

charge of \$50 per \$10,000 loan and there would be a \$500 charge for a loan of \$100,000. That is a once-in-a-loan-time fee.

The other change I want to note is that we are proposing in the Bill, as a shared risk provision, that the guarantee be to the extent of 95 per cent.

I thought it would be appropriate for me to make these few remarks at this time. I remind Hon. Members that this initiative will better serve the farm community by maintaining the prime plus one interest rate, by adding new financing options, by including producers with off-farm income by more than doubling the borrowing limit and by extending access for farm co-operatives in order to encourage processing and marketing initiatives. No doubt Members opposite will have some questions. I would invite them to make their remarks and pose their questions, and I will do my best to respond in as much detail as possible.

Mr. Foster: Mr. Speaker, the amendments to the Farm Improvement Loans Act which are being proposed here today, making it the Farm Improvement and Marketing Cooperatives Loans Act, are being presented at a time when Canadian agriculture is facing the worst financial difficulties since the 1930s. The Farm Credit Corporation is broke. Legislation should be brought forward to put the Farm Credit Corporation on a sound financial basis. The mandate of the Farm Credit Corporation should be spelled out more clearly, as has been requested by all the Ministers of Agriculture across this country.

The corporation is in a negative equity position of some \$120 million. It has arrears of another \$355 million. I think the Minister should be giving some kind of commitment this afternoon that he will be addressing all of the problems of the Farm Credit Corporation and not just the Farm Improvement and Marketing Cooperatives Loans Act which is before the House today. The Minister extended the life of the Farm Improvement Loans Act in December. He said he would be bringing forward a Bill with lots of time for consultation and discussion with the industry. Consultation with the Opposition Parties started this morning at about eleven o'clock. We now have a major Bill, with major implications, before the House and really no indepth consultation except a short briefing this morning.

I think it is important that when the Minister is bringing legislation before the House again that he be forewarned that we want time for consultation. I think there needs to be time for the agricultural community to make representations on legislation of this nature.

This legislation has some good things in it. It increases the limit from \$100,000 to \$250,000. It gives more guarantees to small lending institutions such as the Caisse Populaire and those smaller institutions. There is coverage, of course, for co-operatives. There is coverage for part-time farmers, although that was *de facto* allowed before. There are some glaring

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errors or lack of coverage in this Bill. For instance, it does not cover consolidation of operating loans and production loans. There is no help in that regard even though many farmers are facing serious financial difficulties in that respect.

The clause on page 5 of the Bill seems to discourage banks and lending institutions from giving a loan, even though they do have the opportunity of a loan guarantee if they would not normally give a loan to an individual producer. The coverage of the loan by the guarantee of the Government of Canada would only be 95 per cent whereas before it was 100 per cent. This means that banks which will not give these loans unless one is a very good friend of the banker will be that much more discouraged. Either that, or they will have to cover a lesser percentage of the assets which are being guaranteed. So that 95 per cent rather than 100 per cent guarantee will be a further discouragement to banks to give these loans, even though they are at preferred interest rates. That is a major loss or lack of benefit in this Bill.

I think we need to be looking at instruments or mechanisms to force the banks to give these loans if in fact the farmers are going to be able to get them. Surely by the end of the summer, if this legislation passes today, we will have a clear indication.

In Clause 7 we see that the amount of loans which can be given out of \$1.5 billion is not increased even though co-operatives will be able to borrow up to \$3 million additional money. It may well be that the limit will have to be enlarged in the years ahead if the co-operatives make use of this legislation on a massive scale. Otherwise, the farmers will not have any funds available under the provisions of the legislation to do that.

As I mentioned, there is no provision in the legislation before us today to force banks to give these loans. It is great to have a program of Government guarantees but if banks will not give the loans, it is really not of much use. I think it is important that the Government exercise whatever moral suasion it has, whatever power it has, to ensure that the banks provide these loans to producers.

I have heard of farmers who have gone to banks, told them the legislation is there and asked why they cannot get the loans. The banks give a litany of excuses. They say their quota is all used up or they do not know anything about it. They do their best not to utilize the Farm Improvement Loans Act because they receive only 1 per cent above prime, whereas under the menu of various kinds of farm loans they have available, they probably pick up 2 per cent or 3 per cent above prime. Clearly there is a need for this legislation but there is also a need to ensure that the banks make use of it.

• (1720)

There is no provision in this legislation for a fixed rate of interest. At a time of low inflation it seems to me that we should be trying to secure a fixed rate of interest under this legislation, perhaps for a five-year period, since most of the loans are small loans. The average loan is some \$13,000.