so that as well would be one of the priorities that your Chamber of Commerce would see take place.

MR. B. SEIDEL: That is correct.

MR. J. DOWNEY: Thank you.

MR. CHAIRMAN: Mr. Harapiak.

MR. H. HARAPIAK: It's unfortunate that Mr. Downey didn't realize the potential of Saskeram when he was the Minister of Agriculture and he has also pre-empted many of my questions.

The Community of The Pas was linked at one time very closely as a transportation town and it has, in recent years, gone down from where it was as a railroad terminal. If there were variable rates, do you think that community probably would be in a position to benefit, to handle more grain because of its location to the seaport?

MR. B. SEIDEL: You mean if it would handle any more?

MR. H. HARAPIAK: Yes.

MR. B. SEIDEL: I think that if it was upgraded, yes. There would be more grain going up through the Churchill Port. Does this answer your question?

MR. H. HARAPIAK: Has there been upgrading carried on on the Churchill line in recent years?

MR. B. SEIDEL: There has been some upgrading, but it isn't finished. We can't use the hopper cars. It is not upgraded enough to use hopper cars yet.

MR. H. HARAPIAK: Has the Chamber of Commerce submitted any briefs or made any presentation to support the improvement of the Churchill line?

MR. B. SEIDEL: Not lately, to my recollection.

MR. H. HARAPIAK: The view of the Chamber of Commerce that you have put forward here, is that consistent with the view of the other Chambers of Commerce in the Province of Manitoba?

MR. B. SEIDEL: I believe the Winnipeg Chamber of Commerce has different views, but all the farm areas certainly have had the same views we have.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Mr. Seidel, The Pas Chamber of Commerce, I imagine, are members of the Hudson Bay Route Association and the Hudson Bay Route Association has vigorously over many, many years, all the years that I have been associated with the Chamber of Commerce movement, supported the development and the upgrading of the line to the Port. Would that be correct?

MR. B. SEIDEL: Yes, that's correct. I have sat in the Chamber on the executive up there for 21 years now and I think we've supported it every year.

MR. D. BLAKE: You have my full support too on that, Mr. Seidel.

MR. CHAIRMAN: Any further questions from members? Mr. Gourlay.

MR. D. GOURLAY: Mr. Chairman, I had a couple of questions regarding the production of the area and also just how much grain was being shipped to the Port of Churchill, but you have already answered those questions.

I would just like to go on record as thanking Bob and Don for taking the time to come this far to make their presentation today. I think they've contributed a very good brief to the committee and I would thank them for their efforts.

Mr. Blake had mentioned about the Hudson Bay Route Association and their tours to the North. Are they still being hosted in The Pas and toured in the area, or is that no longer taking place?

MR. B. SEIDEL: They're sort of passing us by. They are still making tours, but they're not stopping at The Pas anymore.

MR. CHAIRMAN: Further questions by members of the committee? Seeing none, Mr. Lindsay and Mr. Seidel, thank you very much for your presentation here today.

The next individual on our list is Mr. Leonard Harapiak, private citizen. Go easy on him, Harry. Please proceed.

MR. L. HARAPIAK: Thank you, Mr. Chairman. I am pleased to have this opportunity to make a few comments respecting this crucial issue. Just to give you some background information in that I am presenting this as a private citizen, I am a farmer from the Cowan area. Our family farms approximately 1,000 acres in grain and we run a cow-calf operation of approximately 100 head.

I present this brief as an individual rather than a representative of an organization, but as has already been evident to me in listening to the presentations and as will become evident to you, there is a degree of overlap between my concerns and those presented by organizations opposing the Pepin proposal to replace the statutory Crow rate.

In opposing the Pepin proposal, I am concerned about the implications for my own family farm and for the family, and I am concerned about the implications for the future of rural communities. In following the material related to this issue, I was particularly concerned about one of the opening sentences in the February 1st statement on the Western Transportation Initiative. I would like to quote that. "The government expects that its decision will provide a major stimulus to economic development in the 1980s and beyond." I am not opposed to this major economic stimulus.

However, as a farmer, I guess I have to question what the main purpose of that entire exercise is. If it is to create an economic stimulus, I am concerned that it is being done at a price that the farmers can ill afford to pay. I have a strong feeling that agriculture is the mainstay of the economy of Manitoba and, indeed, of the prairies. I am not convinced that a large - or perhaps I should reword that and say that I am concerned that there are many people who don't appreciate sufficiently the role of agriculture in providing that building block

from which so many other things develop. Perhaps it's because only 3 percent to 4 percent of the Canadian population - I'm speaking there of the Canadian population as a whole - is involved directly in agriculture as a primary industry. It is perhaps because our numbers are so small that we are politically vulnerable and that our concerns are not heeded to as much as we would like.

We are aware, and I'm sure you are aware from the discussions that you have had, as to what is happening to net farm incomes. We have seen them declining and the projections for the coming year are not at all encouraging. Costs are up in virtually all areas and prices are down. Farmers are facing a very difficult short-term future, short-term at least. Farmers, it seems, are eternal optimists and I personally am optimistic about the long run, and sometimes I wonder whether that optimism is well-founded in fact or whether it is out of a hope for survival that we say that there has got to be a better future. The proposal calls for increases in transportation costs which have already been referred to.

I am concerned when we talk about the transportations costs, the increases, that they would appear to be relatively small when we talk about the gross figures or the net figures. The net figure, the net cost to the producer - if you want to talk in terms of bushels - apparently the net average increase will be something in the range of 10 cents per bushel for 1982 and 1983. However, I think it should be kept in mind that the actual cost, the gross will be much larger, and that will, in fact, if the proposal goes through from August 1st, there will be a much more significant deduction and I'm not sure of what the mechanism will be to reimburse the farmers if, in fact, that happens. So that particularly in this period of time, where farmer are facing very tight cash flow situations, I think it is much more critical than looking just at an increase of 10 cents per bushel for 1982 and 1983. For 1985-86 the net figure will have doubled.

So I think what I'm saying there is that people should be clear in trying to address this, that there is much greater significance attached to talking about a percentage increase on the compensatory rate, which may not appear that large, but when you convert that as a percentage increase to the current rate that we are paying, it is a much more serious situation.

Then, of course, as other people have mentioned here today, beyond 1986, it looks much more ominous, but yet, it's not clear even from the government's own statements - what happens beyond 1986 is not clear. I notice from following the proceedings of the debates in the Provincial Legislature, that that is one point on which there is a lot of common ground, a lot of common thinking, that there is a great deal of uncertainty beyond 1986.

