[*Translation*]

**The Acting Speaker (Mr. Herbert):** It being 1:04 p.m., I do now leave the chair until two o'clock.

At 1:04 p.m. the House took recess.

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## AFTER RECESS

The House resumed at 2 p.m.

## PRAIRIE GRAIN ADVANCE PAYMENTS ACT

AMENDMENT TO INCREASE MAXIMUM AMOUNT OF ADVANCE

**Hon. Jean-Luc Pepin (Minister for External Relations)** moved, for the Minister of Transport, that Bill C-23, an Act to amend the Prairie Grain Advance Payments Act, be read the second time and referred to the Standing Committee on Agriculture.

He said: Mr. Speaker, it is a great pleasure for me to read these notes on behalf of the Minister of Transport (Mr. Axworthy) and to be associated once again with the advancement of the interests of farmers in Western Canada.

[*English*]

The Prairie Grain Advance Payments Act was introduced in 1957 as a way to provide—

**Mr. Mazankowski:** Under a Diefenbaker administration.

**Mr. Pepin:** Yes, under a Diefenbaker regime. I cannot do anything about dates.

The Prairie Grain Advance Payments Act was introduced in 1957 as a way to provide grain producers with much needed cash in the form of interest-free advances on Canadian Wheat Board initial payments when quota delivery opportunities are restricted and grain must be stored on the farm. During the first few months of each crop year, there is a large amount of grain ready for delivery to country elevators. Due to market conditions and particularly the need to ensure an orderly flow of grain throughout the year, the Wheat Board must restrict delivery opportunities at that time. Since cash requirements during harvesting are relatively high, producers have been provided by the advance payments program with a means of maintaining cash flow without having to resort to taking bank loans at commercial rates.

● (1410)

The program is very much a productive investment, as it gives producers confidence to continue production at satisfactory levels despite short-term negative markets and delivery considerations. This confidence, in turn, has positive implications for long-term export targets, price stability, the cost of other federal grain support programs, and for the prairie economy as a whole.

*Advance Payments*

The amount of the advance is calculated on the basis of per acre quota rates and per tonne payment rates. The rates are set by the Governor in Council at the beginning of each crop year. There is also a maximum limit for any advance, currently set at $15,000 for an individual; $30,000 for a multi-farmer unit—corporation, partnership or co-operative—involving two participants; and $45,000 for a multi-farmer unit involving three or more participants. This procedure ensures that the advance is of a size capable of being retired by the end of the crop year, through deductions from producer receipts at delivery. The word "advance" is made clear. But it is not supposed to be a long-term payment. It is a short-term payment because the recovery must be within the same year. Thus the objective of providing short-term cash requirements is met.

Why are we here today? We are here because we would like to make three amendments to the Act.

**Mr. Forrestall:** That is a good reason.

**Mr. Pepin:** That is the obvious reason. If we were not to make changes, we would not be here. We would simply be implementing the law as it exists.

In order to be successful, programs such as this must evolve to meet the changing circumstances and the changing needs of those whom it serves. The proposed amendments would ensure the continued success of the advance payments program well into the future.

Since the last amendments to the maximum levels of advance payments in 1975—and that was due under a Liberal regime—there has been a clear trend to larger farm operations. I have three separate statistics to demonstrate that. One is the number of permit book holders. That number has dropped from 155,693 in 1975-76 to 143,588 in 1982-83. That is a decrease of 7.8 per cent.

**Mr. Mazankowski:** What is your source?

**Mr. Pepin:** I do not have a footnote, but I will find out.

The total acreage has risen from 108,043,460 acres in 1975-76 to 110,547,588 acres in 1982-83. That is an increase of 2.3 per cent. The average size of farms, in acres, has risen significantly. The average size in 1975-76 was 694 acres. The average size in 1982-83 was 770 acres. That represents an increase of 10.9 per cent. These are figures which my hon. friend from Vegreville (Mr. Mazankowski) will remember. They were mentioned, at least in conceptual form, in the debate on the western transportation system.

The average size of farm operations has increased and, therefore, larger producers are subject to correspondingly higher cash requirements and financial risk. If they have bigger operations, they obviously require more cash and their risk is higher. Therefore, the Government is proposing that the limits on payments be doubled to $30,000 for individual producers, from $15,000; to $60,000 for multi-farmer units with two participants; and to $90,000 for multi-farmer units with three or more participants. In addition, the maximum advance for drying damp or tough grain would be raised from