

*Farm Improvement Loans Act*

the cost of equipment and machinery has risen substantially since 1959. But in addition to that I think it is also a recognition of the fact that even in 1959, when the increase was made, while it was a step in the right direction it did not meet the requirements of of the time.

The parliamentary secretary to the Minister of Finance mentioned that about 75 per cent of all the money that has been lent under the Farm Improvement Loans Act over the years it has been in operation has been used for the purpose of purchasing either machinery or equipment. In the resolution that has been placed before us this afternoon we are not asked to deal with other amendments to the Farm Improvement Loans Act; we are simply asked to increase the limits in regard to borrowing. I think the Department of Finance and the Department of Agriculture ought to take under consideration some other amendments that would perhaps broaden the purposes for which this kind of loan may be used, because with regard to modernizing a farm there are such things that do not necessarily fall into the category of either machinery or equipment. In my constituency for example there are such things as land levelling. This is a very important asset to a farm. I know that money for this purpose can be borrowed from the Farm Credit Corporation under long term arrangements, provided you qualify for a farm improvement loan in the first place. I only mention this as an example, Mr. Chairman. There are other things, such as the purchase of fertilizer, better qualities of seed, and so on. Some of these things, at the discretion in many cases of the banker, can be purchased with a farm improvement loan; but usually in a case where the borrower is unable to provide some kind of security in land, the banker requires only security in the piece of equipment that is being purchased with the proceeds of the loan being applied for. Of course this is impossible with respect to fertilizer, seed, and some other things. Therefore, Mr. Chairman, because of the mechanics of the Farm Improvement Loans Act and the very high level of success it has had over the years, I think there should be some broadening of the provisions of that act so that some of these other things, which do in fact make for increased productivity, can in fact be purchased with a farm improvement loan.

Before the parliamentary secretary to the Minister of Finance comes back and tells me that this is already provided in the act, I would ask him to look at the practical ap-

[Mr. Olson.]

plication of the act. He should do this before he makes a blanket statement that this is already provided for. I know it is certainly provided for in the case of those farmers who come along and have what is considered a high credit rating; in other words, if they have a large investment or large equity in the land, that is not committed for some other purpose, then of course money will be granted for the purchase of seed, fertilizer, perhaps even some livestock, and so on. However, Mr. Chairman, this is not what I am talking about. Let us take the case of renters, or other farmers whose credit rating is not quite so high. When the banker can take full security in the piece of equipment that has a serial number on it and is not going to deteriorate very rapidly, there is no difficulty in granting that farmer a loan because there is a reasonably new—and in most cases, brand new—piece of equipment in which the banker can take security. But as I have said, in the case of some of the renters and people in that category, who could make very good use of a loan for some of these other things I have mentioned, they are not granted loans in spite of the fact that there may now be provision in the act for such loans.

Therefore I believe there should be some broadening of the provisions of this act because it has been so successful. If I may repeat myself, Mr. Chairman, the parliamentary secretary said their losses are only one tenth of one per cent, and perhaps this is an indication that some relaxation is in order.

It is interesting to read some of the submissions that have been made to the Prime Minister. On February 26 this year a submission was made by the Canadian Federation of Agriculture. There was also the address of the president of the Canadian Federation of Agriculture to their 28th annual meeting in Charlottetown, Prince Edward Island, earlier this year. On page four of the document that I have before me, which was printed by the Canadian Federation of Agriculture, they say, under the heading "Views on Farm Credit":

I would like to suggest that we should consider establishing means of thinking the problem through by study and analysis and arriving at new and sound proposals. There are a number of areas in which farm credit needs are not now being adequately met:

1. Loan limits are probably inadequate under present conditions.

2. Adequate arrangements for meeting the problem of transfer of farms on the retirement, or death, of the present owners.