

the Prairie Farm Assistance Act has been a very useful piece of legislation. It has been almost social legislation in that it has helped small producers and small farmers to keep going for another year. I know of a considerable number of small farmers who have benefited from PFAA. I do not know what program, if any, the government intends to put forward in place of PFAA but I would like to remind the minister that the grain stabilization program does not in any way assist small producers who experience a crop failure. This program has not always been favoured by the large and efficient producers but it has assisted small farm units to stay viable and it has kept families on the farm for another year.

Now I would like to make a few comments on the bill itself. I should like to say a few words on the setting of interest rates. The bill mentions that the prescribed interest rate is to be set by the cabinet. I hope that the interest rate on advance payments will not be any greater than the interest rate on farm improvement loans. I am afraid that the interest rate on cash advances may be increased to such an extent that it would become a hardship to the individual producer taking out an advance payment, particularly at a time when he may be in difficulty.

There are plenty of precedents for the setting of a maximum interest rate and I am sure it could be worked out satisfactorily. My suggestion is that the interest rate on cash payments should be no higher than at present, and lower if possible, because we are dealing with an individual who is taking a cash advance at a time when he is in financial difficulty.

Turning now to the matter of repayment, it seems to me that an attempt is made to close a gap that should not be closed. I am referring to a farmer repaying a cash advance which was taken out on another product, for instance cash from the sale of cattle, or hogs or of other products, the interest on which he would have to pay from the day he took out the cash advance. I think this provision indicates that the government is overzealous. I think that the producer who thought he would not be able to deliver his grain and turned his attention to a feeding program should receive the benefit of the doubt.

I would point out to the minister that a producer could well get around this provision by horse-trading with a neighbour and suggesting to him that in order to avoid paying the interest he would borrow barley. They would then split the interest, and although each of them would be out by a small amount the government would not recover anything. I think this provision lends itself to manipulation and it does not make for good business. We have to assume that those who take cash advances do so in good faith and will be reasonably honest in fulfilling their commitments.

I also think that the interest rate should not be charged from the day the cash advance is made, but from the day the farmer is declared in default. It is only fair that this should be so. It seems unfortunate that when a farmer is in default, interest must be paid from the day when the cash advance was made. Most people who are in default are in this situation not through any fault of their own

#### *Prairie Grain Advance Payments Act*

but because they guessed wrongly and are genuinely poor business people. They are not in default because of some illegal transaction. Therefore, I strongly urge the minister that the legislation be reconsidered so that interest is charged when an individual is declared in default.

The formula on which advance payments will be estimated seems to be quite complicated and presents some difficulties. I will be glad to hear what the minister has to say about this in committee. So far as the Wheat Board is concerned, presumably by August 1 they will have to estimate how many bushels of grain they expect to sell. Then they will have to estimate the number of acres that will be designated by the producers and, finally, according to my interpretation of the legislation, they will have to estimate the grade which will contain the largest number of bushels and which they will be able to sell. But turning to the individual producer, Mr. Speaker, presumably by August 1 he will be able to apply for a cash advance based on his own designated acres. However, it would appear that during the ensuing fall, as I understand the quota system, the suggestion is that a farmer will be able to redesignate his acres, partly on the basis of what he has grown that year, how his crop has turned out, and presumably also on what basis he hopes the particular grain will move.

• (4:50 p.m.)

I can see some difficulties for a producer in not being able to supply the grain required that he has designated, if for instance he took a cash advance on his permit book as designated on August 1 and yet in October he had a chance to redesignate his acres. As a result, it might be hard for him to deliver the grain. Individual producers may find themselves in an unenviable, almost impossible situation in having their advances repaid by the end of the current crop year.

Like other hon. members who have had experience with the Lift program, I would not say that operation Lift as conceived, particularly so far as the regulations were concerned, was an unqualified success. I think history will show it was of less value than other programs which might have been introduced. All hon. members have had cases brought to their attention where the regulations seemed to work a hardship even upon the farmer who had studied the matter carefully, planned his acres in 1970 in order to get the benefit of the program and yet found himself unable to realize the benefit because of the regulations.

I urge the minister to supply each individual taking a cash advance with a booklet or folder, written in layman's language, giving an explanation of the regulations and the law. I do not think it is enough that the elevator agent be the one who is in charge of the regulations on a local level, or the agricultural representatives, because even they became confused about the meaning of some of the Lift regulations. This at least would give the farmer something to hang his hat on. It would give the individual farmer a chance to make sure that he would not be caught-out contravening the regulations.