Mr. Hamilton made reference in his presentation to some of the increases, and I just want to make reference to what has been quoted from other sources by 1990 and 1991. The compensatory rate is to be 9.2 times Crow and the net cost will be 5.5 times Crow. Earlier, in discussions today, there was some question as to preferences as to how the payments would be made. I have some difficulty in addressing that because that seems to concede the fact that there will be some sorts of revisions. But certainly, if it came to the point of

distribution of these, my preference would be that they not be made to farmers, because I don't think that what we are looking at is a subsidy for farmers but, in fact, a subsidy to fulfill a shortfall in an agreement for transportation of grain which was entered into some time earlier. I think it'll be viewed by people as another subsidy to producers and I think in many instances, it is difficult to separate what is actually a producer subsidy and a consumer subsidy. We already have some difficulties in those areas.

I have some difficulty, as well, with one portion of the proposal which deals with a ceiling of 31.1 million tonnes, as far as being the limits to which these rates would apply, and everything in excess of that, we would have to pay the full compensatory rate. This is of particular concern to me, in that there are a number of people who are suggesting that we should really look at this in a more open way, because by an expansion of the railway system, we will have the opportunity to move a great deal more grain. Now I can see that there is need to look for increased production and expand the world markets, but we have to keep in mind that we have very nearly reached that level at this point - 31.1 - so that any increased production beyond this date would really be transported at the full compensatory rate.

I think it also ties into the concern I have that - you know I think we, as farmers, have done a great job over the years in becoming more efficient and producing more. But I think there may be the expectation out there that if the farmers are squeezed a little harder, they will simply produce more. I'm not sure that that is the only answer that we should accept; that the solution to this problem is to produce more and just consider volume in isolation of all other matters.

The prospects for diversification in agricultural production in Western Canada concerned me as well, and I think it was well addressed by the people from The Pas, when they indicated that there seems to be a different posturing in both Eastern and Western Canada. I am a beef producer at the moment and I guess I have some difficulty in becoming excited about increased levels of production when I have to sacrifice, or to give up a very attractive - I must admit - rate on transporting grain. But in order to have that increased opportunity to raise beef, I have to sacrifice in another area and I have a concern about where will this beef production go? Because we already know that we are facing a very difficult market situation.

You have to question the sincerity of the Federal Government in this whole matter when, in fact, they are saying to us in the west, we will have the opportunity for increased production; and they are saying in the east, very openly with ads in the newspaper, as has already been indicated that, don't worry, we will see that you don't lose your share of the market. Well, I just don't think it's possible to have it both ways.

I would also just briefly like to state that I am opposed to a variable rate structure, because I have the concern as to what this will do to the structure of our elevator system and, in turn, how it will impact on rural communities. I have a fear that an implementation of a variable rate program would see the decline in the viability of small rural communities.

I think we should also keep in mind that this proposal, if it goes through, will see a very significant transfer

in buying power from the prairies. It will see a reduction in the net income of farmers, and as a result of that, you have a negative multiplier effect which is going to take place. I think we have to be careful in that we are not taken in too much by the prospect of the capital projects. There certainly is going to be a benefit from some of those but I am concerned that the attraction of the capital projects will be fairly short-term, but the negative effects of increased transportation cost will be there in the long term.

We have to keep in mind that in a multiplier effect of something in the range to two or four occurs for increased agricultural production, so I would suggest that if there is a reduction in net income for farmers, that there will be a similar negative multiplier effect. So that the cost that has been referred to - I'm not sure what the total projections are for the province - but I think that rather than just taking a look at the loss as the increased cost, the loss to the gross domestic product would be, I would suggest, something twofold more accurately.

As has already been indicated in one of the earlier presentations as well, there seems to be a discrepancy or an unfairness in the concerns in the proposal for the fair return to the railways, without similar concern - at least it's not evident to me - for a fair return to the farmers. One of the statements says that it is imperative that railways receive adequate compensation for transporting grain. As I said, there's no expression for a concern for adequate compensation for farmers. I guess I, personally, could be more receptive to the proposal if it included a compensatory rate for more agricultural products - some products are now close to that.

I would like to, in closing, congratulate the Legislature for showing some - well, let's say perhaps reserved co-operation in putting forth this resolution. I've had the opportunity to review the debates in the Legislature. I guess I would have hoped that there would have been a higher level of commitment to retaining the Crow, but I think I can appreciate the strategy right now that despite the differences that exist, the main effort has to be to stop the Pepin proposal.

So in closing I would ask the committee to convey a strong message to Ottawa to stop this plan. The impact will be devastating on the majority of producers, and will have a negative effect on rural communities and urban centres in Western Canada. Thank you.

MR. CHAIRMAN: Thank you, Mr. Harapiak for your presentation. Are there questions from members of the committee?

Mr. Harapiak.

MR. H. HARAPIAK: You mentioned in your presentation that there's only 3 or 4 percent of people who are directly involved in agriculture and it's a widely accepted figure that for every dollar that comes out of the agricultural field, it creates \$7 - do you not think then that many of our brothers who are employed in our surrounding communities are employed because of the agricultural base and should they not be, as taxpayers, willing to share some of the transportation costs of grain?

MR. L. HARAPIAK: Well, I agree as I said in my presentation, that agriculture is in a sense the mainstay

of the economy and it is the building block from which a great deal else happens.

All I have to do is speculate what would happen here in Swan River should we, by some stroke of a pen, remove the agricultural component of the valley. It would be a much much different community with many fewer opportunities.

So yes, in that there are benefits that accrue in that direction I would hope that people would not be opposed to making a contribution through the public purse to a transportation system.

MR. CHAIRMAN: Further questions.

Mr. Uskiw.

HON. S. USKIW: Yes. How would you recommend, or what would you recommend that might be done in order to bring about a dropping of the present proposal on the part of the Government of Canada? What is in your opinion a method that might achieve that objective?

MR. L. HARAPIAK: I'm glad that I have the opportunity to address that. But without wanting to shirk any responsibility that I as a private citizen might have, I have to say frankly that I think it rests in the court of the politicians because it is a political issue in its origin, and it'll be a political resolution. So I think that though we all have a role to play in it the main impact in Ottawa will be felt from people such as yourselves.

I think that you have a much larger role. You are much more visible and I have to suggest to you that they will listen to you to a much greater degree than they will to myself as an individual, or perhaps even an organized group from the rural community.

HON. S. USKIW: Well, that statement of yours does concern me somewhat because what you are suggesting is that the politicians know the answers and that they have the responsibility.

The politicians will reflect what they think is out there in the countryside and if you're talking in terms of liberal politicians representing the Government of Canada they don't have very many ears out in Western Canada that are politicians and that presents a real problem. Outside of two urban members in Winnipeg they don't have a single member representing farm communities in the prairie region. So I'm worried about that analysis and that formula to turn this question around.

The Minister of Transport for Canada when he announced this decision - and that's a very key word, decision - he said the decision was already made, all we're going to do is develop a means of doing it. That's what the announcement was. He didn't ask us for our opinions. He said the decision has been made. But we now have to negotiate with the farmers and their organizations on how to do it. So don't talk about whether we're going to do it or not, talk about how we're going to do it. That was the context in which it was announced.

