

bushel of wheat, or 50 cents on the dollar. He got a cash advance that was repaid at the rate of half of the value of the wheat he sold, and such a scheme was quite feasible. The farmer did not sink himself further and further into debt and if grain deliveries were at their relatively normal position he was able to repay his cash advance at the end of the year.

● (9:10 p.m.)

However, three years ago we found great changes taking place in respect of cash advance legislation. The government was then warned this would drive farmers further into debt and they would find it very difficult to repay the cash advances they had taken on their grain. You might well ask why this was so. Two things were done three years ago. The amount loaned to the farmer on his grain as security was doubled, and the rate of repayment was left the same. One can readily understand how this would put the farmers in a position of being unable to repay unless deliveries doubled. This was the only thing which would give them a chance to repay cash advances: deliveries had to double, and that has not been the case. In fact, deliveries have been lower than normal in the last few years. I refer to wheat. What is the story? It can be found in committee proceedings No. 51, at page 17. I asked a question of the representative of the Canadian Wheat Board and Mr. Earl replied:

In the current crop year which is perhaps not too good an example, Mr. Horner, there are 46,675 outstanding accounts.

I should like to emphasize that figure—46,675 outstanding accounts. I am not sure that members of this House are fully aware of the number of permit holders in the three prairie provinces. There are just less than 200,000. This gives you some concept of the number of outstanding accounts at the time of this committee hearing. This 46,000 represents something like 25 per cent of the farmers engaged in the growing of grain. Mr. Earl went on to say:

It was 46,675. A better example, perhaps, would be the last crop year, the one that ended on July 31, 1970. There were 40,044.

This gives one a concept of the importance of the legislation now before us. It involves 25 per cent of the permit holders who find it physically impossible to repay the cash advances they received. The initial concept of the cash advance legislation was to make cash available to farmers actively engaged in the growing of wheat, interest-free. I emphasize the words "interest-free". This was the concept in 1957 and again in 1968 when the act was amended. However, Bill C-239 changes all that. There will not be an interest charge on all accounts in default. We have 46,675 outstanding accounts at this moment, but they are not necessarily all in default. At page 17 the evidence continued, following my question:

When you say "outstanding", do you mean loans that have been made that maybe are not due yet or are due?

MR. EARL: They are due, but as you mentioned a little earlier, the repayment schedule got out of whack—

Prairie Grain Advance Payments Act

That is a complete admission by the Canadian Wheat Board that a repayment schedule got out of whack with the rate of advance. Mr. Earl went on to say:

The effect of that was that it caused us a problem inasmuch as we had some difficulty putting the provisions in the statute into effect—

MR. HORNER: Because the farmer could not deliver enough.

MR. EARL: That is right and we did not have a sufficient quota level that would permit him to discharge his advance. However, within the authority under the statute we in essence waived the default proceedings and simply let the accounts run.

What I am saying is very pertinent, because we have 46,000 cash advance payments due and they have waived the default proceedings. The next question is: When do they cease to waive the default proceedings? The explanation in that regard can be found in committee proceedings No. 53, at page 78. This was after a long series of questions by the hon. member for Mackenzie (Mr. Korchinski) and the hon. member for Saskatoon-Biggar (Mr. Gleave). The hon. member said:

Mr. Chairman, it seems to me that this at best is superfluous and I do not think it is legally very good, because with that amendment it would simply read that: "in the opinion of the board", that is, maybe I should read the whole thing:

"(a) within twenty days after the date on which the board mails or delivers or causes to be mailed or delivered a written notice to him—

That is the producer:

"—stating that he has, in the opinion of the board, had adequate opportunity to discharge his undertaking—and requesting him to discharge his undertaking by delivery of grain to the board or otherwise"—

I could perhaps find a clearer passage in the committee proceedings, but it is clearly stated that within 20 days when the board feels the producer has had ample opportunity to discharge his undertaking these accounts are due and are then in default. That is when the interest rate applies. Now we get to the crux of my amendment. I pointed out vividly that when the legislation came into being it was intended to help farmers suffering a severe cash shortage but with grain on the farms. In the initial instance cash advances were made interest free. Through no fault of the farmers the government put the repayment schedule out of whack. That is admitted clearly and simply by Mr. Earl, a spokesman of the Canadian Wheat Board, when he stated on the page from which I quoted that the repayment schedule got out of whack.

We now have 46,675 accounts due. Within 20 days' notice by the Canadian Wheat Board every one of those accounts would be in default. I do not suggest they will be, but they could be. Then the government would immediately charge interest. What interest rate should be charged? Let me emphasize that when this legislation was brought in there was no interest but the farmer was driven into debt and put into a position where he could not repay, through no fault of his own. This occurred when the repayment schedule was changed with the adjustment in 1968.

What interest rate is the cruel, mean government going to levy? Is it going to levy all the market will bear? I would hope not. Section 13 of the act says that in pre-