

proposal that would take into consideration the views, feelings, needs and demands of the farm organizations and farmers.

The basic principles of Bill C-41 are generally similar to the principles of the earlier piece of legislation which had been withdrawn. The mechanics of the western grain stabilization fund have been fully and adequately explained by Senator McDonald. It will not be necessary, therefore, for me to repeat these details, except to emphasize that the Government of Canada will guarantee the solvency of this fund.

The plan takes the cost of production factors directly into consideration, which previously had been a point of contention. In order to appeal to the farmers, the compulsory aspect of the previous legislation has now been modified.

Although it is described as a voluntary plan, in the initial stage every producer will be included in the plan. However, each farmer will have the option in the first three years to make his decision whether or not he wishes to continue participation. In other words, in the three-year period he has the opportunity to opt out of the plan by a simple notification. He still has one more opportunity to re-enter the plan, but as a conditional participant. A 10 per cent penalty will be imposed on any payments that will be made from the stabilization fund to such a farmer in the first three years of his renewed participation, and there will be adjustments of interest. After that he becomes a full participant once more.

The provisions of this plan, as outlined in Bill C-41, have been endorsed in general by farmers through many of their institutions and organizations. Among these are the Canadian Federation of Agriculture and the Saskatchewan Wheat Pool.

The Western Agricultural Conference, which held its annual meeting in Regina on January 15 this year, adopted the following policy:

That the grains stabilization legislation be adopted at an early date and certainly prior to the completion of the current session of Parliament.

● (2010)

The participating members of this conference were the Alberta Unifarm, the Saskatchewan Federation of Agriculture, the Manitoba Farm Bureau, and the United Grain Growers, representative of the Prairie provinces. It is obviously apparent that this piece of legislation has the support of the majority of the grain producers.

I believe that some clauses of this bill require more explanation and elaboration. Knowing that the minister responsible for the Canadian Wheat Board and departmental officials from the Department of Agriculture will be present when the committee will be considering this bill, I should like to raise some questions for clarification. Perhaps the sponsor of the bill in the Senate will want to deal with some of these questions when he is closing the debate on second reading.

The other day I did raise the question of why this proposed act is to be administered by the Canadian Wheat Board. Since this legislation is a form of income protection and an incomes scheme similar to insurance, it would appear more logical to have it administered by the Depart-

[Senator Zuyk.]

ment of Agriculture, which is responsible for the implementation of agricultural policy. Since this is a gigantic plan, quite complicated and complex, it would appear that it would require a large bureaucracy scattered throughout the Prairies to administer it. How large a bureaucracy is anticipated and where will the headquarters be situated?

The Canadian Wheat Board will be in charge of the administration. I am therefore assuming that the main office will be in Winnipeg. Will there be branch offices and, if so, where will they be located?

The cost of the administration of the western grain stabilization plan throughout the vast territory would appear to be enormous, if not astronomical. I should like to receive a calculated estimate of the operational expenses of this plan in its initial stages, as well as on an annual basis after it is fully established.

There are crop insurance plans in operation in Manitoba, Saskatchewan and Alberta. Will the grain stabilization plan be related in any way to these crop insurance programs, which also cover farmers who experience crop failures and disasters? The grain stabilization plan, as presented in Bill C-41, is designed to operate on a vast territorial prairie basis throughout Manitoba, Saskatchewan, Alberta and, possibly, other provinces and territories where grain farming is carried on. Some thought must have been given that it might be more efficient or practical to break down the administration into smaller regions which would have similar conditions and problems. How does the government regard the practicality of regionalization, and what are the facts and arguments which are used to reject this method of administration?

I am aware that there are persons who suggest that the stabilization plan would have a greater appeal to farmers were it set up on an individual basis, similar to individual insurance policies. Farmers could have individual accounts upon which to draw. What are the arguments against an individual plan for each individual grain producer?

There is the important question of the cost of production. The legislation does itemize some of these costs, such as property taxes, seed, fertilizers, pesticides, operation of machinery, hired labour, and so forth, which are termed "cash costs." We know that the Income Tax Act allows for depreciation in calculating the value of buildings, equipment, machinery and instruments required for certain kinds of work and operations. Why has depreciation not been included as an item of the cost of production?

I am also wondering about the effectiveness of the grain stabilization benefits to producers during several successive years of hard times. What if the grain markets were depressed for a period of over five years—that is, for six, seven or eight years—and the prices of grain during this extended period continued to drop and stay low? The pay-out at the end of such a bad cycle would be minimal, and perhaps not even forthcoming. What meaning would income stabilization have then?

I am also thinking about the lot of the farmer in certain areas of the country which for several years, due to adverse weather conditions or acts of God, suffer crop failures and inadequate farmers' income. Yet throughout the vast prairie region the great majority of farmers could