maritimes. There, even when wheat is included, about 30 per cent of the crops are fed on farms.

Farmers across the country are concerned because the role which farm-fed grain plays in the agricultural economy is not acknowledged in stabilization programs. In some livestock support programs, the price of grain is included in the formula for triggering payments. Therefore, when grain prices go up, support prices for livestock go up.

Livestock support programs do not take the cost of producing farm-fed grain into account. If the price of grain stays the same but grain production costs increase, the high cost of growing grain is not reflected in payments through livestock support programs.

This is an important issue, but it cannot be considered in isolation. Right now, the federal government is undertaking an extensive review of all agricultural policies and programs in consultation with farm organizations and the provinces. The way that farm-fed grain is included in the farm safety net must be discussed in the broad context of that policy review.

At first glance, including farm-fed grain in the Western Grain Stabilization Act and the Agricultural Stabilization Act seems like a simple way to provide income protection for farmers who feed grain to their livestock. Let us take a closer look at the issue. Changing the Western Grain Stabilization Act and the Agricultural Stabilization Act to include farm-fed grain has a number of implications for both grain and livestock farmers.

First of all, some programs already include part of the costs of producing farm-fed grain. The dairy program is one example. If farm-fed grain were included in the Western Grain Stabilization Act and the Agricultural Stabilization Act, some farmers would be compensated twice for the same grain.

This was a point which the Standing Committee on Agriculture emphasized in its January, 1986 report on the Western Grain Stabilization Act. The committee concluded:

> It should be only for the final products marketed that the producer receives market protection under the Western Grain Stabilization Act or the Agricultural Stabilization Act. In the case of livestock producers, they face the livestock market but not the grain market risk. Treating livestock producers as grain producers means the grain may be covered in the raw form and again as it goes into the final product.

That is what the committee stated. Beyond that, including farm-fed grain in the Western Grain Stabilization Act and the Agricultural Stabilization Act would mean changing the fundamental structure of these programs. Rather than being based on commercial sales, the Western Grain Stabilization Act and the Agricultural Stabilization Act would be based on production. If that were the case, the administration would have to collect yield data on every single farmer enrolled in the program. That would be a costly and impractical exercise.

In many cases, the information simply does not exist, so payments would have to be based on a regional yield average. Most farmers find this unacceptable. Farmers with yields below the regional average would be overpaid and those with higher yields would be underpaid.

Changing the basis on which payments are made could result in trading off the interests of one commodity group against the other.

Although including farm-fed grain in the Western Grain Stabilization Act and the Agricultural Stabilization Act would mean more protection for livestock farmers, it would remove the protection for grain farmers which these programs were designed to provide. Both the Western Grain Stabilization Act and the Agricultural Stabilization Act are designed to protect producers from a dramatic loss of income when they are unable to make sales.

For example, right now the Western Grain Stabilization Act is based on sales. If producers cannot make delivery, that is reflected in reduced sales and a Western Grain Stabilization Act payment can be triggered. If the Western Grain Stabilization Act and the Agricultural Stabilization Act were based on production, payments under both programs might not be triggered because of a drop in deliveries.

As a last point, including farm-fed grain in the Western Grain Stabilization Act and the Agricultural Stabilization Act would make both programs more expensive and farmers would end up footing the bill along with the federal government.

The way in which farm-fed grain is included in stabilization programs must be addressed through a comprehensive safety net program. At the national agri-food conference in December, the Minister of Agriculture announced that the National Grains Bureau