

Farm Credit Act

party support his stand, although he did get up in his place a few moments ago and put forward that view.

This whole thing has turned out to be a very contentious matter and I should like the minister to explain to the committee again just what the specific point is in increasing the rate from the present 5 per cent level to which the farmers are accustomed to the new rate on the second part of the loan. The hon. member for Qu'Appelle referred this morning to the fight our party had put up in objection to the views of members of treasury board at that time. I expect the Minister of Agriculture has had the same problem on his hands but apparently he has not had the support of enough of his backbenchers. When he says he is working in the interest of the farmers, all I can say is that I do not think farmers across the country are going to be too happy if this interest rate provision is adopted.

Mr. Moore: On the same point brought up by the hon. member for Churchill, I should like to ask the minister to tell us whether a farmer will know at the time he applies for a loan what the interest rate he will be expected to pay on that loan.

Mr. Hays: He will know. We will set the interest rate on the second part of the loan. It will be set for at least a year and possibly longer, so he will know. The rate on present loans is not going to be changed in any way and the additional loan rate will be set. It will be something over 5 per cent.

Mr. Moore: The farmer will know the exact amount of interest at the time of application?

Mr. Hays: That is right.

Mr. Pascoe: A few minutes ago the minister referred to a point I dealt with on second reading. He said that there are three or four other measures in the farm program coming forward in the near future. As I said then, I think those measures should have been made known to parliament before we were asked to deal with the farm credit legislation so that we could see where the farmers stood under this program. I think this is an important point, having in mind particularly the minister's promises about reducing the cost of farm machinery. I think that would influence operating costs.

One point I want to bring out right now concerns a particular program that I feel we should be sure is going to be in force

[Mr. Southam.]

again this year, and that is the cash advance on farm stored grain.

The Chairman: Order; I am afraid I cannot permit a reference to other legislation. I should like to suggest to the hon. member that the committee will have to deal strictly with the clause before it, that is clause 4 of this bill. I do not believe the hon. member should refer to other legislation which may be introduced later.

Mr. Pascoe: The reason I mention it, Mr. Chairman, is that it relates to the ability of the farmer to pay these interest charges. For example, this year the delivery quotas were quite slow in coming in, and a farmer may have to make his payment at a time when he could not deliver his wheat. It is for this reason I think we should be told he is going to be able to get a cash advance, interest free, to make a payment on his loan. This is the point I wanted to bring out.

I am sorry the minister has not got the annual report for this year. He says it is in the hands of the queen's printer. The minister has told us the interest charges are going to be based on the cost of money, plus the operating cost, plus the cost of building up a reserve. The last report says:

Costs of salaries, office accommodation, and other operating expenses increased from \$2,466,717 in 1961-62 to \$3,186,399 in 1962-63.

This represents an increase of almost three quarters of a million dollars. Can the minister inform us what the operating costs are going to be for the past year? This report also states, with reference to building up a reserve, that the reserve for losses had been built up to an amount of \$3,748,862 in 1962. Can the minister tell us what the reserve is at this time?

Mr. Hays: The report is still at the queen's printer. The cost of operation last year was .871 per cent and we lent \$108 million. The present reserve is \$1,665,340.

Mr. Pascoe: It is down from what it was.

Mr. Hays: But the cost of operating the Farm Credit Corporation is also down. It is the lowest this year that it has been since the corporation was formed, .87 per cent.

Mr. Forbes: Before we leave this clause, I should like to ask one question of the minister. I believe this is the only clause under which I can ask it. At the present time the Farm Credit Corporation will lend up to 75 per cent of the appraised value of the farm. People who are otherwise qualified