

ration must establish to the satisfaction of the government that more than 50 per cent of its shares are owned by persons who are Canadian citizens or landed immigrants.

The bill provides for the creation of a five-member advisory committee of farmers or their representatives, to advise on the administration of the plan. The costs of administering the plan will be borne entirely by the federal government. No administrative costs will be deducted from the fund. The federal treasury guarantees the solvency of the western grain stabilization fund. If, in the event of continuous heavy draws, the fund becomes exhausted, the federal government will lend it whatever sums are required. The federal government will pay interest on the fund at all times it is in a surplus position. Similarly, interest will be charged to the fund if it is ever in a deficit position.

The plan is not really a guaranteed income scheme. It is designed to protect grain producers from sudden slumps that have characterized the past. The plan will protect grain farmers from drops in grain prices, slumps in markets, widespread Prairie crop failure and rising costs of production, or any combination of these. It will stabilize grain incomes on the Prairies, and contribute significantly to the stability of Prairie economies.

I want to repeat what I said a moment ago, that this western grain stabilization plan will be administered at the sole expense of the federal government. The federal government will contribute \$2 for every \$1 that is contributed by the producer. The plan represents a major commitment by the federal government to Prairie agriculture and to the economy of all the western provinces.

● (1450)

Lengthy consultations have taken place over several months—as a matter of fact over a year—with farm organizations, the grain trade and provincial governments. Many suggestions from these consultations have been incorporated into this program to ensure that it is the best possible program, and that it truly reflects the interests of grain producers who are the mainstay and strength of Prairie economic stability.

Honourable senators, I have dealt only with the principle of the bill. I hope that the bill will receive second reading in due course. If it does, it is my intention to move that it be referred to the Standing Senate Committee on Agriculture, at which time its details can be discussed thoroughly. I am sure that the Minister of Agriculture and officials of his department will be present at that time to answer any questions concerning contributions to the fund and the manner in which the fund is built up, and the manner in which payments can be made out of the fund.

It is my belief that the bill is a step in the right direction—that of bringing some stability to the grain producers of western Canada and to every one who lives in western Canada. Moreover, as I said earlier, it affects not only the Prairie region but Canada generally, especially in respect of the important role which sales of wheat and other cereal grains play in terms of ameliorating the balance of payments problems we so often have to face in our external trade.

I commend the bill to your favourable consideration.

Senator Bell: Would the honourable senator permit a question which, I am afraid, I ask out of ignorance? How will the grain producers share in the fund? Is this to be vested in the producer, or in the land? For instance, if a farmer, who was growing wheat in Saskatchewan and had shares in the fund, decided to sell that particular property and raise a different type of grain crop in the Peace River district, would his share remain with him, or would it remain with the land that he sold to another farmer who was growing the same type of crop?

Senator McDonald: There are two options open to him under the bill. He could sell the equity he had built up in the fund as an asset to whoever purchases the particular holding on which he was producing wheat in Saskatchewan. In this case, the money he had paid into the fund would be an asset which could be sold along with the farm. Alternatively, he could retain that interest for himself, in which case he would sell the farm less the fund asset he had built up. If he goes to another area in the Prairie region and begins to produce another crop, he is able to carry that asset with him. Then, in the event that a payment is made in the next few years, he would be able to draw out that payment, regardless of whether he is still on the old farm or a new one.

Senator Yuzyk: Would Senator McDonald permit another question? Would he kindly explain why this act is to be administered by the Canadian Wheat Board? As this appears to be an income insurance scheme, it would appear more logical for it to be administered by the Department of Agriculture.

Senator McDonald: I cannot speak for the Canadian Wheat Board or for the Department of Agriculture, but perhaps the reason it is being administered by the Canadian Wheat Board is that the vast majority of sales of Prairie grains are made through the Canadian Wheat Board and it, to a large extent, would be the collecting agency. Whether that is the reason or not, I do not know. As I said earlier, I expect the minister responsible for the Canadian Wheat Board will be present when the committee considers this bill, and I suggest you ask him that question.

Senator Sparrow: Is there not a western grain stabilization administration that handles the administration? I think the Canadian Wheat Board will be concerned only with the fund. As I understand it, there is a separate administration which will handle the plan.

Senator McDonald: I think you are right. As I said earlier, the Canadian Wheat Board is involved because it is the major collecting agency owing to the fact that the vast majority of cereal grains goes through its hands. But, as I have said, the minister is more able to answer that particular question than I, and I suggest that Senator Yuzyk pose it to him.

Senator Buckwold: Would the honourable senator answer a further question? Is the money which a farmer may receive from the fund subject to income tax?

Senator McDonald: Are you referring to a payment from the fund?

Senator Buckwold: Yes.

Senator McDonald: Yes, such payments are subject to income tax.