

things are very important and have to be recognized and considered, and this bill does look after that.

Producers were also concerned that major losses could significantly erode their yield guarantees. Many producers claim that basing yield exclusively on an historical average for a given area disproportionately of benefit to those with lower yields. The area-average approach does not accurately reflect an individual farmer's productivity. Based on sound actuarial principles, amendments in the new legislation offer new approaches to determine insurable yields. These approaches take into account whether producers acquire new technology and buffer producers' yield calculations from successive losses.

• (1610)

The second key area in determining how much a producer is indemnified is the maximum coverage. Many producers feel that the current level of 80 per cent is too low. This new legislation proposes to increase allowable coverage up to 90 per cent for lower risk crops and areas.

Controls have been added to ensure that this increased level of coverage will not be abused. Greater coverage must be statistically justified, thereby ensuring that low yield variability is the basis for higher limits.

The third key element in the compensation calculations is the value of each unit. Provinces will have the flexibility of basing unit prices on market value or on costs of production.

The second major amendment proposes a more equitable cost sharing arrangement. Under the current act, one formula allows provinces to pay all the administrative costs while the federal government and the producers jointly assume the relatively higher costs of the premiums.

The result of this formula has meant that the federal government pays, on average, 45 per cent of costs, the producers pay 45 per cent and the provinces pay 10 per cent. The legislation has been amended to eliminate this formula and in its place is a more balanced method to share costs.

### *Government Orders*

The arrangement is provided for in the current act, although to date only Newfoundland and Quebec have adopted this approach. Under this arrangement, producers pay the same proportion they have paid since 1973. That is, 50 per cent of the premiums and nothing towards administration which means that they pay 45 per cent of the cost. The federal and provincial governments share the balance of premiums and all administrative costs. The two levels of government do that equally.

There have been many enhancements to the Crop Insurance Act, such as the increase of the federal level of funding over the last number of years to make the program more viable. On an annual basis there have been more federal dollars go into the crop insurance program than before. In the 1987-1988 crop year, for instance, it was \$181.5 million; 1988-1989 it is estimated to be around \$314; in 1990 it is going to cost approximately \$233 million. Some of these changes and different figures are because of drought and greater participation in some parts of the country.

I want to make it absolutely clear that this is not a cost reduction exercise. The purpose of this change and amendments to the Crop Insurance Act is to make sure that we have a program that meets the needs of the producers of crops in Canada.

The third major class of amendment strengthens the crop insurance regulations. This is necessary because the regulations in the current act are vague and incomplete. Regulatory provisions have been rewritten to set out more clearly the basis for federal contributions in order to move to a more level playing field by basing federal contributions on a more consistent and sound footing.

The new legislation will clarify many of the vague sections of the current act by including a comprehensive list of subjects to be defined and detailed in the regulations.

Adding new special provisions is the fourth major class of amendment. Crop insurance has traditionally ensured commercially viable field grown crops. However, recognizing that it is in the best interests of producers and government to diversify agriculture production, we have amended the act to cover new and minor crops as well.

Another special provision compensates producers when their crops are damaged by migratory waterfowl. The current approach to compensation has been based on average crop insurance coverage not directly related to the amount or value of the actual crop lost. The