to commit funds, not only under the Fisheries Improvement Loans Act but other government guaranteed lending programs.

Accordingly changes have recently been introduced in the Canada Student Loans Act, the Farm Improvement Loans Act and the Small Businesses Loans Act to make the maximum rate of interest prescribable from time to time by the Governor in Council. One of the proposed amendments to the Fisheries Improvement Loans Act will remove the 5 per cent rate of interest from the act and, using a formula to be described in regulations, authorize the Governor in Council to prescribe a rate of interest. This will cause in the maximum rate of interest to be adjusted periodically thereby reflecting changes in levels of interest rates generally.

I should like to make reference, in order to describe this rate a little more fully, to a recent order in Council, which is P.C. 1968-2098. Speaking to the Farm Improvement Loans Act, the following appears:

—the rate of interest per annum payable to a bank in respect of a guaranteed farm improvement loan made on or after the coming into force of this section is the aggregate of one per cent per annum and the base rate calculated pursuant to subsection (2)—

That is, one percent over and above the government borrowing rate. Subsection (2) reads:

The base rate for each interest period should be equal to the simple arithmetic mean of the Wednesday closing mid-market yields for all Wednesdays in the averaging period immediately preceding the interest period as computed from the yields as published by the Bank of Canada on all Government of Canada bonds payable in Canadian currency and due to mature,—

(b) where the loan is made for any other purpose, in one to ten years,—

In simple words, the rate of interest to be charged over a period of months under this legislation must not exceed the long term borrowing rate of the government of Canada, experienced in a recent substantial period of time, by more than one per cent. I would expect that had the Fisheries Improvement Loans Act incorporating the amendments contained in Bill C-151 been in effect in recent months, the long term borrowing rate of the government of Canada would be of the order of 6½ per cent, and the maximum rate chargeable by these lending institutions to fishermen would have been 7½ per cent. I mention these figures for illustrative purposes only.

As I said before, chartered banks and designated credit unions are currently eligible lenders under this legislation. Another amendment will enable the Minister of Finance to designate trust companies, mortgage loan companies and insurance companies as eligible lenders. In other words, we expect the numbers and variety of lenders to increase as a result of the provisions of Bill C-151. This change parallels amendments made recently to the Farm Improvement Loans Act, whereby these categories of lender were declared eligible. It is hoped that this amendment will encourage these new categories of lender to participate over a time in this lending program.

The third amendment deals with the limitation of the aggregate amount of loans subject to the minister's guarantee. In other words, the total amount of money lent to fishermen will increase, and therefore the obligation of the Minister of Finance will accordingly increase. Currently this limitation is 15 per cent of the first $500,000 of loans made by a lender and 10 per cent on the aggregate amount in excess of this amount. The proposed amendment will extend the guarantee to 90 per cent of the aggregate amount of the first $125,000 of loans, 50 per cent of the aggregate amount of loans between $125,000 and $250,000, and 10 per cent of the amount of loans made in excess of $250,000. This provision will provide greater coverage to small volume lenders and, hopefully, provide greater incentives for them to participate in this program.

• (8:20 p.m.)

I wish to say also that the experience so far with the Fisheries Improvement Loans Act has been reassuring. The losses under this program have amounted to a fraction of 1 per cent and therefore the fishermen appear to be, on this record to date, very good risks indeed.

Before sitting down I should like to summarize the financial data relating to operations of the act to date. I am referring to the period since 1955, during which banks made loans under this legislation. As I said before, more than $6 million has been lent under this legislation, over half that amount or approximately $3.6 million going to fishermen in British Columbia. In part this may be because the provincial governments in the Atlantic provinces have set up credit institutions to lend money to fishermen, whereas in British Columbia that is not the case. The average loan in recent years has been about $4,500, roughly twice as much as the average loan made under the Farm Improvement Loans