

most probably, God willing, here to stay. Therefore we have to adjust the stabilization program to this new reality. This implies that grain marketings will continue to increase gradually and this trend in volume of marketings will continue to reduce the sensitivity of the program to price declines and to cost increases.

In light of these changing circumstances, adjustments to the plan are now needed. This is the reason for the major amendment which is being proposed to the program, that is, the incorporation of an additional payment trigger mechanism based on net cash flow per tonne of eligible marketings to make the program more sensitive to price and cost variations during periods of increasing marketing volumes. I say "additional" because the existing payment trigger mechanism based on aggregate net cash flow, taking into account changes in prices, costs and volumes, will be retained as it could still be needed to provide income protection should volumes stabilize or decline. We will have a double mechanism, each adjusted to different circumstances.

There are three other changes being proposed in the program at this time. A second factor which has limited the ability of the Western Grain Stabilization Program to respond quickly is the fact that the Program operated and still operates on a calendar year basis. Under the existing Program, it is not possible to finalize pay-outs until October, ten months after the end of the stabilization year on December 31, since costs are obtained by survey made in June/July, after farmers have completed their previous year's accounts for tax purposes, and more time is required for computation of aggregate costs. Changing to a crop year will have the advantage of reducing the lag between the time when a farmer markets his crop and the time when calculation of whether there will be a stabilization pay-out for a year can be completed and a pay-out issued, if warranted.

Additionally, measurement of gross receipts on a crop-year basis would provide a closer relationship of receipts generated by the sale of a crop to the costs of producing that crop. With the amendment to change measurement of receipts to a crop year, it is expected that stabilization payments would be made within three to four months, that is October/November, after the end of the stabilization year on July 31, as opposed to ten months as has been the case up until now. Presumably computers make some of these improvements possible.

Mr. Gustafson: Also an election.

Mr. Pepin: Possibly a combination of the two.

The third change is necessary because producers have expressed concern that they are, as we just heard from a distinguished Member of the Opposition, locked into the program if they do not withdraw during the first three years. Indeed, although participation in the program is voluntary initially, it becomes compulsory after three years and this feature has limited producers' flexibility to decide whether the program was still meeting their individual needs. The Government has responded to many requests by proposing amendments that will permit some additional flexibility of participa-

tion. Producers will be given an option on the tenth anniversary of the Program—1976, consequently 1986—and each tenth year thereafter.

As a fourth amendment, the Government is also proposing to remove the restriction which prohibited participation by spouses if they were both members of a corporation, partnership or farm co-operative. This change will make the Western Grain Stabilization Program compatible with proposed amendments to other legislation currently before Parliament, one of them last week, the Prairie Grain Advance Payments Act. The net effect of this change will be an increased ability of producers to participate and some increase in producer and Government contributions to the Program. This change recognizes the importance of the family farm and the role played by both partners in a farm family.

● (1240)

It is clear that the Government is responding in a major way to changes in the grain industry and particularly in the financial situation of prairie grain producers. Without the proposed amendments to the program which are contained in Bill C-33, there would be no pay-out under the Western Grain Stabilization Act during 1984 for calendar year 1983. It is expected that a pay-out would have been triggered for the 1984 calendar year but it could be paid only in 1985 under the existing Western Grain Stabilization Act.

The Government has assessed other options for change which have been proposed and none of those other options increased the short-term responsiveness of the program while at the same time representing a significant long-term improvement to the Western Grain Stabilization Program. We must combine the short-term advantage with the long-term advantage. Some of the propositions that have been made offer short-term gains without longer term gains. This Bill purports to introduce a fine combination of the two. The proposed amendment to the additional pay-out triggering mechanism in Bill C-33 will result in total pay-outs over a several years period in an amount that would about double the pay-outs under the existing program over the same period, yet the Western Grain Stabilization Fund will remain actuarially sound with the proposed changes.

The Government has assessed the proposal put forth by the Standing Committee on Agriculture which is to use a three-year average of net cash flow as the support level. The Committee studied the inclusion of additional costs and particularly the costs of interest on machinery. In my notes there follow two or three pages dealing with this subject. I will not impose those pages on my hon. friends who are listening so gently and kindly because this subject would be easier to study with a map and with charts than to express in words.

Those two questions in particular are very, very complex. In both cases a great deal of calculating was done to determine the plan which would be most beneficial to producers. It is our belief that the plan being presented in the Bill is the best one for producers over the short and longer terms. However, I am sure Hon. Members will want to raise some questions regard-