statements that I am making in this particular presentation about the good things the government is doing.

This issue cannot be looked at in isolation, as is suggested by the motion in front of us. Including farm-fed grain in stabilization programs is an important issue, but one which must be looked at in the context of all agricultural support programs. The agricultural stabilization program and the western grain stabilization program provides regional support to producers when grain prices drop below a five-year average.

Concern has been expressed that the two programs discourage the use of grain as feed on the farm and promote off-farm sales instead. Livestock producers in both eastern and western Canada have asked that farm-fed grain be included under these two programs, and I can certainly understand the reasons for the request.

However, to do this would mean fundamental changes to the structure of both programs. The programs would have to change from being marketing-based to production-based. This in turn raises additional issues.

Yield data would be essential to any new production based formula, and since individual yield histories may be unavailable or difficult to obtain administration would have to be based on regional yield averages. Just a little while back a member from the Windsor area talked about some of the yields that some of the farmers in his area were gaining on beans and corn, so there really would be a problem in arriving at those yield numbers. Payments based on regional averages could mean overpayments to producers with yields below the regional average while those with higher yields would in fact be penalized.

In addition, a production-based ASA or western grain stabilization assistance could result in stabilization payments at times when livestock returns are adequate or higher than average. Other stabilization programs such as the dairy program already include consideration of the costs of farm-fed grain. Some producers could be compensated twice for the same grain.

The Standing Committee on Agriculture which examined the issue of farm-fed grain in its January 1986 report on the Western Grain Stabilization Act agreed that livestock producers could be paid twice if farm-fed grain was included under either of the programs. Their report stated that it should be only for the final products marketed that the producers receive market-risk protection under the Western Grain Stabilization Act or the other act. In the case of livestock producers, they face the livestock market but not the grain market risk. Treating livestock producers as grain producers means the grain may be covered in a raw form and again it goes into the final product.

While including farm-fed grain under either program may give livestock producers more protection, it may also remove protection provided to grain producers when delivery opportunities are reduced. For example, the Western Grain Stabilization Act is designed to trigger payments when reduced deliveries result in reduced sales. That type of protection would not be provided under a production-based program.

The final point is that including farm-fed grain in the Western Grain Stabilization Act or the other act would make both programs more expensive.

Currently, livestock support programs include the price of grain in the formula for triggering payments. When grain prices rise, support prices for livestock also increase. Although the cost of producing farm-fed grain may not be accounted for under existing livestock support programs, actual expenditures for input items are part of the Western Grain Stabilization Act payment calculation.

As an alternative, the cost formula for red meat stabilization programs could be amended to incorporate the cost of producing grain rather than the price of grain itself. This would give better protection to producers who produce their own livestock feed.

The Road Not Taken, a study done by producers through the National Grains Bureau's Grains 2000 program, emphasizes that the livestock sector represents a major opportunity for value-added and diversification in the agricultural sector. However, producers who must buy feed for the livestock might not receive adequate protection under a formula which incorporated the cost of growing feed, not its market price.

These are some of the options under discussion in the farm-fed grain issue. Clearly, this government recognizes the significant role farm-fed grain plays in the Canadian agricultural economy. Excluding wheat, approximately half of all cereal crops produced in this country are fed to livestock. The proportion is even