

Farm Credit Act

rate would be from time to time, and all farmers would know that they would be paying the same interest rate as their neighbours who might take out a loan at a different period in the life of this act. I hope the minister will give us an answer.

Mr. Korchinski: I wonder if the minister could indicate whether the interest rate will be known at least for a three month period or a four month period, or every half year. What is the situation to be? Will the rates fluctuate from day to day?

Mr. Hays: We would possibly set a rate of interest for the year. It would not be less than a year; it might even be longer.

Mr. Korchinski: I would suggest that if the government has to get this money at varying rates it could take an average and set the rate out for the coming year so farmers would know what they would be expected to pay. I think this is only fair because confusion would result if the rate were to fluctuate from month to month.

Mr. Hays: I will be glad to follow the hon. member's suggestion. We will do exactly that.

Mr. Simpson: In relation to interest rates, I wonder if the minister can assure the committee that the interest rate on any loan in excess of \$20,000 or \$27,500 would be determined on the date the application was received by the corporation.

Mr. Hays: I rather think we would have to pay regard to the interest rate on the date the application was approved, not on the date it was made. I believe this is laid down in the act and the regulations, and there has been no change as far as this requirement is concerned.

Mr. Korchinski: In introducing this new aspect of the legislation the minister must have had some information either from within his department or from other sources respecting the need for loans of this type. He must have believed there were farmers who wished to borrow more than \$20,000 or \$27,500. I wonder if he has any information as to the number of loans the corporation anticipates making in this category in the first year. Farm credit advisers across the country must have suggested a possible figure. As the minister said, they met here in Ottawa and it was on the basis of suggestions made by them and by others that these amendments were brought forward. Could the minister indi-

[Mr. Nasserden.]

cate, for example, how many loans of this order were requested in the course of last year.

I am asking this question for the following reason: I am wondering how much money we can possibly expect to save by increasing interest rates above 5 per cent. If only a few loans are to be taken out, it seems to me we should drop this whole clause entirely. I feel that by adopting it we would be opening the door to a revision of the act in a year or two upon the recommendation of the minister's supporters, or some financial firms, to the effect that this is not the right way in which to conduct business, with the result that the rate would be increased from 5 per cent to whatever rate might be necessary to recoup expenses, write off debts and so on. The minister said he anticipates that a certain amount of money will not be recovered under the 5 per cent provision. If this is the case, I wonder how much he will save by increasing the interest rate above 5 per cent; I am wondering whether it is worth the trouble.

Mr. Hays: About 13 per cent of the loans last year were for the maximum amount. We anticipate that these people will be back, because to most of this 13 per cent the amount available was not sufficient. Of course, the percentage will grow as time goes on, as more people become familiar with these terms of the legislation. I think a great many people in Canada are still not familiar with this act. I believe there is still a great educational program to be carried out. The need for these additional amounts is substantial and the number of applications will surprise hon. members. I think, also, they will be surprised to see which provinces they come from.

Mr. Korchinski: Since the minister has indicated that perhaps 13 per cent took the maximum loans last year, it is conceivable that 13 per cent more will take them out in the coming year. If we have provided loans to the extent of \$100 million, we can expect another \$10 million or \$12 million in the following year. Therefore what we are really concerned about here is not an interest rate of 5 per cent on that \$12 million, but on just a fraction of it. So it is obvious that the government will really save very little by introducing this legislation. I repeat that the amount of saving to the government is going to be infinitesimal, but to the individual farmer the amount is going to be considerable as he pays off his loan over a period of years.

If we must concern ourselves about trying to remedy the financial situation of the gov-