He also said that the provinces would not be involved - that was his decision - that he would inform us but not consult with us, or not negotiate with us, so my question comes back to Square One. Given the fact that the politicians are, by Pepin's own statement, that his politicians other than those in the House of

Commons are excluded from this process by his unilateral decision, how then can we achieve a turnaround on this question before it is too late? And too late is June 30th. That's the date at which this is either going to be law or not law.

MR. L. HARAPIAK: Well, to suggest to you that in the time frame that you've allotted me from when you posed the question until I get a chance to respond that I could come up with an answer which people have been struggling with for a couple of years, I think they're exaggerating things somewhat.

But I would say that certainly, I think one of the comments that Mr. Pepin made, and I think the Prime Minister of Canada made, is that they would not proceed unless there was consensus. But that's a rather vague term as to how you define consensus.

I think what we have to do and I'm pleased, I must say again, I'm pleased that there is a degree of consensus within the Legislature here and also in Saskatchewan. I can't help but think that it has some impact even though he may have decided that you people should not be involved directly. I don't think that he can ignore that.

Again, I want to say that I think, without sounding disrespectful, I agree that politicians don't have all of the answers. I think that is your purpose in coming here, is to find out what the people in the community are thinking. But having had that input I still maintain that in terms of conveying that, we certainly have to rely to a large degree on people in public office.

HON. S. USKIW: Well, my last question is, would you not believe that it would be much more productive if farmers through their organizations were able to present a unified position on this question? I'm talking about farmers who are going to be directly affected and who are producers of grain in the prairie region?

MR. L. HARAPIAK: Absolutely.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: Mr. Chairman, much has been said here today and at other hearings, and has been stated often that people have talked about the negative effect, and the word used today was a "devastating" effect that the Pepin proposal, if implemented, would have on rural communities. I know that you feel strongly about maintaining viable rural communities.

I believe we would agree that many farmers are in a critical situation today financially, and can ill afford additional costs that would be thrust on them with the Pepin proposal, if it was implemented. I don't know whether we're overstating that fact. I have a concern about that and I am wondering, would you think it would be using too strong a word to say that the Pepin proposal, if implemented in its present form, would have a devastating effect on rural communities, on the employment situation, on bankruptcies and so on.

MR. CHAIRMAN: Mr. Harapiak.

MR. L. HARAPIAK: I would agree with that, and I want to elaborate on it, because I think you people are well

aware of what is happening without the proposal being implemented just during this period of time when it's being discussed. There is a lot of attention being given in the media to the difficult situation that farmers are already facing. Now, if this move is implemented, I think we would all agree that in the short term, certainly it is going to have a negative impact on net incomes and on cash flows. So that can't help but accentuate the problem.

MR. CHAIRMAN: Mr. Downey.

MR. J. DOWNEY: Mr. Harapiak, I think it's important to touch somewhat on the process and the comments you made about the politicians and their responsibilities. I will ask you the question and you can respond and make comment on it if you care to or not. But I will ask you if you are familiar with some of the happenings up to the current time, particularly you being a farmer and aware of the past grain movement in this country where, some time about 1979, approximately half the grain was left on the prairies at the end of the crop year. One of the major things we were hearing coming across the news wires was that the Canadian Wheat Board has identified millions of dollars worth of sales, that they were unable to get the grain to those markets, and that there was a shortage of rolling stock, and that there was just a breakdown in the total system.

Are you aware of the fact - you could concur or disagree, it's your prerogative - that there was an initiative started to solve the short-term difficulties here in Manitoba, which in fact encouraged the development of Prince Rupert; which encouraged the purchase of hopper cars by Saskatchewan, Alberta, the Canadian Wheat Board, the leasing of hopper cars by Manitoba; and in the short term resolved some of the problems that were facing Western Canadian grain farmers? During that particular process, there was involvement by the labour people, the grain companies, the railroads, the Federal and Provincial Government, regardless of their political stripe, but there was a positive step being taken to get on with the job of moving grain.

At the change of government, when the now Minister of Transport was appointed, that he in fact continued to carry on with a lot of the negotiations and discussions, but in fact did leave the provincial governments, as the Minister has indicated the provincial governments were not invited to participate in negotiations and discussions even though there were quite a few millions of dollars being committed by Saskatchewan, by Alberta and in fact by Manitoba, and by the farm community through the Canadian Wheat Board dollars. So it was very difficult for the provincial governments, whatever government it was, to have a direct influence during those negotiations.

As well, Mr. Chairman, to Mr. Harapiak, I believe, and I will ask him directly the question, that he was invited as a farmer or whatever - I think that's what he said his occupation was - to or the farm community was invited to, as a private citizen, make representation through a written document. I don't think that he would have a chance for an audience, but he had a chance to provide in writing to Dr. Clay Gilson his thoughts on the proposals or the kinds of changes or the kinds of initiatives that might be useful to the changing or the

process that was involved. Given the fact that the provinces were not, and where all politicians representing provincial constituencies could have done the same thing, but it would have been, I think, through tradition a courtesy on the part of the Federal Government to involve the provinces. But the question more directly is, did you sit down and write a proposal to Dr. Gilson so he could have had your thoughts in the negotiations that were taking place?

MR. L. HARAPIAK: I did not.

MR. J. DOWNEY: Thank you.

MR. CHAIRMAN: Further questions? Mr. Uruski.

HON. B. URUSKI: Mr. Chairman, could I ask Mr. Harapiak, in this whole debate that is going on dealing with the Crow and the changes in the statutory rate, has the debate turned into a direction as to an attempt to pit the Canadian taxpayer against the farmers of Western Canada about who is going to pay?

MR. L. HARAPIAK: I don't sense that.

HON. B. URUSKI: If the Government of Canada, and by their own admission have indicated that, and the railways have indicated that they are going to invest, by announcements at the same time that Pepin made his announcement, that they're going to invest, both CN and CP, just under \$3 billion of additional investment in Western Canada by the end of 1987, and the Government of Canada is going to put in to the railways or on behalf of the Canadian public over almost \$4 billion of investment to offset some of the losses that the railways say that they have sustained as a result of moving grain, is it your impression that what may end up is that the people of Canada, all the taxpayers of Canada, will end up paying for all the capital improvements of the railways with virtually no cost to the railways over the next number of years in the expansions that they say they are going to make?

MR. L. HARAPIAK: I think some of the comments that have been made and I think some of the comments that were indicated here today - if I can recall the Minister of Transportation's figures accurately - it was going to be done at very little cost to the railway.

HON. B. URUSKI: Just one more question, do you know what the average cultivated acreage per farm in the Swan Valley area would be approximately?

MR. L. HARAPIAK: I would guess that it would be in the range of 600 to 700 acres. I cannot indicate that's quoted from a particular source. That is my own impression just in discussions with people. I would say to 600 and 700 acres.

MR. CHAIRMAN: Further questions? Mr. Manness.

