

Prairie Grain Advance Payments Act

farmer at this time. But this does demonstrate, in the absence of any other stabilization program, why the cash advance system as it then existed was available to provide farmers on an interest free basis to tide the mover at least to a little extent in some of the very worst periods of 1969-70, which would have been infinitely worse if the advances had not been available.

Now, with a different form of stabilization, such as an outright payment to farmers in the difficult years when the amount of cash flowing is lower than the previous average, or the use of cash advances, which was never really intended at the beginning, will no longer be necessary. The bill, therefore, in my view brings the cash advance system in these respects back to the original intention of relating the advance in the initial period to a proportion of the income which the farmer expects to obtain from the sale of grain during the course of the year. These amounts will be set from year to year according to the best information available as we enter a crop year.

Another significant change being proposed in these amendments which, likewise in an important respect, brings the bill back to its original intention is one which indicates the requirement of interest to be paid by those farmers who use the cash advance legislation not as an advance on money for grain they will deliver later in the year but rather simply as a way to obtain an interest free advance because they are permit holders. The bill provides, therefore, by way of amendment that interest will be payable on only those cash advances taken by farmers who, instead of delivering grain as would have been expected because they had grain as security for their advance, pay the advance off in cash at some point in the year.

Two other changes in the bill deal with situations which have arisen in the past where farmers have been in special difficulty, and where the cash advance system can be used to avoid the difficulty of the moment. I refer to the clauses which would permit the extension of cash advances in the exceptional circumstances of the requirement of money for the drying of damp grain, as well as when there are climatic conditions over which no one has control and when the grain cannot be harvested as we go into the winter but remains on the farms under the snow in fairly harvestable position but not yet in the farmer's bins. In both cases, where required by the circumstances, it will be possible to extend the cash advance system to farmers along the lines of the extensions which have been legislated by the House in those circumstances in the past without going back to the House for such legislation. This will mean we may be able to act more expeditiously in such circumstances to meet the needs which themselves are frequently very significant and a burden when time is clearly of the essence. I, therefore, am pleased for these purposes to move that the bill be read a second time and referred to the committee.

Mr. Burton: Mr. Speaker, may I ask the minister a question before he resumes his seat?

The Acting Speaker (Mr. Richard): The minister has time remaining and may answer a question if he is prepared to do so.

[Mr. Lang.]

Mr. Burton: Mr. Speaker, I wanted to ask the minister a question concerning his reference to the charging of interest on cash advances where farmers simply repaid the extended cash advance in cash rather than by way of deductions from grain delivered. Has the minister taken into account the situation of farmers in various circumstances, such as that of a farmer who may attempt to grow registered or certified seed but who may not know until sometime after he has taken the grain off whether or not that grain will be acceptable as registered seed grain. Thus, the farmer may deliver his grain as straight commercial grain or he may eventually sell it as registered seed. In the meantime, however, he takes a cash advance. Is there any way in which the circumstances of such a farmer can be taken into account, and would such a measure not fall into conflict with the proposed sub-clause (2) of clause 5?

● (4:50 p.m.)

Mr. Lang: We certainly did give consideration to the sort of situation to which the hon. member and others referred, where the farmer may quite properly change his intentions in the course of the year in regard to the use of his grain, although he originally intended to deliver it. These situations are relatively rare, especially in circumstances when the farmer is left without deliverable grain on hand. I will be very glad to discuss with hon. members in the committee the detailed problems that arise in trying to cope with the specific situation, which ideally we should like to do.

The real balance to be drawn here is between ruling out any special treatment for those very special cases because of the difficulty of dealing with them in order not to create tremendous difficulties for the administrators, the Wheat Board, and the agents of the Wheat Board who have to administer the cash advances. I will be very glad to discuss possible solutions to that problem with hon. members in the committee, and to go over with them in detail the problems we see in the administration. I agree with the hon. member that in principle, if the administrative difficulties were not there, it would be useful to have a device for separating those who are in this legitimate position as compared with those who are really using the advance as an interest free loan without any intention of delivering the grain later. Intention is a difficult thing to determine, however, and that is part of our problem.

Mr. S. J. Korchinski (Mackenzie): I think that this legislation has perhaps been brought about by the changes in the quota system to some extent. I think also that the changes that have been proposed were a result of the government having reflected upon some of the changes that they had made in previous years, and realizing that they had been in error in the first instance. They realized that cash advance legislation was not functioning as it had been intended to function. I remember the debate on that particular occasion very well. It was pointed out at the time that the government was going to run into a snag in that no farmer could repay his loan in one year in view of the amount he could draw and the amount of grain that he could deliver. The original inten-