

**Some hon. members:** No.

**The Acting Speaker (Mr. Kilger):** All those in favour of the motion will please say yea.

**Some hon. members:** Yea.

**The Acting Speaker (Mr. Kilger):** All those opposed will please say nay.

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Kilger):** In my opinion the nays have it.

*And more than five members having risen:*

**The Acting Speaker (Mr. Kilger):** Pursuant to Standing Order 45, the division on the question now before the House stands deferred until tomorrow at 5.30 p.m., at which time the bells to call in the members will be sounded for not more than 15 minutes.

\* \* \*

• (1335)

#### FARM IMPROVEMENT AND MARKETING CO-OPERATIVES LOANS ACT

**Hon. Fernand Robichaud (for the Minister of Agriculture and Agri-Food, Lib.)** moved that Bill C-75, an act to amend the Farm Improvement and Marketing Co-operatives Loans Act, be read the second time and referred to a committee.

**Mr. Lyle Vanclief (Parliamentary Secretary to Minister of Agriculture and Agri-food, Lib.):** Mr. Speaker, it is a pleasure to open the debate at second reading on behalf of the Minister of Agriculture and Agri-Food and the government.

Bill C-75 is an act to amend the Farm Improvement and Marketing Co-operatives Loans Act. The acronym I will be referring to is FIMCLA. This amendment would only change one clause in the act. However, without the amendment we would have to suspend the program. Bill C-75 would increase the total amount of loans guaranteed under the act over a five-year period from \$1.5 billion to \$3 billion. Before I get into the question of why we want to make this change, I will tell the House a little about the FIMCLA program.

This program has been around for 50 years. It started with the Farm Improvement Loans Act passed in 1943 and came into effect in 1945. It was the first guaranteed loan program in Canada and was followed by student and small business loans. It is probably the most successful of all those programs.

At first the farm improvement loan program was intended to help tenant farmers get access to funding to improve their farms or farm living conditions. The guarantees were needed. They could not offer the land as security since they were tenants. Therefore they were unable to get bank loans. Over the years it

#### Government Orders

has been a very popular program especially in western Canada, becoming increasingly popular throughout the nation.

Now farmers use the program to get loans of up to a maximum \$250,000 for a wide range of farm improvement programs and projects such as acquisition of additional breeding stock, more land, improvements to buildings, fencing projects, irrigation, improved waste disposal facilities, et cetera. It could also be used and is being used to try alternative farming methods, whether organic farming or any other type of alternative method that farmers are now so aggressively pursuing in the diversification of their operations.

In addition, the program facilitates access to credit for farmer owned marketing co-operatives for activities that add value to the agricultural production. For example, a co-op could borrow up to \$3 million under FIMCLA to build a juice plant, or something with vegetables or any other type of co-operative dealing with further value adding and processing of agriculture products.

Loans to co-operatives must be approved by the Minister of Agriculture and Agri-Food. Under this program borrowers benefit from interest rate savings of about 0.5 per cent and a lower equity requirement usually around a minimum 20 per cent.

The program is very popular and is becoming even more popular every year. Five years ago the department began to encourage credit unions and caisses populaires to make the program available to their customers as well. This has added about 600 new designated lenders throughout the country.

In towns which may only have one bank or one credit union or no bank or no credit union, farmers often had to drive to another town to get financing. With this change they suddenly had a lot more lenders to work with. In addition, we have seen sustained lower interest rates, higher farm equipment sales and an improved farm debt situation in the last few years.

Not surprisingly, the number of loans registered under the program has more than tripled from about 4,800 in 1990-91 to nearly 18,500 in 1994-95. The value of those loans has climbed from just under \$82 million per year to \$515 million per year. This year we expect the loans to reach \$550 million, bringing a five-year aggregate to \$1.4 billion. We expect that to remain constant for the years ahead. At a level of a \$3 billion cap we will now be allowed to continue to offer the program. Most of the new growth has taken place in Quebec and Alberta.

• (1340)

Not long ago there was only a single lender using the program in Quebec. Now the giant Caisse Populaire Desjardins movement has become a major participant and Quebec has the third highest number of loans of any province. Similarly in Alberta, which has the second highest number of loans, the Alberta treasury branches have become a significant lender under FIM-