

*Farm Credit Act*

to purchase sufficient land to develop a profitable farm if they do not receive a lot of help from their family or elsewhere. Others succeed in buying the land but must wait a long time before purchasing the required animals and machines and having a business which produces sufficient revenue to support their family, cover operating costs and reimburse loans.

That is why we are proposing an entirely new Part to the Farm Credit Act so as to provide loans to young people who wish to settle down gradually on a farm. That part of the act would permit loans equal to those made available to other young farmers. However, it would allow the farmer a five-year maximum period in order to help him to set up a farm that could produce the required income. During that five-year period, those young people could keep a regular employment outside the farm to make up for the small income from the farm. Before getting a loan, young applicants should prove that they are willing to engage in farming as their main occupation and submit a plan showing how they intend to reach such a goal, namely to settle down within five years on a viable farm as a full-time farmer.

The measures proposed in Bill C-34 greatly extend the assistance that can be made available to young people through the Farm Credit Act. They also give a much greater responsibility to the officials of the Farm Credit Corporation who will have to be still more careful and see that the program is well administered. It would be unfair to encourage young people to invest their limited assets in a farm without making sure that they have a fair chance of success. They would be in danger of losing not only their small assets but also an invaluable amount of time by trying to overcome too great difficulties in a period of their life when they could work towards an easier goal. We believe that if those changes are well administered, they will provide young people with the required qualifications much better possibilities than in the past for the establishment of sound agricultural enterprises.

Madam Speaker, considering those particulars, farm credit as it is now and with the proposed changes can surely be a solution to all the problems that my colleagues already dealt with.

● (1750)

[English]

**Mr. Walter Smith (Saint-Jean):** Madam Speaker, I am pleased this afternoon to have the opportunity of speaking to this motion. I should like to put on the record some statistics relating to operations under the Farm Credit Act.

In the fiscal year ending March 31, 1974, 9,041 loans were approved under the Farm Credit Act, an increase of 3,475 over the preceding year. The total amount approved increased from \$183.3 million in 1972-73 to over \$400 million. As noted in the chairman's report, this was the highest total approved since the implementation of the act. Although there was some variation between regions\* in the growth of lending activity, the increase was very substantial in all regions.

The \$400.7 million approved during the year included \$307.8 million for the various purposes set out in the table on page 10 of the annual report. The balance of \$92.9

[Mr. Corriveau.]

million was used to repay the amount which remained outstanding on loans made previously to the same borrowers. The latter amount was incorporated into the new loans when the borrowers obtained additional funds to expand or further develop their farm businesses.

[Translation]

During the fiscal year, 7,906 loans have been approved under Part II of the act. Those loans, which are secured by a mortgage on rural lands, amounted to \$337,510,000 or 84.2 per cent of the total outlay. Loans granted under Part III of the act are reserved for farmers under 45 years of age. They are secured only by a mortgage on rural lands or by a mortgage on rural lands and a bailment. All told 1,135 of those loans, amounting to \$63,148,000, have been granted. On an average, the amount of those loans went up from \$35,173 in 1972-73 to \$44,316 in 1973-74.

[English]

As shown in the table on page 10 of the annual report, the predominant purpose for which new loan funds were used was to finance the transfer of land. The percentage shown under "new units" refers to funds used to transfer complete units to new owner-operators. The funds for "additional land" were used for the purchase of land that generally would be farmed in conjunction with other land. In many instances, however, such additional land was purchased by a young farmer and provided the basis for his establishment in farming, with some arrangements made with other members of the family, such as a father or brothers, for the use of machinery and exchange of labour.

[Translation]

About the size of farms which have been granted credit under the act, you must note that about 70 per cent of all those loans have been granted to farms whose total assets were under \$150,000. A little less than 7 per cent of those loans have been granted to farms whose total assets amounted to \$250,000 or more. The latter group included many farms owned and run by two families or more.

This report indicates that the number of young farmers who have been granted loans under the act during the last fiscal year has considerably increased. The number of loans granted to farmers under 25 went up from 12.4 per cent in 1972/73 to 15.6 in 1973/74. During the same period, the number of loans granted to farmers under 35 went up from about 41 per cent to almost 46 per cent. However, it is important to note that the number of young farmers who were granted credit went up from 2,072 in 1972/73 to 3,777, which means an increase of more than 82 per cent.

**The Acting Speaker (Mrs. Morin):** Order, please. The hour appointed for the consideration of private members' business has now expired. I do now leave the chair until 8 p.m. this evening.

At six o'clock the House took recess.

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**AFTER RECESS**

The House resumed at 8 p.m.