

Government Orders

• (1040)

The Advance Payments for Crops Act provides an incentive to producers to store certain agricultural products immediately after harvest so they can improve their farm income by marketing over an extended season. It gave producers a cash advance to help them to meet short term monetary commitments, an advance that was interest free. On Prince Edward Island alone the elimination of the interest free portion of this act means lending institutions will acquire at least \$365,000 on the backs of Island farmers. This represents the amount of interest saved by a small agricultural based island, an island which is also part of this great nation. It is \$365,000 which would go directly into our Island economy. This apparently does not matter to this government. The Island economy is very low on its list of priorities.

These savings represent approximately \$3,000 per individual producer taking part in this program. It protects the producers from high interest rates. High interest rates are crippling agriculture in this country. There is no interest free money available to island producers. Banks continue to charge prime plus 1 or 2 per cent on operating loans which are needed so producers can feed this country.

Does this government feel comfortable knowing farmers are being pushed to the limit constantly? The elimination of the interest free aspect of the Advance Payments for Crops Act applied increased pressure on much needed cash flow. Farmers are finding it impossible to operate in a climate in which interest rates are so variable. Farmers are in a position of insecure income at the mercy of the market-place and the lending institutions.

In recent correspondence from the P.E.I. Potato Producers Association, the plight in the market-place was described well and I quote:

Prior to the Advance Payments Program, farmers were forced to sell their crops soon after harvest in order to meet post harvest production costs.

By losing this free interest there will be increased pressure to dump product onto the market to reduce cash flow problems. There goes several of the stated advantages of the program, as taken from the advance payments for crops administrative manual, which include the following: Dumping products at harvest time is reduced; returns to producers are improved by letting them sell their product when market conditions are good and more orderly marketing of products is achieved.

This government does not seem to be aware that farm loans are considered high risk at lending institutions on Prince Edward Island. Small farmers cannot borrow 100 per cent of required operating money. It is ironic to think that the very people who are putting bread and butter on every table in this country are high risk. Think about it.

The Canadian agricultural industry is not based on luxury. Styles of food do not change with the whims of society. The agricultural industry in this country is based on a long-term debt, as are other industries, but the agricultural industry faces woes of short-term price fluctuations.

The interest free provision of this act could be read as a 100 per cent interest free subsidy program. Although a valuable asset to Canadian farmers, the word "subsidy" is not favourable under the free trade agreement. The orderly marketing of crops in Canada has been seriously jeopardized and, yes, sacrificed at the altar of the free trade agreement.

The market pressure created by the elimination of the interest free Advance Payments for Crops Act is flying in the face of what this government is preaching. You are saying that you want farmers to become more market oriented, more business oriented. This government is a living contradiction. The fact is that any forced increases in farm debt today will force more and more farmers into the Federal Debt Review Board. With the current reductions in every aspect of agriculture, any further reduction in federal programs is nothing short of increasing burden on producers of food.

The lack of priority given agriculture through cheap food policies and the lack of commitment this government has to the food industry becomes even more evident. To give farmers yet another option for guaranteed interest-bearing loans is but another Tory terror dropped on agriculture like a bomb.

Our interest rates continue to explode set by outside forces. This government is nailing the coffin shut slowly but surely.

During communications with the P.E.I. Grain Growers Co-op it was stated: "Eastern producers will have no impact when the giant of the west, the Canadian Wheat Board, was unsuccessful in having a western minister listen to their needs. We in the east, on this nation's great Atlantic shore appear to be shoveling fog in our attempts to be heard by this government."