MR. C. MANNESS: Mr. Chairman, I would like to ask Mr. Harapiak about the comment of his that he is concerned about the future of rural communities. Putting it into a 20-year or 30-year perspective and

having seen what impact that rail line abandonment may or may not have had on some communities and, secondly, what the terribly low grain prices of the four-year period, 1968-71; in the context of those two items, does he see a change in the Crow as a greater threat to rural communities than indeed those two particular times in our grain history might have been?

MR. L. HARAPIAK: In the short-term, I would say, yes.

MR. C. MANNESS: When you make the comment, Mr. Harapiak, that you are talking about the future of rural communities, are you talking about the whole overall context related to income or are you dwelling specifically as to, let's say, consolidation of elevator companies or something like that?

MR. L. HARAPIAK: I think it has to include both. You know, I think you have to concern yourself about what will happen to income levels in these communities, but I'm concerned about whether there will be a further consolidation of the kind that went on in the years that you referred to. Personally, as one who lives in a very small community, I would not want that kind of a trend to be accelerated. I suppose to some extent it's going to continue but I would not want to see it accelerated, for example, if you lose an elevator - every time you lose a component of a particular community, that in most instances, will be difficult to replace right now. So, it's a broad concern as well as a specific concern about income levels.

MR. C. MANNESS: I agree with you. I guess I wanted to ask the question because some 20 or 25 years ago, I believe there were some 3,500 small towns in rural Western Canada that had elevators at their location. Today, I believe it's some 1,700 in total, as the process of rationalization has gone forward, either quickly or slowly depending upon the economic situation at the time, and I guess it begs the question, is the structure of rural Western Canada today, worse than it was 20 or 30 years ago, in your view?

MR. L. HARAPIAK: That's a broad-ranging question and I'm not sure in just what context I should be answering that. When you're talking about the structure of the communities and we get into discussions of lifestyles and things of that sort, I wish the question could be more specific.

MR. C. MANNESS: Specifically, as related to the having of rail transportation, as related to elevation of grain facilities within the local communities, as a whole, is Western Canada better off, worse off, or is there any difference as to what it may have been 30 years ago?

MR. L. HARAPIAK: It has certainly changed and I suppose it's unrealistic that all of the things were in place 20 or 30 years ago we would say have to be maintained, they must stay in place for ever. So, I think there is going to be a degree of change, but I suppose the concern I have is that it be, in a sense, a logical change which takes into account the interests of the various parties involved, for example, that the change we are talking about now not deal with the concerns

of the railways in the absence of the concerns of the farmers.

MR. C. MANNESS: I bring up the point because I've seen this particular comment concerned about the future of rural communities. I live in a very small one myself and I've made the same type of comment myself, but I'm beginning to challenge it. I'm beginning to ask people to try and identify some of their real concerns.

I believe - changing the subject - do you feed beef cattle at all, Mr. Harapiak?

MR. L. HARAPIAK: Yes, I do.

MR. C. MANNESS: I'm told by some that if the Crow rate changes, the cost of feed back on the prairies will be available at a lower value. Is that your interpretation about the change in the Crow rate?

MR. L. HARAPIAK: Certainly if transportation costs go up, the value of the grain at this particular point is going to be lower, if we're looking at feeding that grain alternatively into an export market.

MR. C. MANNESS: Well, would that then directly improve your net income as a cattle feeder?

MR. L. HARAPIAK: Theoretically you are right, but what I have a concern about is, when you were speaking about this market, how much grain can we put through that channel without depressing the price. If we can maintain current prices and reduce our costs of production, you're right, it will improve my net income. But if we have lower grain prices and we see a massive attempt at increased livestock feeding in Western Canada and that reduces the price; my spread may not necessarily increase.

MR. C. MANNESS: One final question. Is there anything of value whatsoever in the Pepin proposal as far as you're concerned?

MR. L. HARAPIAK: I'm not prepared to say that it's totally useless; I'm not prepared to say that. I think we do have to look at our grain transportation system. I don't think we can ignore the fact that in terms of handling grain, transporting as time itself takes its toll, elements change and we have to be prepared to some degree to adapt. But it's a question of how that is done, at what price and at whose expense. So, I'm not saying that we should close our eyes and forget about the whole issue and just pretend it's never happened, no.

MR. CHAIRMAN: Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: Thank you, Mr. Chairman. I'd like to get back to some of the opening remarks that you made during your presentation, and relate to the question you just answered to the Minister of Agriculture. You had indicated that your feeling was that the average farm in the Swan Valley would be between 600 and 700 acres. What would be the production from the acreage? Would it be reasonable to assume 12,000 to 15,000 bushels?

MR. L. HARAPIAK: I think we've got some very productive land in the valley here and depending on

what kind of crops you're talking about, I think in a good year our wheat crops I'd say would be 30 bushels to the acre, so I think if you put the figure that you gave there, would translate in 20 to 30. I would say that it would in fact be higher.

HON. J. BUCKLASCHUK: But for argument's sake, perhaps we could use 15,000 bushels. You had indicated a number of steps in this Pepin plan and you had started off with an additional cost of 10 cents a bushel for, I believe, 1983-84, for the first three years.

MR. L. HARAPIAK: The paper I have indicates that there will be an increase of approximately - that's the average on the prairies - of 10 cents per bushel for 1983-84, that's the net.

HON. J. BUCKLASCHUK: And that would increase incrementally over the three-year period. What I'm trying to get at is that 10 cents a bushel, while it doesn't sound like a large figure, would translate to an additional \$1,500 in transportation costs for the first year, per farm, increasing to - I believe you had said the additional cost would double by '85-86 - so we could be looking at about \$3,000 per farm at that point in time.

MR. L. HARAPIAK: Yes, but if I can be permitted to comment, I think there's an equally serious part in this, in that the reduced value of that grain at the time of delivery is more than just the 10 cents, I'm told. Because if we are asked to pay an increased rate and then receive perhaps some adjustment on it afterwards, it could be much more significant than that.

MR. CHAIRMAN: Further questions? Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: Yes, I just want to continue with that. So my premise that the additional cost would be \$1,500 the first year, rising to about \$3,000 in the fourth year would be quite correct and we could say that \$1,500 for the first year, perhaps \$2,000 additional costs for the second year, \$2,500 for the third, and we're up to \$3,000 in the fourth year. I believe you had also indicated that for the remainder of the decade of the 10-year period, the net additional costs would increase from double that 10 cents to about 5.5 times the Crow, which would represent about what figure?

MR. L. HARAPIAK: The Crow is calculated now to be 20 - that's the compensatory rate - \$4.89 - so you take that times five, roughly \$25, \$26 on a metric tonne.

HON. J. BUCKLASCHUK: Have you done any calculations and what I'm trying to get at is the total cost over a 10-year period on the basis of an average farm producing about 15,000 bushels a year?

