

Farm Loans

incentives to encourage people to start in farming and have the land remain in farming if at all possible. These incentives could be introduced through the Farm Credit Corporation. That corporation brings a strong national influence in the field of credit. In areas that do not have provincial programs, Mr. Speaker, the FCC is almost the only source of funds for young people who wish to get into farming. However, it falls short of providing sufficient help.

No industry is more important than agriculture in Canada, Mr. Speaker. It produces our food, and the family farm has been the major factor in that production. If we do not make sure that production continues, then we can expect to run into even more severe difficulties in future than we are facing today in agriculture.

Credit is important, Mr. Speaker, but net income is more important. We have a situation today where farmers are restricted in the amount they can charge for their produce, and yet there is no restriction on their overhead. There is no restriction on the increased costs of machinery, equipment, labour, energy, fertilizer or seed, Mr. Speaker. All of these have escalated so sharply that a constant depletion of farmers' income has occurred. For the past ten years, farm income has remained relatively the same, but the overhead has moved upward at a tremendous rate. The farmer's cash flow has suffered drastically.

Most certainly we should be looking at the availability of credit to the farmer, but we should be looking further. We should be looking at the squeeze on the farmer because of the tremendous changes in the cost-price situation in agriculture today. Canadian farmers are only looking for a decent return on their investment. Unlike many other business sectors of Canada, agriculture exists almost entirely as small family farm businesses. All the bank lending to agriculture may appear to be long term in the sense that it is done on the security of a mortgage with a long amortization. However, the mortgage is, typically, called for adjustment of interest rates at intervals as frequent as a year, or possibly there may be a floating rate. A farmer cannot plan five years ahead on his cost of production if he has to be continually concerned about interest rates.

However, I do not wish to dwell on this subject, Mr. Speaker. It is well known, I am sure, to all of us here. Hopefully, Mr. Speaker, we will be able to look at this bill as having the potential to do other things. We need clarification not only of the FCC, but also of the Small Business Development Bond. There is a tremendous conflict between the two. We have the FCC being forced to tell farmers that they cannot qualify for a loan until they have been turned down by another lending institution. So they tell them to check with the bank about qualifying for a Small Business Development Bond. The farmer goes to the bank and is told they do not yet have the regulations on the bond, or else he is told he must be turned down by another lending institution before qualifying for the bond. It is a vicious circle, Mr. Speaker. It is time consuming, confusing and, in too many cases, futile. We should put our heads together and make sure the FCC, the Small Business

Development Bond program and the banks are in step as to what assistance is to be afforded to the agricultural community in an orderly manner.

I feel, Mr. Speaker, that Bill C-88 and the amendments have come three years too late. There is no short-term relief; funds have run out. Two hundred and sixty-one Canadian farms have been forced into bankruptcy, not to mention the hundreds more forced out through foreclosure and forced sale. Not only is further funding necessary, Mr. Speaker, but an over-all strategy to encourage and support our farmers is required. Bill C-88 is ineffective without proper funding. It cannot solve the immediate problems of underfunding as it stands. Further government action is desperately needed. The bill could be an important and worth-while measure if the government gave a firm commitment that its direct funding to the FCC will not be cut back. The promised \$50 million is insufficient; we must ensure immediately that that figure is increased.

I am not opposed to these amendments as presented Mr. Speaker. I am happy to see the age limit of 35 being lifted under which borrowers can phase into farming over a five-year period. I am happy to see the \$50 million increase even if I do feel it is a small amount compared to what is required. I am pleased to see the increased flexibility being worked into the corporation. I am very pleased that we are allowing private funding of the corporation, hoping, as I pointed out, the interest paid will not be taxable. I am pleased to see the borrowing ceiling brought up to \$200,000, Mr. Speaker. Farms are now in the area of \$900,000 to \$1 million or more, and the ceiling must be raised.

● (1740)

As I pointed out, I also have suggestions pertaining to the Farm Credit Corporation and agriculture in general. I would suggest that we sit down and clarify the Farm Credit Corporation versus the Small Business Development Bond program and the bank loan issue. I hope that in committee we will investigate the possibility of allowing the private sector to invest in the Farm Credit Corporation and write off the interest, and thus allow the Farm Credit Corporation interest rate to be brought down to a reasonable, low level which would be stimulative to the industry.

I hope we can look at the possibility of increasing the funds given to the Farm Credit Corporation, not by \$50 million as proposed but, hopefully, by some \$500 million, even if it must be phased in over two or three years. I suggest that we look at an increase in the amounts available for lending when we start looking at farms which are worth \$1 million or more. We must keep abreast of inflation in the industry.

I hope the minister will give serious consideration to giving the capital gains exemption, at least once in a lifetime, to a bona fide farmer, which would allow him some dignity in retirement and would help keep the farm costs down.

I hope we can address the energy rebate program and give agriculture some assistance with the energy used in food production. Hopefully, we can look at the interest deductibility