

He said: The bill before the House to amend the Prairie Grain Advance Payments Act is a further step in attempting to rationalize and improve the situation of the grains industry of this country. Over a period of recent months, we did a significant number of things to allow the farmer to put his remarkable efficiency to better use by improving the system which faced him and over which he had no control. Perhaps the most notable thing done which is related to this bill was the alteration in the quota system announced for next year by the Wheat Board, which was in part also in effect this year.

As a result of that change in the quota system, the ancient special bias toward wheat compared with other grains has been removed in order that the farmers' decisions about which grains to grow might be more directly related to market conditions and the conditions of their own farms rather than to special incentives, disincentives or other biases which might be put into the system by the government or agencies under its direction.

The amendments to the Prairie Grain Advance Payments Act are designed in part to do the same thing in relation to grain; that is to say, they are designed to remove the bias in favour of wheat which clearly existed in the cash advance system up to this time. That is done in the bill by changing from a fixed bushel amount, that is an equal bushel number for wheat, barley and oats, to numbers of bushels which will vary from grain to grain, reflecting as accurately as possible the likely delivery of those grains during an ensuing crop year.

The amount of advance on any particular grain will, therefore, be related to the delivery opportunities and the likely delivery value of the grain for that year. Under the existing law, the farmer is basically faced with a \$6 maximum per acre if he is obtaining his advance based on wheat, \$4.20 if he is taking his advance on barley, and even less for oats. Under the proposed formula, the amount per bushel which he may obtain by way of an advance will be related from year to year to the initial price for the various grains, so that the amount per bushel will vary as between wheat, barley and oats. However, the number of bushels will also vary. In the ordinary course of events, the delivery prospect for barley is significantly higher in bushels than wheat, and the number may in turn be significantly higher for oats.

The general provisions in terms of requirements of grain on hand and delivery will be maintained. The other main proposal by way of change relates to the assurance that in any normal year advances will be repaid in the year in which they are taken. The repayment amount for each of the grains will be set at a per bushel rate in the same amount as the advance, so that as delivery occurs during the course of the year the advance will be repaid. This will restore the cash advance system to its originally intended purpose. It will be available to farmers during those periods of time when delivery opportunities are limited or slow, in order that they may obtain cash, interest-free, when they require it by way of advances on delivery of grain later in the crop year.

Prairie Grain Advance Payments Act

• (4:40 p.m.)

The change which was made in the last set of amendments to the cash advance legislation was of notable importance to the prairie producer over this last difficult period. It did, in the course of the very worst year in a series of years, allow the prairie grain farmer to obtain by way of advance a very significant amount of cash, many millions of dollars. I believe the maximum figure reached in the course of the advances of a year ago was \$272 million, and this at a time when delivery opportunities were very limited because of total world marketing conditions. The farmer's position, therefore, at that time in terms of cash from grain sales was at its very worst.

That accumulating cash advance situation, of course, could not be allowed to go on very long. Indeed, I believe it is fair to say farmers themselves were wary of the growing total of advances in their hands and recognized the need to bring the amount back down into repayable ranges. In the course of this year, because of the very significantly increased exports of grain, cash advances are being reduced significantly so that at the present time something between \$90 million and \$95 million is outstanding in advances compared to a much higher figure a year ago.

Mr. Horner: In the hands of how many farmers?

Mr. Lang: I do not have the figure in front of me, although I am sure I can turn to it in a moment. The cash advances, therefore, with the rate at present at \$1 for wheat with repayment at half the initial price, did serve a purpose in that period when no other stabilization system existed and when therefore there was really only this alternative within the system for attempting to even out the very low points in a producer's grain income. It was the rather undesirable means of bringing more grain into the system, more than was required for any commercial reason, which therefore would be in the system at the expense of the total income of the grain industry. The cash advance system at least was a far more sensible system of getting cash into the farmer's hands, although it was there in their hands in the form of a loan. The loan aspect, of course, was of some concern to the farmers.

The hon. member for Crowfoot (Mr. Horner) asked how many farmers held advances. As of April 23, the last report I have in front of me, a total of 51,285 advances had been issued in the 1970-71 crop year for a total of \$90,605,350 for that year. At that point of time, on April 23, the total of the advances outstanding for that year and the previous year was \$95,845,992. In the approximately comparable period of April 24, 1970, a similar report would have shown 121,092 advances having been made for the crop year 1969-70 for a total of advances of \$270,754,372. The total amount of advances outstanding on that date, April 24, 1970, was \$228,291,024, a difference of \$130 odd million in the two years. It is true that repayment had to come out of this year's income that is one of the very important cash factors facing the grain