MR. L. HARAPIAK: I have not calculated a cumulative figure, no. But it's obvious that it's going to be a large figure. As you indicated, if you just take the natural progression of that, starting at \$1,500 to \$2,000 to \$3,000, but to give you a figure - no, I have not taken a cumulative figure.

HON. J. BUCKLASCHUK: Yes, I have a further comment. I have done some rough calculations and it

is conceivable that in about year 10 we could be looking at perhaps \$7,000, \$8,000 a year. If you just take this 10-year period, we're probably looking at an average increase in cost of \$5,000 to \$6,000 per farm per year. Now what kind of an impact would that have on the viability of the farming industry in the Swan Valley?

MR. L. HARAPIAK: Given the factors that are in place today, if none of those change, no other factors change, and we had freight rates going up as you suggested, I would suggest to you that not very many farms in the Swan Valley would be projecting a net income. It would be a net loss. But, of course, you are all aware that in agriculture there's so many variables. If you give us \$10 per bushel wheat by 1986, it gives a totally different picture, but I don't think I would hang my hat on that one.

HON. J. BUCKLASCHUK: Well, that was the next question I was going to ask. It seems to me we have had a history of increasing costs of operation. We have a fairly good idea of what is happening there. It would be reasonable to expect that costs will increase, but unfortunately that situation hasn't developed in terms of prices. How realistic would it be to expect \$10 a bushel in the next five years, 10 years?

MR. L. HARAPIAK: I wouldn't want to make that kind of a prediction, but what I would be prepared to predict is, that it's more likely that the rate of escalation of cost of input will exceed the rate of escalation of grain prices.

HON. J. BUCKLASCHUK: As a final question or comment then, the proposed increase in transportation costs in fact will be of a very serious significance in terms of profits or ability to stay in farming.

MR. L. HARAPIAK: Given the circumstances as they are right now, I would say yes, it's very critical and particularly, as I said in my presentation, in the short term.

MR. CHAIRMAN: Mr. Manness.

MR. C. MANNESS: Mr. Harapiak, was Mr. Bucklaschuk correct, particularly in light of the fact that I know there are many modern producers in this area who grow very high yields, would he be correct in assuming away, or assuming the fact that many of your neighbours are able to deliver all their grain every year - the 15,000 bushels which he uses. Would he be correct in assuming that there's never a carry-over?

MR. CHAIRMAN: Mr. Harapiak.

MR. L. HARAPIAK: That there is never a carry-over? No, it wouldn't be safe to assume that.

MR. C. MANNESS: Well, furthermore Mr. Harapiak, would it be fair to say that there's a carry-over in most years?

MR. L. HARAPIAK: That is certainly going to vary from one operation to another, so to say in general terms

that there would be some carry-over in the valley - I would say yes, there is some carry-over. Some of that is planned, some of it is not planned.

MR. C. MANNESS: Well, Mr. Harapiak, would you not say indeed that a great number of people lose sight of the fact - all of us that grow grain, I might add - what the true cost is of carrying over grain that we would rather not carry over in a given year; and that indeed, for instance, if one of the Swan River farmers of which we use - the 15,000 bushel producer - if that individual was to carry over 3,000 bushels, particularly anywhere over the last six or seven years when the price of wheat has been somewhere in the \$5 a bushel range - I realize it isn't that now - and that the interest at 15 percent on the value of that \$15,000 would amount to something around \$2,250, far in excess of \$1,500, might be needed to move that particular grain at an increased freight rate, would you say that represents fairly the opposite side of the argument and that indeed, we can't assume away the fact that we carry over grain, which seems to be done in so many analysis?

MR. L. HARAPIAK: There is certainly a cost associated with carrying over grain. Sometimes it's the storage costs, it's an opportunity cost, or interest loss, so I don't think we can ignore that. But I wouldn't want to say that I would be prepared to pay any kind of a price or the ultimate price, just to avoid carrying over grain. If I'm going to have the opportunity to reduce my carry-over, I want to know what kind of a price I will have to pay to do that and right now I'm a little bit concerned about that price.

MR. C. MANNESS: Certainly, Mr. Chairman, I too as a farmer, would wholeheartedly support that statement. But do you not agree, in some respects, that when we're trying to resolve this whole argument and we're trying to discuss intelligently and find conclusions to this particular problem, that indeed sometimes we lose sight of what the true cost is of carrying over grain on our farms?

MR. L. HARAPIAK: Yes, but I would also have to say that it is not the only factor that we sometimes lose sight of and I think it gets to be a very emotional issue. So there are other factors that enter into it, but that is one that we sometimes don't attribute a cost to.

MR. CHAIRMAN: Further questions? Mr. Plohman.

HON. J. PLOHMAN: Just briefly, Mr. Chairman, I know that many people are anxious to leave, but something that Mr. Manness said earlier concerns me, he said he's starting to challenge the validity of the argument that there will be negative effects on transportation on the rural communities - changes to the transportation system - that he's starting to challenge the negative effects it would have.

MR. CHAIRMAN: Order please. Mr. Manness on a point of order.

MR. C. MANNESS: Mr. Chairman, I never did make that assertion whatsoever. I said that I was wondering

how, when all of us make that particular comment, what indeed was really behind it. I never ever did say that indeed it was a negative comment.

MR. CHAIRMAN: Mr. Plohman, do you have a question for Mr. Harapiak?

HON. J. PLOHMAN: Mr. Chairman, I understood that he was stating that he was challenging it. Mr. Chairman, the validity of that argument - and I just wanted to ask further to Mr. Harapiak - whether he would agree that the abandonment of branch lines over the last number of years has seriously contributed to the decline of many rural communities in Manitoba.

MR. L. HARAPIAK: It has had a bearing on it, yes.

HON. J. PLOHMAN: Further, would you say that the decisions that have been made with regard to abandonment by the CTC have adequately taken into consideration the needs and the economic effects it would have on the rural communities affected by those abandonments in all cases?

MR. L. HARAPIAK: In all cases, no.

HON. J. PLOHMAN: Then a further question, I just want your opinion whether you feel that the Pepin proposal, if implemented, would lead to further abandonments of branch lines in Manitoba.

MR. L. HARAPIAK: Yes, I think that's a possibility.

MR. CHAIRMAN: Further questions? Harry.

MR. H. HARAPIAK: Just following up on that line, did you at this point transport your grain at least 20 miles on the highway, what effect would that have on our highway systems if there was further branch line abandonment?

MR. L. HARAPIAK: I can see that it would certainly have to increase the costs of maintenance. I think there would have to be increased costs for upgrading some of the road systems, because with that increased traffic certainly it can't help. The maintenance costs in roads are related to traffic and with increased traffic maintenance costs would increase.

MR. H. HARAPIAK: And what taxpayers would pay this increased maintenance costs?

MR. L. HARAPIAK: Hopefully, they would all share equitably in that.

MR. CHAIRMAN: Any further questions? Mr. Blake.

