● (1230)

GOVERNMENT ORDERS

[*English*]

FARM IMPROVEMENT LOANS ACT

DEFINITION OF "MINISTER"—INCREASE IN PRINCIPAL AMOUNT OF LOANS

Hon. E. F. Whelan moved that Bill C-27, to amend the Farm Improvement Loans Act, be read the second time and referred to the Standing Committee on Agriculture.

He said: Madam Speaker, today I ask this House for its support of Bill C-27, to amend the Farm Improvement Loans Act. Basically there are two amendments proposed. First, we want to renew the program for another three years. Since it was introduced in 1945 the program has been extended several times, usually at three-year intervals. These many extensions testify to the continuing need for this program.

The second amendment is for an increase in the total amount a farmer can borrow under the program. The maximum was raised to $50,000 in 1974 and to $75,000 in 1977. Now we feel that rising costs for farm machinery and equipment, land and other items have gone to the point where the maximum should be at least $100,000.

For many farmers this increase in the maximum allows them to make the kinds of improvements the act was designed to facilitate. We are talking here about the purchase of agricultural implements, machinery and equipment; the purchase of livestock including poultry, beef stock and fur-bearing animals; the installation of farm electrical equipment, things like bulk milk tanks, grain handling systems, barn cleaners, construction or repair of farm buildings, other improvements such as irrigation systems, drainage and fencing; and the purchase of additional land. We are talking about the kinds of things that make a farm run.

Farmers who qualify for loans under the act make their own credit arrangements through chartered banks or other lending institutions that are approved by the government. The federal government's role in the transaction is to guarantee the bank or lending institution against losses it may sustain. Under the act the maximum interest rates on farm improvement loans are based on the chartered banks' prime lending rate plus 1 per cent.

However, I should point out that the lender is obliged to make sure the loan is secure and that normal banking discretion is used in issuing the loan. For that reason and because farmers are about the best credit risks around, the farm improvement loans program does not wind up costing the federal government very much in actual cash outlay. In 1977 the net cost to the government was less than $190,000. It rose to $289,000 in 1978, and last year the net cost was $222,000. Compare that with the actual amounts loaned out under the program during those three years; hundreds of millions of dollars were actually loaned. Last year $262 millions was loaned. In all, since 1945 something like $4.3 billion has been loaned out under the program.

We can make a comparison of loss ratio. For instance, in 1979 when $262 million was loaned, the net cost to the government against the amounts loaned out was running at .14 per cent, not even a quarter of 1 per cent. In 1977 the rate was .13 per cent, and in 1978 it was .13 per cent. We hear much about how bad 1979 was, but in 1979 the loss ratio was the lowest ever, .08 per cent. Over 22,000 farmers took advantage of that program.

The extra production that the program generates means more food for Canadians, our trading partners and those who receive food aid shipments from us. I am not pretending that this program is single handedly responsible for big increases in food production, but it is one of the many things the federal government is doing to bring greater stability to the farming sector.

I am sure we are all aware that many other programs are available to farm people under the federal system. We have the Farm Credit Act, the Farm Syndicates Credit Act and the Farm Improvement Loans Act which I am talking about at the present time. However, when we look at the other programs that the provinces have, we can look at a food-producing province like Alberta, for instance, see the number of different loan programs and subsidized interest rates there are, and we cannot help but be impressed. For instance, direct farm loans in Alberta are available for any agricultural purpose to producers unable to obtain long-term credit from other sources. The suggested maximum is $150,000 with a 30-year repayment, and 20 per cent equity is required. There are also special direct loans for disaster assistance and financial restructuring.

In the year 1979-80, $60 million was loaned under that program.

Mr. Baker (Nepean-Carleton): Which one is that?

Mr. Whelan: That is Alberta. Every province but one has some kind of program such as this or somewhat similar to this, but many of them are much different. There is such a hodgepodge of lending programs that it is really difficult to say that there are no funds available to farmers who do not have some special subsidization program. It is difficult for me, when I am trying to work out programs for the good of the national interest, when I find the inequity which is in the different programs which in some instances top load our federal programs, subsidize the interest rates we set or subsidize the provincial interest rates for provincial producers.

I have a table of all these programs. If it would be of interest to the House, I would ask that it be appended to the proceedings of the day, if that would be possible.

Mr. Knowles: Does the minister mean *Hansard?*

The Acting Speaker (Mr. Ethier): Is that agreed by all hon. members?

Mr. Baker (Nepean-Carleton): Mr. Speaker, if the hon. gentleman is offering to table those programs, we certainly would agree to that. I think it would be very helpful.