PRIVATE MEMBERS' MOTIONS

[*English*]

FARM CREDIT ACT

SUGGESTED INCENTIVES FOR YOUNG FARMERS

Mr. Stan Schellenberger (Wetaskiwin) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Farm Credit Act to provide incentives to young farmers to enter or to continue in the farm industry and, to this end, should consider providing such incentives as partial non-repayment of loans where young farmers meet performance standards, a maximum 5% interest rate, deferred interest payments during an initial period, and open-end loans that will allow additional borrowing without refinancing charges.

He said: Madam Speaker, this afternoon in the brief time allotted me I should like to give the reasons why I feel the four proposals included in my motion should be included in the proposed amendments to the Farm Credit Act. This would dearly help the young farmer today who is faced with many problems in getting established in agriculture; it would help that young farmer to find his way through the difficulties of financing a farming operation. I realize that a government bill has been proposed to amend the Farm Credit Act, but the proposals I make are not covered by its amendments. I intend to bring these proposals again to the attention of the government when its proposed amendments are before the House for debate.

Agriculture is the cornerstone of our whole economic structure. Rural Canada has always played, and continues to play an extremely vital part in the Canadian economy. We must be sure that effective policies are developed to enable farmers to enjoy the same standards of living that other people in other businesses enjoy.

● (1700)

One policy would be to ensure that young people are provided with the incentives that would enable them to enter agriculture without the prospect of having to spend a lifetime encumbered with the financial burden of loans. At the present time we find that very little incentive is available to young farmers. We see no parallels between the incentives offered to individuals involved in industry and labour and those involved in farming. LIP offers incentives to labour, to provide new jobs, and OFY programs are involved in allowing young people to obtain jobs. We can mention DREE programs aiding industry to move into certain areas.

Really we are living in an age of incentives. All people, save those engaged in farming, share in these incentives. Surely the Canadian farmers deserve the same consideration that is being bestowed upon the other segments of our society. There should be incentives offered to young people to remain on the farm or to become actively engaged in farming.

There is some evidence that the number of young people borrowing from the Farm Credit Corporation is increasing, and this is encouraging. However, serious difficulties are being faced by many young people who want to get started in farming. The most serious is the problem of producing an income from the farm to pay the interest charges on the large proportion of the capital investment that is necessary to make a start in farming today, to pay the costs of operation and other costs and to leave sufficient funds to maintain a reasonable standard of living. Young people in agriculture become so burdened with debts that they cannot equal the standard of living which many of their friends involved in industry, or in other forms of employment, enjoy.

There is a constant concern over the ever increasing cost of input. Federal agricultural officials have warned farmers to expect reduced profits in 1975. They are predicting that a large increase in farm operating expenses will offset the slight rise in revenues in the coming year. In 1974 gross farm income climbed nearly 26 per cent. When the $1 billion in increased operating costs is considered, net farm income increased only marginally. Beef and hog producers must cope with high feed grain prices and uncertain markets. Grain producers face escalating prices for sprays and fertilizers. The cost of producing forage crops is soaring as well.

The initial financial outlay for land and equipment has a discouraging effect on the new farmer. Land and building prices are constantly escalating, as well as labour costs, supplies and services. In 1973 the total farm input price index rose to 166.1 on a national basis from the 1972 level of 143.3. This represents the greatest annual increase ever experienced in farm input costs. I am certain that in the statistics for 1974 we will see a greater increase. However, the Canadian average farm input price index is somewhat deceiving. The value of our top agricultural land which produces most of our cereal, vegetable and fruit crops, has increased considerably more rapidly than that of submarginal land. This submarginal land is mostly used for forage and the production of livestock. Inflated land prices render it extremely difficult for a young farmer to commence operations.

There seem to be two main factors contributing to increased land values. There is a substantial demand for additional land by those individuals who are already involved in agriculture. These people are well established farmers or agricultural corporations; they can spread the cost of farming additional land over all the other land which they already own, and therefore thay can afford to pay the higher prices.

The other factor is the cost of land that is in close proximity to urban areas. Many individuals who purchase this land just wish to live in the country, or perhaps to retire in the country away from city life. These purchasers who buy this farm land as a security against inflation, or as a security in old age, simply raise the price of land. As a result, the real estate value of this land is above the young farmer's ability to purchase it. It is sad, because in many cases this land is near our cities. It is also sad that our cities and towns seem to be expanding on the best agricultural land in the country.

When the cost of land increases, the interest rate which is charged makes the purchase price exorbitant. In my own riding of Wetaskiwin, much of which lies within a 30 or 40 mile radius of Edmonton, we have a perfect example of inflated land prices. Only large corporations and well established farmers can afford to purchase the rich soil that lies in this area.