

Western Grain Stabilization Act

In addition, we are trying to put the program on a solid financial footing, of course. Unfortunately, we are now looking at a \$2.2 billion deficit. If this program were operating without strong federal government support it would probably no longer be in operation, as my hon. friend suggested. The deficit must be addressed sooner or later, and as announced last December we decided to try to address it sooner and ensure that it be viable and that those who participate understand its viability and are encouraged to continue to participate.

We hope to address the deficit in three ways. The debt write-down of \$750 million in this legislation will, apart from the obvious, further reduce the deficit by virtue of the fact there will be a reduction in interest charges levied against the account. In addition, there will be an appropriate increase in the Government and producer share of the levy. It is only fair that mechanism be reformed to make it more responsive to the fund's condition. Unfortunately, in the past, when the fund was in a surplus position, the levy seemed to be rising. When it moved into a deficit the levy seemed to be declining. That did not make any sense and that is why the amendments are before us.

Without the \$750 million deficit write-down we believe that any increase in producer levies which would have been necessary would have been so prohibitive as to have discouraged participation and therefore would have reduced the effectiveness of the program. As I say that, I am conscious of the fact that there is a significant group in western Canada, the so-called committee of non-participants, who appeared before the legislative committee and made representations. We are hoping that upon reflection they will see there are some advantages for them in the amended program and many will be encouraged to participate.

As a result of increases for this crop year and next, producer levies will be increased from 1 per cent to 4 per cent. The Government's share will be increased from 3 per cent to 6 per cent. The federal Government will of course continue to pay in the bulk of the fee, and I for one have suggested in the past that the provinces at some point might wish to join and make this a tripartite program, but it may be no surprise to you if I were to say that there has been no provincial stampede in that direction as yet.

The federal Government believes we must maintain the effectiveness of this Act because it is the only program which automatically makes payments to western grain farmers when their income drops. We do not believe we can depend on *ad hoc* approaches even though they are sometimes necessary. We believe we need long-term programs like this. We believe it has proven its effectiveness, particularly in these last three or four years. There were many doubters, but we believe these amendments will strengthen the program and broaden the farm safety net by encouraging more producers to join. Therefore, we hope the Bill will be supported by the House.

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I rise to speak on Bill C-132, amendments to the Western

Grain Stabilization Act. This Act has always represented a bit of a dilemma for western farmers. In its original form it did not go far enough. It did not look to the income needs of individual farmers. Instead, it paid attention to the cash flow in the total region. We had disparities and odd situations occurring with the pay-outs that were generated, such as in 1977 when I, as a farmer and member of the program, received a payment although I had one of my best income years ever. I took that payment and paid a big chunk of it back to Revenue Canada as income tax. I think it would have been much more useful to the region had we been able to target it in parallel with crop insurance so that those who had an income requirement would have reaped the benefit of the program.

I have some reservations about the over-all direction of the program because I think we will find it will have to be changed and perhaps replaced with something else because it is not available to all farmers unless they apply. The program cannot be applied to individual income needs and the ups and downs of a particular crop production. It does not run parallel with crop insurance so it does not do much to address income stability on the individual farm. There is no disaster component in this program nor is there a disaster component in the crop insurance program. I think that three successive droughts in the last five years would show us that something like that is needed in any future income stabilization program.

● (1210)

As well, the fact that it has been a regional program has, to some extent, been a problem. It becomes a problem when we end up, as we have now, with a deficit of close to \$3 billion in this program.

You will recall, Mr. Speaker, having gone through the original debate, the arguments about whether or not the premiums were set properly. Mr. Whelan, in the last days of his administration, fiddled with the formula so it would trigger a pay-out during an election. With the advent of this administration, the formula was further fiddled with so it would pay a much larger pay-out. In short, the result has been a deficit of approximately \$3 billion.

That 15 per cent to 18 per cent of farmers who are still outside the program are facing a real dilemma. They do not know if they should rush in and take this last payment that is now open to them with this window of opportunity before August 1 and then be responsible for premium increases of 400 per cent, the premiums moving from 1 per cent to 4 per cent, immediately upon joining the program. At the same time, the Government's share of the contribution will drop. It now pays \$3 for every producer dollar, and that amount will drop to \$6 for every \$4 producers put in.

Some of the producers who are outside the program are asking themselves if they should join now only to be responsible for paying off the \$3-billion deficit. The Government has responded with a bit of a carrot by saying that \$750 million of that deficit will be written off by some of the amendments