MR. D. BLAKE: I just wanted to add, Mr. Chairman, the area that I represent has been hit harder than any or as hard as most by the abandonment of branch lines and I'm well aware of what it does to rural communities, but I just wanted to comment for the record. There are areas that you all know in our province such as Grunthal and Steinbach and a number of others, Rosenort, that have never seen a railway in their

existence and they're thriving little metropolises, doing very very well.

MR. CHAIRMAN: Any further questions by members of the committee? Hearing none, Leonard, thank you very much for your presentation today.

Order please. The next name on the list is Mr. Mervyn Minish, NFU, Local No. 520. Mr. Minish.

MR. M. MINISH: Would this by any chance be the last presentation?

MR. CHAIRMAN: Pardon?

MR. M. MINISH: Is this the last presentation?

MR. CHAIRMAN: Unless someone else has arrived who was not here when I called for names, it will be the final. Yes, sir.

MR. M. MINISH: As mentioned, this brief is presented on behalf of NFU Local No. 520.

Too numerous to mention have been the memorandums, statements, submissions, etc., which have been presented by the National Farmers Union regarding the proposed changes of the Statutory Crowsnest Freight Agreement. These statements in one form or another have been presented to governments in every province of Canada, therefore, the many concerns of the NFU regarding these changes have been made known to all members of parliament and legislative assemblies and to members of local governments that cared enough to become informed.

Considering the foregoing statement, we of the National Farmers Union Local 520 are somewhat perplexed at having to make yet another submission but realize that some politicians like some farmers sometimes become slow learners and seem to suffer from mild bouts of selective amnesia.

Members of the National Farmers Union Local 520 all live in the Swan River Valley and are justifiably concerned over the loss of farm income to the valley resulting from five to seven times increase in grain freight rates. The business people of the valley should be concerned also.

Canadians have been told there has been a consensus of opinion among farmers and farm groups to accept Jean-Luc Pepin's proposed changes to the Crowsnest Freight Agreement. It is incomprehensible to us that farmers would volunteer to pay more to have their produce hauled to market without a guarantee of any kind except a guarantee that says that they will pay even more in the future.

If some farmers have volunteered to accept such an agreement, we in the NFU Local No. 520 want to state quickly that we do not belong to such adventurous company, nor do we think the farmers of Western Canada should become too enthused about the lucrative livestock industry about to burst upon the scene with the change of the freight rates. Believe us such an industry is never going to happen for the reason.

Probably one of the great selling points of Mr. Pepin's plan is the speed with which the railways will act in getting our grain to market, once they know that the

will be fully compensated for their efforts. We have never known anyone in the past that was overcome with awe while noting the speed and efficiency of any railroad company, and it seemed a safe bet to take that it will not happen in the future.

In the text of Mr. Pepin's scheme - and we use the word "scheme" instead of plan as scheme seems more descriptive - there appears the theme: "The railways will be fully compensated." Now let's take that phrase, "fully compensated." It is a wonderful phrase but was one that is missing from most farmers' vocabulary because they never have been fully compensated for anything.

What does "fully compensated" mean to the railway companies? Well it means that they will make a profit on every bushel of grain hauled, no matter what degree of inflation may come, or anything else for that matter. The railways will be locked into a profit position in perpetuity. We have used the dirty word "perpetuity." However, we think it would gain much more respectability when used in favouring the railway companies. The railways are asking for and will be guaranteed a return on investment of approximately 26 percent. They should be able to look forward to a secure future with that kind of a guarantee.

Farmers in Canada are reputed to be among the most efficient in the world, yet their return on investment is so low it is deplorable, and in many cases non-existent, as is evident by the increasing number of farm bankruptcies.

Getting back to that phrase "fully compensated", it would be interesting to know how the CPR would interpret "fully compensated" when figuring out their cost of hauling a bushel of wheat, as the CPR to our knowledge has never opened their books for public scrutiny to anyone. For that matter, how would we know if they intentionally inflated the cost? We wouldn't know, and although the CPR has had handouts from the public treasury for over 80 years, we suppose that in the final analysis the CPR would remember what fine corporate citizens they are and would refrain from such a practice as inflating costs. Their professional integrity would not let them do such a thing.

The NFU Local 520 would like to tell you of some of the things we think will happen if Pepin's proposed changes to the Crowsnest Freight Agreement become law.

1. We think farmers will be worse off financially.
2. We think the Wheat Board will disappear or have its powers cut so as to be ineffectual, much to the delight of the multinational grain companies.
3. We think that there will be a devastating abandonment of branch rail lines.
4. We think that the farmer owned Manitoba, Saskatchewan, Alberta Pool Companies will be forced to close. Once again to the delight of the multinational grain companies and some farm groups in Western Canada.

The list goes on and on. It is our opinion that the Jean-Luc Pepin proposal pertains to the transport system with its far-reaching implications is the biggest swindle of the people of Canada in this century.

It has been a long time, approximately 12 years since Mr. Roy Atkinson, while President of the National Farmers Union said that there were vested interest groups already planning to get rid of the "Crow".

There are only a few weeks left before Mr. Pepin's Bill is expected to be debated in the House of Commons. Mr. Pepin is trying desperately to get his Bill passed in this Session against the wishes of the majority of farmers.

In closing we would like to impress upon this committee and any interested persons listening that there is more lobbying needed to be done in Ottawa to stop Mr. Pepin's proposals. It is not going to be easy to find help for this fight. We are hoping to get support from many Liberal members of Parliament and from all of the opposition members. We would be most pleased if all members of parliament realized the seriousness of the situation facing the farmers of Canada. Surely our efforts will not be perceived as those belonging to a Circus.

Respectfully submitted without prejudice by the National Farmers Union Local 520.

MR. CHAIRMAN: Thank you, Mr. Minish.

Questions for Mr. Minish by members of the committee.

Mr. Plohman.

HON. J. PLOHMAN: Mr. Minish, you have touched on something in your brief on behalf of the Local 520 of the NFU, that I have been questioning this afternoon and discussing and one of them was the abandonments of branch lines. I notice No.3 in your brief, on page 3, that you have made a very explicit statement, that you think there will be a devastating abandonment of branch rail lines. Could you elaborate a bit on the basis for that statement?

MR. M. MINISH: Well, I'm sure in his statement that he's made provision for that very thing that they will be able to abandon the rail lines, from what I could read from his statement. What makes you think they wouldn't?

They'd just as soon bring in variable rates, they've made a provision for variable rates, at least they haven't said they wouldn't. Once you get them there's nothing left to do but for the branch lines to go once you bring in variable rates.

HON. J. PLOHMAN: Well, Mr. Chairman, that's the point I've been making as I feel that it would be the case, I asked what your opinion was and the basis for making that statement as to the fact that there will be a great number of abandonments in addition to what has taken place already in rural Manitoba.

You also say that you think farmers will be worse off financially and of course that contributes I think, to the statement that had been made and it adds to the fact that people have been saying it will have a devastating effect on rural communities. I wonder whether you want to comment further on the fact on the financial aspects and how it will affect farmers.

