

Prairie Grain Advance Payments Act

make the program easier and lessen the paperwork for those who are participating.

Third, a further amendment will ensure equitable treatment to prairie grain producers by basing cash advances on the amount of actual stored grain rather than on the present basis whereby an advance is calculated by the number of tonnes of grain prescribed per quota acre. Changing the method of calculation to actual volume in storage will enable a producer with high yields to benefit from the program also.

Fourth, another amendment has to do with interest rates on defaulted accounts which presently are set at the beginning of the crop year by Order in Council and remain unchanged until the account is settled in full. In order that participants might benefit from falling interest rates, an amendment will allow the interest rates for defaulted accounts to fluctuate in relation to current rates. At the same time, further proposals will provide the Canadian Wheat Board with greater latitude in dealing with producers who can show that extraordinary circumstances prevented them from being able to complete their repayment obligations.

I wish now to list briefly a number of other initiatives taken by the Government to support and help producers survive during this difficult time of unfair and cutthroat foreign competition, competition fueled by foreign government competition, competition which bears no relationship to the usual market forces of supply and demand; an environment in which the efficiency of our producers is being overwhelmed by offshore subsidies.

In grain farming there are basically three variables: input costs, volume and price. Volume is dictated in large part by the good Lord. It depends on decent growing conditions, moisture, wind, frost, insects and so on. On the other hand, input costs and price supplements are areas in which government can assist and, indeed, this Government has done so in a very big way.

The major input cost of many producers is interest, the carrying charges on loans for the purchase of land, machinery, equipment and operating money. We are told that at this time there is approximately \$25 billion of agricultural debt outstanding in Canada. Therefore, a 1 per cent variation in interest rates has a potential, if upward, to drain some \$250 million out of the farming economy. Conversely, if those rates move downward, it has the potential to enhance the farm community by the same \$250 million. That is why the course of economic renewal laid out by the Government in the fall of 1984 remains so important, not just to agriculture but to all of Canada. The policies of economic revitalization through responsible deficit reduction, more efficient government and encouragement for the small business sector has not only improved job opportunities for Canadians but resulted in stable inflation and, most important, interest rates that are 3.5 per cent lower than when we took office. Interest rates that are 3.5 per cent lower mean that the farm community is paying out roughly \$800 to \$900 million less in interest costs each year than was the case previously. The prime rate and the

farm credit rates are at their lowest level since the spring of 1978, eight and a half years ago.

This spring the commodity based loan program was established. This was an innovative experiment for existing farm credit clients in financial difficulty. This is a program in which the principal will fluctuate in relation to the price of the borrower's main commodity and a program which provides up front assistance through lower payments when the farmer's cash flow is least.

Our Government amended the Western Grain Stabilization Act to permit timely interim payments in the spring when these moneys are needed most by the farmer. The Western Grain Stabilization Act is a program whereby the federal Government contributes \$2 into a fund for every dollar put in by producers, the idea being to supplement farm income when prices are low. Last year some \$522 million was paid out and this year already an interim payment of \$580 million has been made.

A previous Government instituted the capital gains tax which for 13 years hung over the farm community and prevented many, many farmers from realizing their retirement ambitions because their moneys having been plowed back into the farm, were tied up in the land which it was impossible to sell without payment of a king's ransom on a gain which was largely inflationary. Canadian farmers know it was our Government that moved quickly to eliminate that tax for most farmers by immediately instituting the \$500,000 lifetime capital gains exemption.

Our Government improved federal-provincial crop insurance by raising coverage from 70 per cent to 80 per cent without premium increase. Federal-provincial crop insurance is a program administered by the particular province and contributed to 50 per cent by the farmer and 50 per cent by the federal Government. This program last year paid out \$375 million to Saskatchewan farmers alone.

Last year the Government responded to the disastrous drought conditions on the Prairies with the Prairie Crop Disaster Assistance Program which distributed \$150 million to those western grain farmers hard hit by drought. There is more, Mr. Speaker, because our Government recognizes the predicament of Canadian farmers who, through no fault of their own, are suffering considerable hardship. The Government remains committed to helping Canadian grain farmers who are facing depressed incomes. The objective is to enhance their cash flow by approximately \$1 billion. As the Minister of Agriculture (Mr. Wise) has said this will be new money and will be distributed to the Canadian grain farmer. The form of the assistance is now being determined in consultation with the provinces and the farm community so that the system of delivery will be fair and equitable to all concerned. It is vitally important that cash gets to the farmers' pockets with a minimum of administrative cost. It is equally important that it be seen by most to be done fairly and evenly.