My second example relates to a period during the late months of 1982 when there was an announcement under the Agricultural Stabilization Plan that there would be no payment for corn during that particular year. However, on Febraury 1, 1982 that decision was changed with the announcement that there would be a payment of $4.48 per tonne for corn. The reason given for that change was that the Stabilization Board received new statistics from Statistics Canada and the recalculation allowed a new payment. This example shows the flexibility of this stabilization plan compared to the Western Grain Stabilization Plan, which has no flexibility at all and no mechanism through which a minister or a government can make a payment at any time.

The third example of the flexibility of the Agricultural Stabilization Plan concerns the payment to apple growers in eastern Canada last year who suffered frost damage. Frost damage on grains in particular areas of western Canada is a common and almost yearly occurrence. However, we have never been able to convince any government that it constitutes a disaster for which a payment should be made.

One would think that when the Government decided to amend this Act, it would do so on a broad basis. In fact, the Government has its own report on this which, for the record, is the *Canada Grains Council Report: A Strategy for Expanding Grain Production in Western Canada*. It was published in Winnipeg in April, 1983. This government agency report deals with grain generally. However, Chapter IV deals with the income stability of grain farmers. That chapter points out a number of very interesting facts. For instance, financial instability is characteristic of agriculture. This fact has been recognized for many years by most people who work in agriculture. This report suggests that solutions should be found to this financial instability since it constantly destabilizes the agricultural industry as a whole and its production sector in particular.

It also points out that this financial instability is detrimental to the latecomers in agriculture who have the least equity in their operation because they cannot tolerate a drop in their cash flow in order to pay bills that are immediately due. I was pleased that the Minister recognized the fact that those who have high debt loads in agriculture are faced with a situation which prevents them from having a viable operation. The Western Grain Stabilization Act was established to counter the variation in cash flow to some extent. Obviously, any business will be unstable if it cannot predict its cash flow.

I must commend the Canada Grains Council for this report. It shows that there is a need for a means of providing income stability as far as farmers are concerned. At least some agencies of the Government recognize this need. In light of this recognition, the Canada Grains Council reviewed the Western Grain Stabilization Act and suggested changes to it. It suggested a number of reasons why this Act is inadequate. Let me put some of those reasons on the record. I repeat that this is a government agency document.

The first shortcoming pointed out of the Western Grain Stabilization Act is that it is not producer-specific. The individual financial situation of a particular farmer cannot be affected by the total Western Grain Stabilization Program. Therefore, the new farmer or one who has accrued a lot of debt in order to begin operations cannot be targeted as a receiver of funds under the Western Grain Stabilization Program. However, one would think that this particular group would be a target for this program. It is this group which is most in need of the money and a stable cash flow, but that is not recognized in the Act that is before us. It is not being addressed by the amendments that are being put before the House today.

Second, it is not region-specific. A poor financial or market condition can affect one area of the production region with which we are concerned but not affect another. For example, a couple of years ago the whole area of southern Manitoba did not have a crop at all because of floods from heavy spring rains. Although those producers needed a stabilization payment that year, they did not receive it because the remainder of the region, Saskatchewan and Alberta, had a bumper crop with high quality wheat and high prices. Therefore, since the production of the other two prairie provinces was balanced against Manitoba, it prevented a pay-out. Consequently Manitoba farmers at that time did not get a pay-out when they needed it. We do not have the regional coverage. This is not in the new Bill nor in the amendments.

● (1330)

I know every farmer who hears this debate can tell us about a particular area that is affected. For instance, the Peace River country of British Columbia and northern Alberta quite often gets caught in a situation of not having a crop when the rest of the Prairies has. In the last couple of years Hudson Bay, in the northeast part of Saskatchewan, has had three successive crop failures. This area should have received some help from the stabilization plant but could not because of the structure of the plan.

The third shortcoming which this document points out is that the Bill is not grain-specific. There are many farmers in the west who are very specialized. They produce flax, canola, or one particular grain. If the bottom falls out of the flax market, then all flax producers get a very small return. If the weather is bad in a particular year, the flax crop is affected and the same thing happens. There is no provision in this Bill or in the amendments which would allow those farmers to collect under the Western Grain Stabilization Act. This shortcoming was recognized by the Canada Grains Council.

Fourth, the program only operates with respect to cash income. It makes no provision for the appropriateness of actual returns, the operator's labour, management, or fixed investment. Producers who face restricted delivery opportunities may benefit from the stabilization payment, but this will relate to the small, inadequate volume of deliveries. In other words, there are many other factors that will stop the stabilization payment. But the fact that a farmer is unable to pay some of the input costs is not really affected by the stabilization plan.