MR. M. MINISH: I intend to ask all the panel one question - they should get prepared - but I want to ask them if they can name me one thing that's going to benefit the farmers out of this proposal. Just think, and I'd be awfully glad to listen to it because I can't get anything out of it as it is. So I'd be awfully interested to know just what these benefits for the farmers are.

Now it has been said that the farmers are going to get this pay out. Now isn't that a strange thing that the pay out is going to come into our pockets, and the only time that it's going to be in there is while we're reaching in it, to give it back over to the railroads again. That's as long as it'll be there.

We're not getting it. It's a pay out to the railroads and not to the farmers. The farmers are not going to get any benefit out of it.

HON. J. PLOHMAN: Well, Mr. Chairman, we aren't supposed to answer questions but I would agree that it is very difficult to see the benefits of this proposal. Thank you.

MR. CHAIRMAN: Further questions for Mr. Minish. Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: A couple of questions with reference to your brief. You had stated on the first page of your presentation, "It's incomprehensible to us that farmers would volunteer more to have their produce hauled to market without a guarantee of any kind."

On the background paper that we were presented, and you have a copy of that Federal Western Transportation Initiative, Item 9 makes reference to, "A new grain transportation agency will be established to perform the current duties of the office of grain transportation co-ordinator, will have an enlarged mandate including car allocations, performance and service guarantees." Do I take it that you're placing very little faith in this proposed grain transportation agency?

MR. M. MINISH: Not only am I placing very little faith in it, I think it will be set up to get rid of the Wheat Board. That's what I think it's all set up for.

You know, I'm a suspicious guy at times. I don't trust.

HON. J. BUCKLASCHUK: Well, that raises the next question. On page 3 of your presentation you had indicated one of your concerns was, that the Wheat Board will disappear or have its powers cut so as to be ineffectual.

So you're suggesting that the Canadian Wheat Board might very well be supplanted by the new grain transportation agency.

MR. M. MINISH: That's right, that's what I think.

HON. J. BUCKLASCHUK: From your view point, the grain transportation agency, who would it be there to serve, the producer, the transportation companies, the railways?

MR. M. MINISH: I think you already know the answer to that. You know who it's going to serve, and it sure as heck isn't going to be the farmer either. You have a vested interest who it's going to serve.

HON. J. BUCKLASCHUK: In other words you're suggesting that this proposal, your Pepin scheme, is in the long run proposing that the well-being of the agricultural sector of our economy, instead of being represented by the Canadian Wheat Board, will be

represented by a group that is representing vested interests.

MR. M. MINISH: That's right, that's what I think.

HON. J. BUCKLASCHUK: Thank you.

MR. CHAIRMAN: Further questions? Mr. Uskiw.

HON. S. USKIW: Mr. Minish, who should pay for hauling the grain?

MR. M. MINISH: Who should pay for it? Well, I wouldn't mind paying my share. You know, Mr. Uskiw, farmers are generally fair people if we've been taught to be fair. I wouldn't mind if they had broken this thing open and we would pay a reasonable share. But the reason that the National Farmers Union never sat down at the negotiating table, is because they knew that Pepin was going to bring his proposal up.

Once they opened it up there's nothing in there for the farmers, and he has as much as told, and you had already agreed today, that he as much as told you, you haven't any input into it. You're going to take just exactly what he tells you and if you don't like it you know what you can do? Is that not true? Well, okay.

HON. S. USKIW: Well, the question remains unanswered. For quite a number of years now the taxpayers of Canada have been subsidizing the railways through the railway line, branch line subsidies, and through the purchase of rolling stock on the part of the Government of Canada, the Canadian Wheat Board and the provincial governments, which means we have been pouring a tremendous amount of public money into direct subsidies for the transportation of grain.

Notwithstanding that, we find that the railways are unprepared to maintain an adequate service for the tonnages that have to be moved. So there has to be a solution to that problem. So, I repeat the question, who should pay for the movement of grain that has to be moved out of the prairie production area and by what proportion.

MR. M. MINISH: I couldn't give you what proportion we should pay. I know that in other countries in the world the farmers are subsidized to grow; they're recognized as a very important part of the economy. I can't answer that question. There are so many things that I can't answer because that's what keeps life interesting and, you know, I sure as heck wouldn't go to Ottawa to get any answers down there because they don't seem to know what they're talking about either. So I don't know why a farmer from out my way, out in Swan River, should be able to answer a question as complex as that.

HON. S. USKIW: Well, we have been paying, that is the farmer has been paying, about \$4.89 a tonne for moving grain out of the prairie region under the Crow rate. In Manitoba, the average cost is \$3.65; the taxpayers have put money in on top of that. What is then, the level that you think is equitable, if you do have a figure in mind for the farmer to pay? What level should the taxpayer pay? Or should there be some

ormula which relates to the price of grain that the armer receives?

MR. M. MINISH: There is the answer. I think that a armer should be able to make a decent living for his amily and as I just stated in my brief, I don't think it can be refuted that farmers in Western Canada, in Canada, are among the most efficient in the world. Certainly, we are ten times as efficient as the railroads. mentioned 26 percent that the railroads are to receive; just wish I could get 12 percent on my investment. 'd fish all summer, golf in Florida all winter and have someone run my farm - no trouble at all, just on half hat.

HON. S. USKIW: Well, let me then summarize by asking you this question. Do you think there is any room for farmers - yes, I guess you've said yes to that, you've said related to the price of grain, is that correct? If the price of grain were to go up to offset increased costs, you would accept an increase to the farmer as a reasonable formula based on grain prices?

Let me repeat that. I think I've confused you. If the prices of grain, returns to the farmer on a bushel of grain, were to cover increased freight costs, then it is acceptable, on your part at least, that there should be increased freight costs to compensate the railways.

MR. M. MINISH: Well, I said if it's fair. As long as things are kept fair, I'm for it. That's the point.

HON. S. USKIW: In the Pepin proposal, there are limits on the increases that might be applied. The maximum inflation factor that they will allow beyond 1986 is 6 percent inflation. Is that a reasonable figure, in your view, or do you think it should be lower than that? In other words, the railways couldn't charge more than 6 percent inflation after 1985-86 over the previous year, on an annual basis.

MR. M. MINISH: I don't know what would be fair. As far as I'm concerned, until the thing is worked out, fair beyond a shadow of a doubt, I don't want them to touch the blasted freight rate, not at all, because in my opinion they're never going to make it fair. It's not set up to be fair.

MR. CHAIRMAN: Mr. Downey.

MR. J. DOWNEY: Mr. Minish, would you agree that the Federal Government have the full responsibility for the national transportation industry policies dealing with the Crow rate issue?

MR. M. MINISH: Is that a loaded question by any chance?

MR. CHAIRMAN: Mr. Minish, would you pull the mike up just a little closer and I'll ask Mr. Downey to do the same so the audience can hear, please.

