

many millions of people in the rest of the world, and earn about \$4 billion in foreign exchange from exports, one can understand the importance of these amendments. One of the tools of our modern economy, credit, must be available to the Canadian provider of food, the farmer.

I also want to mention that loans under the Farm Credit Act are not grants or gifts. Borrowers do enjoy a slightly lower than market rate. The F.C.C. interest rate is presently 9¼ per cent. On a \$200,000 loan amortized over 29 years this represents an average of \$13,000 in interest payments alone per year. The Farm Credit Act is a tool which gives operators of family farms a chance to make a success of their operations. One need only look at F.C.C. statistics to realize that this opportunity is not taken lightly. Farmers have by far the best repayment record in Canadian society.

I have faith in the ability of Canadian farmers to continue to produce high quality food in an efficient manner. I urge hon. members to show their support for these efforts by giving farmers this needed legislation. I look forward to speedy second reading of this bill and its going to the committee as soon as possible, where we will try to answer all the questions of the members of the committee.

**Mr. Jack Murta (Lisgar):** Mr. Speaker, because of the limited time we have, I would like to reserve my right to make further comments when the bill is debated at some other time. At the outset, however, I would like to congratulate the new chairman of the Farm Credit Corporation, Rollard Poirier. We are looking forward to working with him in the days ahead.

From an outsider's point of view, the recent administration of the F.C.C. has been troublesome. It will have to contend with the political move of its head office to Alberta. There has been a very critical internal audit of its operations which has caused some consternation within the corporation and within the farming community. The F.C.C. has gone through some changes in recent months, and the bill we are presently debating will give us a chance to question the minister's officials on these changes. Under the past chairman, Mr. Owen, who was the original chairman of the F.C.C., the corporation ran like clockwork. The corporation has not done so recently, and I contend that that is because there has been political manipulation and meddling which has caused the problems.

In relation to the head office move which I mentioned earlier my party would not feel there was anything wrong with the proposed move to Camrose if it were the result of some formula. The reason for the move is a political one, and in the opinion of my party it should not take place without the establishment of guidelines for the move. Above all, politics should not be one of the criteria followed when making a major decision such as this.

The internal management audit which I mentioned earlier has raised many questions. When this bill is before us in committee we will want to question the minister and his officials on some of the matters which were raised by the

audit. We will want to know what recommendations have been made.

● (2142)

There were questions raised concerning poor morale and poor corporation leadership. In the eyes of the staff in the corporation, and also in the eyes of farmers, there was a lack of credibility in management. There was a lack of confidence concerning the leadership in the branches and head office. The management audit made approximately 75 recommendations. Certainly the members of my party want to know what recommendations have been implemented, how the recommendations are working, and what recommendations the government intends to discard. Also it would be interesting to know why the Minister of Agriculture (Mr. Whelan) kept the audit a secret for such a long time, until in effect it was leaked to an opposition member of parliament.

Basically we agree with the increases set out in the Farm Credit Corporation amendments. At the present time credit is needed desperately with respect to farming. Banks have been important lenders to the farming industry. For the most part, the banks have done a credible job. Chartered banks have been the leading institutions in terms of lending money to farmers over the past few years. Approximately 57 per cent of the total agricultural credit in 1975 was being lent by banks, compared to 43 per cent in 1967. Farmers are suffering from a severe cost-price squeeze. As the hon. minister well knows, and as hon. members of the House who represent rural ridings well know, the index of farm product prices rose by 50 percentage points between March, 1973 and March, 1977. The input costs were up approximately 80 percentage points in the same period.

In order to provide the House with an indication of the increase in costs, hired farm labour has increased by 160 percentage points in the past four years; building replacement costs have risen 92 percentage points in the past four years. Cash receipts from January to July of 1976 were \$6 billion. For the same period in 1977, these were down to \$5.6 billion. Statistics Canada indicated that in the past three years, 1976, 1977 and 1978, farm incomes dropped approximately 42 per cent. I do not know of any other group in our society that would put up with those figures, other than Canadian agricultural producers.

As we all know, farmers are eternal optimists. One of the reasons the recent agricultural strike in western Canada was so very successful was the deep underlying feeling that agricultural prices certainly must increase. In conclusion, I want to point out that my party is in agreement with most of the amendments outlined by the hon. minister and his colleagues.