

Prairie Grain Stabilization Act

What about grain stabilization? It must be recognized that this bill is clearly designed to place definite limits on the federal obligation to support the prairie income even in the face of chronic inadequacy. Once the stabilization program is in effect, the federal government will be able to say it has made the payments regardless of the needs of the prairie farmers. It will be a decade or more after this legislation is in force before its usefulness can be assessed. It is a means whereby the government will not have to support prairie agriculture for the next four or five years. Why? I again quote from the brief of the Canadian Federation of Agriculture:

Consider that the likely federal financial obligation under this policy—which includes the termination of the Temporary Wheat Reserves Act with no replacement of it by an alternative and better national storage reserve stocks policy with federal sharing of costs—is less than has been undertaken by the government through the Temporary Wheat Reserves Act alone in the course of the last 15 years.

This indicates that the government will be obligated to pay out much less per year than it has been paying on the average over the past 15 years even in the face of many good years and increases in the costs of farming. The obvious reason for this is the formula on which the pay-out will be based: it will be based on the previous five years' gross receipts for all of the designated wheat board area. For the past four years income has been in the neighbourhood of \$800 million, \$900 million to \$950 million. The income in 1966 and 1967 was \$1,400 million. This will be included in the calculation at the end of the crop year 1971-72. When that calculation is made for next fall these will be only one good year included in the previous five. The government will not be paying out a large amount of money for the next four or five years even in face of severely reduced grain yields and grain income; it will wash its hands of paying out money to prairie farmers for that period of time.

What is wrong with the pay-out? Consider the levy under the Prairie Farm Assistance Act. Under that act there was a 1 per cent levy by the government. Payments made under the act were considered inadequate because they often went to those who did not need them and those who did need them did not qualify under the regulations. The Prairie Farm Assistance Act was so tailored that even with a crop failure in six sections the farmer would qualify for a pay-out.

Consider the present situation. There will be a gross averaging of the previous five years over the whole of the designated area, that is, all of Manitoba, Saskatchewan, Alberta and part of British Columbia. There may be farm income losses which will cause considerable hardship for the producers but there will be no pay-out because there may be a good crop or good sales in other parts of the area. That is a serious disadvantage. Because the minister did not break down the areas into crop districts or provinces, this indicates a lack of appreciation of the gross inadequacies that this pay-out will create. It will be based on the next receipts of the producers for any one year. It will not be related to the costs of production. It is not based on a formula which takes into account production costs and the fact that there is a 3 per cent to 5 per cent inflation factor even in good years, and 5 per cent to 7 per cent in bad years.

[Mr. Ritchie.]

A 2 per cent levy will represent a sizeable portion of an individual's income. For example, if there is no pay-out for five years, a farmer who has had to pay the 2 per cent levy will not receive interest on this money. He may be in a position where he has to pay, in effect, 2 per cent, 3 per cent or even 4 per cent of his gross income. This means a further reduction in value to him of the grains stabilization program as proposed in the bill before us.

• (9:30 p.m.)

I should also like to draw attention to what I believe to be a basic weakness in the plan. It is based upon wheat. Only when wheat production or sales have failed will the average income fall to a level at which farmers can expect a pay-out. For the foreseeable future, other crops will constitute such a small proportion of the total volume handled by the Wheat Board that a crop or sales failure could occur affecting rapeseed or barley, for example, but the effect on the total dollar value would not be great enough to cause a pay-out to be made. As a result, producers of rapeseed, or barley, as the case may be, would suffer.

In the parkland areas of western Canada there is a much broader diversification of crops than in southern Saskatchewan, for example. As I say, the program is based on the assumption that wheat will be the crop to suffer sales failure or crop failure. This assumption penalizes the growers of other grains who, though they must accept the scheme, are not likely to receive a pay-out.

We all realize that the elevator system needs to be modernized and that this would cost a great deal of money. There has been little modernization in the last 30 or 40 years. The Temporary Wheat Reserves Act provides a means by which elevator companies receive payments for the storage of grain. They receive more dollars than are actually involved in the storage of grain. I am sure that this keeps the price of grain handling down. There is no doubt that the repeal of the Temporary Wheat Reserves Act would lead to an increase in the cost of grain handling, and notice is being given that this indeed will be the effect. Beyond question, the ending of payments under the act would have an adverse effect on the elevator system. When one considers that the farm elevator system handles practically 60 per cent of the grain—

Mr. Deputy Speaker: Order, please. I have listened carefully to the hon. member. He is making a very good speech, but it seems to me that his remarks are quite broad. I realize there has been a tendency in this debate to range a little and I do not single out the hon. member, but I would, with respect, ask him to remember that the House is now dealing at the report stage with motions Nos. 1 and 2 which are grouped for discussion. If the hon. member ranges too far he may be out of order. I would point this out to him.

Mr. Ritchie: The ending of the Temporary Wheat Reserves Act would make the adoption of these amendments even more necessary because it would mean the termination of payments to the elevator system, payments which reduce the handling charges per bushel. Acceptance of these amendments or of similar amendments would be of great value because we are not dealing here with a monolithic industry. This is not an industry made