MR. M. MINISH: You want to know if I think the Federal Government is responsible for the transportation policies in this country? Well, I would think that they should be seeing that they are federal.

MR. J. DOWNEY: Were you, as a member of the National Farmers Union, invited to participate in the negotiations on the current statutory rate changes that are being proposed?

MR. M. MINISH: If you're talking about me myself - but the National Farmers Union were invited, yes they were.

MR. J. DOWNEY: Did they participate, Mr. Minish?

MR. M. MINISH: They did not participate.

MR. J. DOWNEY: Possibly, you don't have to answer, but could you tell us why they did not participate?

MR. M. MINISH: Yes, I believe I have already stated why they wouldn't participate, because they knew that Mr. Pepin was going to bring down a proposal just like he has done without anything in it for the farmer and, as I've stated, we think it is a swindle. It is a scheme and a swindle, is what we think.

MR. J. DOWNEY: Then what do you, Mr. Minish, think that your presentation and the work that we as legislators, provincial politicians, can do now to change the mind of the Federal Government that are proposing to bring in legislation by the end of June?

MR. M. MINISH: Yes, what I think is, what you could do, is go down and lobby in Ottawa and try and get, especially your members on the side, and either talk the bill out because it's not fair.

MR. J. DOWNEY: I appreciate that, Mr. Chairman, but I have some concern as was mentioned earlier and you were probably here, that we, as a province, weren't invited to sit in on negotiations dealing with this situation. We weren't invited, you were; now we're finding ourselves listening to a brief from you suggesting that we should go to Ottawa to put up some form of opposition on your behalf. I think, probably, and I would ask you this, would you not have thought that you may have had some influence prior to this stage if you had sat down during the negotiation period with the Federal Government?

MR. M. MINISH: No, I do not think. I don't think anybody had any input at all in the meeting. I think the thing was cut and dried before Pepin ever came west to make his presentation. It was a facade. It was all made in Ottawa - that's in our opinion.

MR. CHAIRMAN: Further questions for members of the committee? Seeing none, Mr. Minish, on behalf of the committee, I would like to thank you for your presentation here today.

Ladies and gentlemen, that completes the list of persons who indicated they desired to make presentations. Is there anyone further in the audience who was not here when we made our first call at the beginning of the meeting? Is there anyone further who wishes to present a brief to the committee?

Yes, sir. Please come forward. Would you state your name, please.

MR. M. WENSTOB: Murray Wenstob, private citizen.

MR. CHAIRMAN: Murray?

MR. M. WENSTOB: Wenstob, Swan River.

MR. CHAIRMAN: Please proceed, Mr. Wenstob.

MR. M. WENSTOB: I have a very strong and deep feeling that the whole purpose, the real question that should be addressed is being lost in the midst of secondary questions. It seems to me that we are being forced into a position of dealing with the secondary things which have to be dealt with in time, rather than the basic question that is at stake here. That is the whole area of the farm economy, the economy of the western provinces and our whole lifestyle.

What's happened, it seems to me, is that - someone used the term, package. This whole thing is a package and we are being asked to deal with only one part of it. Surely, we can't deal with the whole package at one time, but we have to recognize there are other parts to it. It seems to me that what has happened is very much like a hockey game in which the farm team is being told, we would like you to play our team here in Ottawa but, because we happen to own the arena, we can make some of our own rules. Our Ottawa team is going to be able to play the usual game with the whole ice, but your farm team, we're making a special rule here that you're only allowed to stay in your own end. As soon as you come over your own blueline, we're going to blow the whistle. So we end up as - I think Mr. Minish is putting his finger on the point to why they didn't go to the negotiations was because all they would be able to discuss there would be the colour of the uniforms or the type of pads the goalie would wear, and not the basic whole package.

I would put my finger on specifics here, three of them. One is that we are being asked to talk in terms of the Crowsnest Agreement and statutory rates only in terms of the cost of moving grain. It's not just one small question. What about the whole area of payment that has already been made for this in terms of land and money, grants that have been given? These are not being looked at. We are being told only that grain must provide the cost of doing this. I think, if we are going to look at the agreement, we have got to look at the whole agreement, not just the cost of grain.

The second thing, I think, we're looking only at part of the farming economy, grain movement. We are not looking at the cost of fuel, interest and everything else that is part of it. We are sort of saying that, if we can fix up this whole grain movement and the cost of grain, the farm economy is going to be okay. This is only part of it. We have to look at the whole package there.

The other thing we have to look at is the whole railway picture. We're only looking again at the movement of grain, not of potash, timber, things along this line. If we look at what has put the railways into the position they are today, the costs of putting into place the Transcona, the Ogden yards, it was the grain industry that did a large amount of this, and now the potash

and other resources are coming on stream and saying, we want to pay just a tonne mile on it. They have a common cost to pay on this as well. Grain shouldn't have had to put all this in place and now be charged the same as the others.

We are also looking at just east-west movement of grain. The whole transportation system is not only - there are four directions in this world, east, west, north and south. Churchill has been ruled right out automatically.

So, for this reason, I think we have to keep our focus on the whole package and not be pulled into just dealing piecemeal with the Crow rate. That's an important part; there are parts that have to be worked at in this; but the whole package is the important thing and Mr. Pepin has pushed us into a corner and said, "Look, we're glad to play; we'll play fair, but you can't come over your blueline. You've got to play in your end and that's it." I am saying that this is unjust and unfair. We should be allowed to play the whole system, the whole area.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Wenstob. Any questions from members of the committee? Seeing none, thank you very much, sir, for your remarks.

MR. M. WENSTOB: Thank you.

MR. CHAIRMAN: Unless there is anyone else here who wishes to make a presentation this afternoon - I didn't see anyone else rise in addition to Mr. Wenstob, I would like to thank all of you for being here today. You have played an important part in assisting the committee in conducting its job. I would like to advise you that the Clerk of Committees at the table on my left will take the names of any members of the public who would like to be placed on the mailing list for copies of the transcript of this meeting and the other meetings we're holding on this subject. These transcripts will be mailed to you at your request. Please leave your name with the Clerk.

In addition, the Clerk has advised me that she has received a resolution from the Rural Municipality of Swan River with yesterday's date which reads as follows:

RESOLVED that we, the Council of the Rural Municipality of Swan River, support the retention of the present Crow Rate with its guarantee of equal rate for equal distance and its fixed rate for the farmer; and

FURTHER that said rates be non-negotiable.

I would ask for the committee's agreement that the text of this resolution be added as an appendix to the transcript. Is that agreed? (Agreed) Is there any further business before the committee?

Mr. Uskiw.

HON. S. USKIW: I move that we adjourn.

MR. CHAIRMAN: Moved by Mr. Uskiw that committee adjourn. Is that agreed? (Agreed) The committee is adjourned and stands adjourned until 10:00 a.m. tomorrow in Dauphin.

Thank you.