

*Government Orders*

• (1705)

This proposal complements the current study being undertaken by the Liberal government in its effort to downsize government programs and departments. The Liberal study is based on six questions that each department asks itself.

The questions are: Does the program or activity continue to serve the public interest? Is there a legitimate and necessary role for government in this program or activity? Is the current role of the federal government appropriate, or is the program a candidate for realignment with the provinces? What activities or programs could or should be transferred in whole or in part to the private or volunteer sector? If the program or activity continues, how can its efficiency be improved? Lastly, is the result and package of programs and activities affordable within the fiscal constraint and if not, what programs or activities would be abandoned?

By thinking hard about these matters now we can help lead the way to a sound future for the agri-food industry. This proposal forms a theoretical basis for examining how agri-food programs currently in existence at both levels of government and in the industry could be reformed, removed or reassigned. As such, it is a prerequisite step for proposals we would make about federal budget cuts, savings and expenditures.

Mr. Speaker, I am afraid I will not be able to continue my speech as I cannot get a word out of my voice. I would just like to ask the Chair if I can take my leave right now.

**The Deputy Speaker:** Certainly. Would somebody wish to carry on and give the speech for the hon. member?

**Mr. Kerpan:** Mr. Speaker, if it is all right, I would just defer at this point in time.

**The Deputy Speaker:** Does that mean nobody wishes to speak on behalf of the Reform Party at this point in the debate?

**Mr. Kerpan:** Mr. Speaker, maybe we could move on to the next speaker and that will be fine.

**Mr. Alex Shepherd (Durham, Lib.):** Mr. Speaker, I am very happy to participate in the debate on third reading of Bill C-49, an act to establish the Department of Agriculture and Agri-Food.

Our farm community has many concerns today. I used to farm. I was not a full time farmer. I was a part time farmer but I certainly realized very shortly that farming is a lot of hard work and not a lot of money.

I would like to deal with two concerns that our farm community has today and possibly address how our government is dealing with them. They deal with general financing and also with intergenerational transfers and farm properties.

In my riding agriculture is a very significant enterprise where gross agricultural production is second only to General Motors. From Bowmanville to Orono to Port Perry and Uxbridge farm-

ing is a major way of life. It is a community that has developed over 100 years of agricultural background. One thing I have noticed is that our farm community is aging. The average age of the Canadian farmer is about 54 years.

I have spoken in this House and in committees about the need for small business to seek access to new forms of capital. Indeed, the industry committee which I sat on has just put out a report on access for growing small business. All too often we forget that farms are small businesses as well and they have significant problems in dealing with their banks. When I was farming every spare dollar I had went back into the farm, into equipment and new buildings. As a consequence, farmers have very little cash flow.

• (1710)

Over this last break I had the opportunity to talk with some of the local bank managers. Many of my constituents who are farmers have expressed the major concern that they are having a hard time dealing with their banking enterprises. These are not people who started farming overnight; they have had long term credit ratings with their banks, possibly 15 or 20 years. I talked to some of the managers. One of them commented that the banks no longer want to make evergreen loans. I had never heard that expression before so I asked him to explain. He told me that an evergreen loan is one the banks consider never gets repaid. I suppose the analogy is that evergreen trees never shed their needles; similarly the banks do not want to make loans they think will not be repaid.

Quite frankly, I thought that to be rather preposterous. I can remember not too many years ago that the last thing a bank wanted to do was have its loans repaid, because obviously once forming a good credit relationship with a farming enterprise it went on for decades and decades. A relationship was formed with these people.

Farmers need to finance numerous things on the farm. The two basic ones however are the financing of livestock inventory and the financing of next year's crops. Like any other small and medium sized business, as it grows it continually needs that degree of financing. By definition, it is not money that is paid off every year. In fact in a sense it becomes a fixed asset or liability of the farm. It becomes what we used to call a hard core loan, something that is there all the time; the farmer pays his interest on it and the banks make their profits on it and everybody is happy.

We have discovered that the banks have changed their attitude to all kinds of sectors of small and medium sized businesses. Farmers are feeling this very hard pinch as well. The banks are saying they want their loans paid off. They have also become a little different; they are now brokers of money as opposed to bankers. That means every time someone wants to borrow money the banks will charge a fee. They charge all kinds of setup fees.