Although responsibility for crop insurance lies with each province, the federal government, through the Crop Insurance Act, provides mechanisms and support to ensure that the Canadian farmers can afford this protection. The federal act is enabling legislation that permits the transfer of federal funds to provincial programs that operate within the Federal–Provincial Crop Insurance Agreements. It is also very consistent with the agricultural policy review that this government has put into place, and the recent conference here in Ottawa last week entitled "Growing Together". It is all part of the safety net program that will be introduced. This is the first part of that program. We feel it is very important to have an affordable crop insurance that will give the producers of crops the protection that is necessary to carry on viable operations right across Canada. We hope with this legislation that provinces will provide the programs which are necessary for that to happen.

The legislation that the House is considering is designed to assist in the economic survival of our crop producers when confronted by natural disasters over which they have no control. We all are certainly aware of those disasters. It seems that they happen somewhere in Canada every year. The amendments proposed in this bill will provide the best insurance coverage at the lowest cost to the greatest number of farmers.

Originally passed in 1959, the Crop Insurance Act was a response to the concerns of both producers and governments about existing levels of crop loss protection. Until that year, crop insurance was really a permanent disaster relief program based on a 1 per cent levy on all grain sold or on *ad hoc* emergency funding at times of crisis. Although these programs did offer some security to the industry, farmers complained that payments were too small and that the program did not distinguish between those farmers with good yields and those with poor yields. In effect, efficient crop producers subsidized less efficient ones.

*Ad hoc* funding was less popular and producers could never be sure of how much they would be indemnified for losses. It was very difficult to do any financial planning with those types of programs. Governments and producers believed that the Crop Insurance Act was the answer. This act introduced stability into crop production by offering assistance to producers to cover insurance premiums.

Since its inception, the act has been amended several times. These amendments reflected the need to share costs more equitably among the federal and provincial governments and producers to extend coverage to more crops and more farmers, and to reduce reliance on *ad hoc* assistance.

The time has come when we must again amend the act to reflect modern realities.

The new legislation adheres to sound actuarial practices. In keeping with the original intent of the act, Bill C-48 will lessen producers' reliance on *ad hoc* assistance. While providing producers with a flexible and a greater range of coverage, the amendments ensure that the crop insurance pays for itself in the long term.

We have conducted extensive consultations with the provincial ministers of agriculture and with provincial and national producer organizations. Based on these consultations, we are proposing four classes of amendments to the Crop Insurance Act in time for the 1990 crop year. It is very important that we have this legislation passed to give the provinces time for their enabling legislation and regulations to be passed to make sure that it is there for 1990. It is a must that that is in place.

First, one major area of change modifies the calculations used to determine how much producers are reimbursed. This amendment gives the provinces more flexibility in estimating the probably yields for insurance purposes. It raises the maximum coverage from its current level of 80 per cent to 90 per cent and ensures that the price paid for a lost crop is fair.

Second, we have provided a more equitable rate for sharing the cost of insurance premiums. Third, we have strengthened the act's regulations to present more clearly the criteria governing federal support for crop insurance. Finally, we have added special provisions to extend coverage to new and minor crops and to crops lost to waterfowl. That is a new provision totally.

Producers greatest concerns were with three key elements: probable yield, maximum coverage, and unit prices that are used to calculate compensation. All those things are very necessary. We have amended the act to bring compensation more in line with lost revenues.

Looking at the first element, the current act provides a method of predicting yield based on the simply historical average of a producer or a geographic area. Producers consider this method inflexible and often punitive. For instance, the act does not recognize increased productivity as a result of technological imprudence. We all know from the way farming and the production of crops have changed over the last number of years that all of those