made during the debate that the crop insurance programs now in operation in eight provinces do not offer insurance for all crops. Mr. Speaker, the crop insurance regulations list the following insurable crops: wheat, oats, barley, rye, flax seed, corn, buckwheat, soybeans, potatoes, sugar beets, tobacco, sunflower, rapeseed, mustard, apples, pears, peaches, plums, prunes, cherries, apricots, strawberries, grapes, tomatoes, spinach, broccoli, brussels sprouts, cauliflower, cabbage, peas, beans and forage.

Any other crops for which it is desired to develop an insurance plan can be added to this list by order in council amendment of the regulations. Therefore, it is only necessary for a province to present a plan for any crop which meets the requirements of the act, and we will be prepared to include the plan under the federal-provincial agreement. The initiative, however, for including additional crops under the provincially operated crop insurance programs must come from the provinces. As I said, my officials are prepared to assist in the development of new plans and are presently doing so in the regular course of their duties. In fact, we have recently offered to assume responsibility for necessary research for all new and continuing plans.

Some hon. members indicated that they were of the opinion the cost of crop insurance was a major reason for participation not having increased more than it has. Every discussion about crop insurance starts with the observation that the growing of agricultural crops in Canada is a very, very high risk business. And, of course, it is. The reason we have a Crop Insurance Act is that it was considered the cost of such protection would be too high for farmers to carry themselves. That is why today the federal government pays 25 per cent of the necessary premiums, and 50 per cent of the administrative costs in all provinces with which agreements have been completed. It is the reason the provinces pay the other half of the administrative costs. Ontario and Quebec also contribute to the premiums.

As a result, federal contributions cover about 31 per cent of the cost of providing insurance and provincial contributions provide another 15 per cent, so that farmers are only absorbing 54 per cent of the actual costs when they pay their premiums. The average premium, including the government's share, is about 7 per cent of the coverage provided, so that farmers' premium rates generally run at about 5½ per cent. Those of us who have purchased single risk hail insurance throughout the years have paid more than this for that very limited protection.

There has also been some criticism of the amount of coverage provided, particularly for grain crops in the Prairie provinces. There has been a suggestion that the historical yield data used to determine the level of guaranteed production has not provided a realistic basis for insurance in some areas. Certainly, it seems to me that if we are to guarantee production it must be on the basis of the productive capacity of the land as indicated by yields over a period of years. The number of years experience to be used is a matter for negotiation between the federal and the provincial governments, but I might say that we are very flexible on this matter, as is evidenced by the fact that the long-term average yields used to arrive at coverage vary from five to 25 years. In Saskatchewan, a recent study by the Saskatchewan Crop Insurance Administration indicated there was very little difference in the average yields calculated on a ten year basis from those calculated on a 25 year basis, and that in fact in many areas the 25 year average was higher.

Attention was drawn to the fact that the five year period 1965-69 being used to determine coverage for fruit crops in British Columbia contained two poor years, that is, 1965 and 1969, resulting in reduced guaranteed yields. This, of course, often is a factor when a very short period of years is used. However, the period used this year will drop off 1965 and add 1970, which will reflect increased production guarantees. While the original Crop Insurance Act provided that the maximum production guarantee for any crop was 60 per cent of the long-term average yield, we introduced amendments in 1966 which increased the maximum coverage available to 80 per cent of the long-term average yields. At that time, we also provided that if a province so wished, coverage could be calculated on the basis of an individual farmer's yield history rather than on area yields.

There has been a suggestion made that increased inputs into crop production should be reflected in higher guarantees under crop insurance. This is the prime reason we raised the upper limits to 80 per cent of average yields under the 1966 amendments. It will always be necessary, of course, to keep guarantees at levels which, while adequate to cover out of pocket costs of production, do not remove incentives to produce and harvest crops efficiently.

• (5:00 p.m.)

Much has been said during this debate about the Prairie Farm Assistance Act. For several years I have been receiving representations urging me to have this legislation repealed and, as has been mentioned, the task force report is very definite in this respect. However, I have taken the position that the western provinces should have time to make crop insurance available to all farmers, and for a wider variety of crops, before the act is eliminated. I appreciate very much the comments which have been made by those taking part in the debate, both for and against PFAA. I will keep these opinions in mind when a final policy decision is being made in this regard.

In closing, I wish to emphasize that the primary responsibility for crop insurance rests with the provinces. While we are supporting provincial programs in a substantial way, we have very limited authority to influence the type of programs offered. Every effort is being made to keep in close touch with provincial crop insurance agencies in order that we are constantly informed of insurance needs of farmers and to assist wherever possible in meeting those needs.

As is evidenced by the previous amendments to the act and regulations to increase federal contributions, increase coverage, make possible coverage on the basis of individual farm yields, provide reinsurance of provincial