

Fisheries Improvement Loans Act

It is not easy for fishermen to maintain an independent status, particularly when it comes to paying out thousands of dollars to purchase a new boat or modify an existing one to keep up with technological advances. The danger here is that if the fisherman is unable to raise the necessary funds on his own, the processing companies move into the picture. And if the fisherman gets locked into the position of having his boat mortgaged to a processing company, he is in such a poor position to bargain over prices for the fish he has to sell.

So the Fisheries Improvement Loans Program is one avenue the fisherman can take when looking for financing to enable him to maintain his independence. It is also increasingly popular with fishermen, particularly on the west coast, where there is no provincial loan board. It is also increasingly important in the Atlantic provinces, and I expect it will become more valuable to fishermen because of rising prices. I might add that fishermen are a good credit risk. The loss ratio of this program since its inception has been less than three-quarters of 1 per cent.

● (1610)

May I also emphasize that this approach of providing credit to fishermen is very much in accordance with current fisheries policy as outlined in the Speech from the Throne. There is a great deal of support for this program. The provinces are familiar with it and have indicated their approval for its continuing existence. I am sure hon. members recognize its importance to the fishermen of this country, and I believe they will willingly endorse Bill C-28.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome this opportunity to speak on Bill C-28. As the minister has stated in his brief remarks, it is really a housekeeping bill, but I submit that its introduction is long over due. I say this because the bill, in its explanatory notes, states that at present a guaranteed loan cannot exceed \$75,000 repayable in ten years, whereas the amendments permit a loan of \$150,000 repayable over a period of 15 years.

Naturally this measure will be helpful, and I can assure the minister that we on this side intend to support it even though we feel that, once again, it is too little and too late to help the fishing industry in the manner in which it should be helped. There is nothing, in my view, which demonstrates more to those of us who come from Atlantic Canada or, indeed, from other fishing areas whether in central or in western Canada, the complete lack of knowledge and the disregard the government shows in its approach to the problems of the fishing industry.

Here we have a government which has been in power for some 12 years, with the brief exception of the period in which my party was in office. There can be no question, in the light of the facts which have been revealed during the debate on Bill C-30, that the 12 years under the Liberals have been a period of spend, spend, spend, accompanied by deficits, deficits, deficits. It took \$10 billion to run this country in 1978. In 1980 it cost \$60 billion, and of this amount almost \$15 billion will have to be borrowed in order to cover the deficit. This type of

fiscal mismanagement has created horrendous inflation which has affected every phase of industry from the Atlantic to the Pacific, and the fishing industry is no exception.

Both fishermen and processors today are hurting, and hurting badly. Conditions may not yet have reached the crisis stage, but the troubles in the eastern Atlantic ground fishing industry arise less from marketing difficulties than from the general cost-price squeeze. As processing costs grow, the profit margin is narrowed.

The cost of almost everything has skyrocketed. Workmen's compensation, chlorine, salt, transport, communications, insurance, capital costs, cutting tables, cutting knives, electricity and fuel oil, along with fish prices and labour—the list is endless. Trawl doors, for example, have gone up lately by 68 per cent, and net sections by 40 per cent. In 1975 an average trawler refit cost approximately \$165,000. Last year a refit of a trawler of the same size cost in excess of \$400,000. Passing on these increased costs to buyers has brought a reaction which I can tell this House is not too favourable.

All companies, large and small, have to borrow money to buy fish, to build boats. The present high interest rates are compounding their burden. In some cases fish dealers, reluctant to face higher interest charges, are lowering their inventories thus forcing the processors to hold fish in storage for longer periods. Last year, for example, many Atlantic based companies found themselves forced to hold much of their summer and autumn production through the winter into the spring.

To add to those problems, the industry is facing uncertainty due to present federal policies as they apply to the inshore, the midwater, and the offshore fleet. Unfortunately, the bill before us does very little to minimize these problems.

It is true the government guarantees payment to any lender in respect of any loss sustained if the loan was made under the terms of the act during the period from July 1, 1980 to June 30, 1983, and that it is setting a ceiling of something like \$250 million, I think the minister stated, which would be used to guarantee all loans. The minister nods his head in agreement. I cannot put that nod on the record but I am glad to have his assent. However, I say to you, Madam Speaker, and thus, through you, to the minister, that there is nothing in the bill which states that a bank manager is obliged to accept any or all of the applications made under this legislation. For this reason the government can have no idea how many loans the banks may have declined to make.

If the principle behind the loans is not being properly exercised by the banks, the government would not necessarily know what is going on under the provisions of this act. For example, if a bank manager in any community in my constituency of South Shore were to state that in no circumstances could he make a loan to a fisherman under the terms of this act because of the difference which exists between interest rates on the free market and interest rates under the government's guarantee, how does the government know how many loans are thus refused, or the types of loans which are refused,