

Grain

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the motion moved by the Hon. Member for Kindersley-Lloydminster (Mr. McKnight) proposes that the Government should consider the advisability of setting the price of Canadian Red Spring Wheat for domestic human consumption at a minimum floor price of \$7 per bushel without any price ceiling. As one who comes from a family which has farmed for 25 years in Saskatchewan, I could not agree more with the Hon. Member that farmers should receive a better return for the wheat they produce, whether that wheat is sold on the domestic market or on the export market. We all know that the price of equipment and parts is skyrocketing. The price of fuels and fertilizer keeps increasing. Therefore, it is only natural for the farmer to expect a greater return on his investment and his labour. However, the fact of the matter remains, Mr. Speaker, that Canada is not a country which exists in a cocoon. It is not a country covered by a dome, which is not influenced by outside forces. Canada cannot consume everything it produces. If it could, we might be able to accept the Hon. Member's motion.

The volume of production around the world will affect export prices, which will in turn affect domestic prices. If the Canadian miller has to pay \$9 for his wheat on the domestic market—because the Hon. Member does not want a ceiling on this domestic price—but can buy it for \$6 across the border in the United States, as a good business person he naturally will buy it in the United States. Why should the Canadian consumer be the one to be penalized, the miller, the baker, and finally the person on a fixed income living under the poverty line who has to buy that loaf of bread?

The two-price wheat program was implemented to protect both the producers and the consumers, not just the producers. The Hon. Member's motion would not achieve this balanced protection. The program also was implemented to counter short-term fluctuations, not long-term trends.

On the side of just the producer-support programs, I believe that the record of measures and policies which have been put in place by the federal Government demonstrate its commitment to obtaining a fair return for grain producers. The initial payments established each crop year for wheat sales to the Canadian Wheat Board set a minimum which producers can expect to achieve upon delivery of wheat to the primary elevator. Furthermore, these are established with a view to allowing the producer to receive as much as possible of his anticipated returns when he markets his grain. These payments are, of course, guaranteed by the federal Government.

The Western Grain Stabilization Program is intended to protect producers against sharp unexpected drops in net cash flow from sales of major grains produced in the prairie Provinces. One factor which can result in a reduction is, of course, lower grain prices, thus, the Program does provide a measure of protection against declining prices. The level of protection under the Western Grain Stabilization Program has been increased as of January, 1983, with an increase to \$60,000 in the maximum level of eligibility per participant. This is up from the \$45,000 ceiling which was in effect for the last few years. This change brings the Program closer to its objective of covering 90 per cent of eligible grain receipts in Western

Canada. The federal Government is paying more than \$100 million annually to support the Program, and at present contributes \$2 for every \$1 of producer levy into the stabilization fund. The decision to increase the ceiling to \$60,000 on grain receipts for individual producers is a firm indication of the concern of the Government of Canada that producer incomes be protected in these times of rising costs and low grain prices.

The Western Grain Stabilization Program also provides protection against factors such as reduced marketings of wheat. While expectations for the coming year are for continued strong exports of Canadian grain, there may be occasions when exports could fall in a particular year. This would be reflected in lower sales of wheat even though domestic requirements would not have changed.

There are other programs which protect producers' income such as crop insurance which ensures that a producer's costs of production are covered in the event that yields are adversely affected by weather conditions or disease. The Prairie Grain Advance Payments Program is another mechanism which assists producers with cash flow problems during times when producers are waiting for delivery opportunities to open up. The cash advance program has been utilized by increasing numbers of producers in recent years. These advances are interest-free as the interest costs are borne by the federal Government.

Government must, of course, be receptive to changes in policies and programs to meet the needs of agricultural community and society in general. There has been considerable interest in the quantity of grain exports which Canada will be able to realize in the coming years. One target which has frequently been quoted is that Canada's aim is for total grains and oilseed exports of 30 million tonnes by 1985. The Canadian Wheat Board developed this target, which includes 20 million tonnes of wheat and 10 million tonnes of feed grains, based on a projection of world trade by 1985 of 85 million tonnes of wheat and 94 million tonnes of coarse grains. Canada's share of world wheat and flour exports in 1981-82 was 18.6 per cent compared to 17.3 per cent in 1980-81. Improvements in the grain handling and transportation system and sustained marketing efforts have enabled Canada to maintain its traditional role in world grain markets where conditions are becoming increasingly competitive. Total Canadian wheat production in 1982 reached a new record of 27 million tonnes, following the previous record production of 24.8 million tonnes in 1981. Canadian exports of wheat and flour reached a record 18.4 million tonnes in 1981-82 and are expected to be high again in 1982-83. At the current time, wheat exports this crop year are running over one million tonnes higher than at the same time last year.

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Over the longer term, the underlying world demand trend of the early seventies is expected to re-emerge notwithstanding current severe problems in the balance of supply and demand.