

*Government Orders*

referred to as far as bringing stability to the international grain market.

**The Chairman:** Shall Clause 1 carry?

**Some hon. members:** Agreed.

Clause 1 agreed to.

**The Chairman:** Shall Clause 2 carry?

On Clause 2--*Deductions from Receipts*

**Mr. Maurice Foster (Algoma):** Mr. Chairman, as I read clause 2, section 33, this will provide authority for the Canadian Wheat Board to close its pool accounts each year and distribute the final payments to producers prior to repayment of the principle and interest owing by the purchasing country.

Does this in any way change the existing arrangement where it was strictly a letter of comfort from the minister, where there was actually no legal authority for the loan guarantee or the parliamentary authority? It seems to me that this is a very crucial part of the whole arrangement for this Bill C-23.

Could the minister comment on that.

**Hon. Charles Mayer (Minister of Western Economic Diversification and Minister of State (Grains and Oilseeds)):** Mr. Chairman, the amendments to section 33 are in one sense connected and in another sense not connected to the letter of comfort. The Auditor General simply said in paragraph 3(12) of his 1990 annual report that the board's practice is to make final payments on sales made during the pooling period or the crop year regardless of whether the grain is sold on credit. His concern was that if the grain had been sold on credit and the credit had not been repaid, there was some question as to the legality for the board to make that sale. All we are doing is amending section 33 to say that once the credit has been provided and the board has made the sale and all the conditions of the sale have been met, including acceptance of the credit provisions and the terms have been agreed to, that the board is then in a position to go ahead and make final payments out of the pool.

• (1550)

This in no way changes the pooling system or the pooling practice. It just satisfies the Auditor General that we are in a position of being able to administer this

section with a better legal foundation and better authority from the House of Commons.

**Mr. Foster:** In this arrangement, the credit that the Canadian Wheat Board operates under is charged to the producer up until the moment of the sale. Once the sale takes place, if the whole thing is a credit arrangement, then the credit of the sale from that point forward is charged to the purchasing company or the purchasing government.

Regardless of where the credit is being charged, whether it is being charged back to the producer or being charged to the purchaser, the pool is closed and the funds distributed among the producers in proportion to what they have produced. Is that right?

**Mr. Mayer:** Mr. Chairman, let us just take a hypothetical case. The board has arrived at a price with a customer and they have agreed on the amount of grain and where it is going to be delivered and the customer needs some credit.

The board then goes to the banks, credit unions, trust companies and issues its own paper in order to raise those funds. It does not ask the country or the customer to raise the funds. The board itself borrows the money so that the board can repay the producer for his grain. I hope the hon. member understands me.

There is no question of money not being available to the producer. This amendment provides for a little firmer legal basis for the board to continue the present practice. So it is not a question of any money either going or not going to the producer. It is just a question of having a better legal basis under which to continue present practices.

The Auditor General was concerned that when the board went to banks or to the market to raise money, which it can do now, there was some question as to whether the final payment could be made when payment in full by the customer had not been made.

What we are saying is that as long as the credit is there and the banks have advanced the money to the board to pay the producers and those credit arrangements are in place, the board has a better legal basis on which to operate and continue the present practice.

**Mr. Foster:** Mr. Chairman, I have one short question. Because the cost of the debt is spiralling up by \$300 million a year so that it is now at \$4.6 billion, there must