million. It is not available. The government is not putting it in. In this case the producer could put this money into the fund, and it could be made available to those who need it. Similarly, on retirement, instead of the government's zeroing in by way of capital gains tax, farmers should be allowed to put money into the fund. If that money is in the fund, it helps the industry and relieves the government of the necessity of raising funds by issuing bonds. Farmers would be putting money into the fund and then drawing it out during retirement, when they have cash requirements or if they need it in order to have the standard of living they wish to have and to which they are entitled. Many producers do not pay enough into the Canada Pension Plan in order to make it worth while, but under this program there would be sufficient funds for themselves, and the rest of the money could be put to work for the benefit of the industry.

I will refer to several examples of how I think the plan should work. I would average producers' incomes over the last five years, although because inflation is over 10 per cent, perhaps the program should operate at 100 per cent of the last five years. Perhaps it should be reduced to four years or three years. However, for the sake of argument at the moment, my proposal is the following. If, for example, a five-year average is $10,000, the producer contributes 3 per cent and the government contributes 6 per cent; that would be 9 per cent of $10,000. Therefore, $900 would be forgivable if a farmer did not have a crop at all during that particular year. The balance would be taken by way of a loan. In other words, this is not a subsidy, this is not charity. Part of it would be a loan which would be repayable during the course of that year if a farmer has income. If at the end of that year the loan is not repaid—interest-free, I might say, because we do have an interest-free plan under the cash advance program—then immediately the farmer is in default, and the current rate of interest applies. That way there would be no ducking under the fund. The producer becomes responsible.

If a producer's five-year average remains at $10,000 and his sales for the year are $9,800, the shortfall for that year would be $200. In that case the amount forgivable would only be $200. That would be the amount. Instead of $900, it would be $200. In other words, he is not always getting the maximum amount of 9 per cent.

The following is the third example. If the five-year average is $10,000 and the sales for the year are $5,000, the shortfall is $5,000. The forgivable amount is 9 per cent, or $900. The amount of the loan would be $4,100.

In different industries incomes are different, and perhaps different rates apply. In the case of a big operator the five-year average might be $50,000. The sales for the year are, say, $40,000. The shortfall is $10,000. Nine per cent of $50,000 would be $4,500. In this case the forgivable amount is $4,500. The amount of the loan would be $5,500. Because the plan does not have enough money in its infancy, I would suggest that you break up the fund into two portions, a portion from July 1 to December 31—in other words you would be entitled to only half a loan because there was not enough money in the fund to start with. Then from January 1 to the end of June you can come in with the other half, if required, until such time as the fund builds up.

• (1620)

Now if you did not reach into the fund, you would have an equity there and after ten years, if you did not draw from the fund, you should be able to draw out in the eleventh year the amount of your contribution in the first year. If you did not draw any equity after that, you would have an equity built up in such a way that you would get an interest rate comparable to the bond rate during that period.

Let me point out some of the features of the plan. It provides stability of income to agriculture, the food industry, the fishing industry, and so on. The pay-out would be to individuals rather than to industry because in some areas you have failure, in others you have bountiful production, for example, if disease happens to strike a particular area in the cattle industry, or if there was hail in an apple producing area. Anyone involved in the horticultural field is aware of the kind of disasters that can befall them. So the payments should be made to individuals.

The plan would replace certain other programs, for example, cash advance, stabilization, crop insurance, marketing quotas, and so on. Marketing boards would still be able to operate. It would minimize the requirements for capital borrowing from financial institutions. Everybody knows the banks are very reluctant to make loans these days and nobody wants to go to the banks. These farmers who do not pay income tax, or the ones who have sold out, should be willing to accept a lower interest rate because of the fact they did not pay income tax on the money they plowed back into the fund. It would thereby allow young farmers a chance to borrow money at lower than the going rates. If, for example, a farmer did not have to pay capital gains tax and he plowed the money back into the fund, he should be willing to receive 10 or 12 per cent instead of 17 or 18 per cent because he is not paying income tax on that money. That would allow young farmers to take loans at interest rates of about 8 per cent or thereabouts. In that way we would get around the immediate problem. This would help to reinforce the family farm, avoid erratic pricing of food to the consumer because of the fact—

The Acting Speaker (Mr. Blaker): Order, please. I have given the hon. member considerable extra time and I wonder if he might be able to wrap up his remarks.

Mr. Korchinski: May I just state in closing that I think the plan should be voluntary, and still allow marketing boards to operate. I apologize for the time taken, Mr. Speaker, and I would welcome any changes to the suggestions I have made. I hope that the government sees fit to accept the idea.

[*Translation*]

Mr. Marcel Ostiguy (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, the motion introduced by our colleague opposite at first glance looks most commendable in