

Farm Machinery Prices

costs of production are increasing so rapidly in the agricultural industry.

I should like to mention another point, the cost of financing. I believe the hon. Member for Durham referred to the very many ways in which the Government has made credit facilities available to the agricultural industry.

• (5:50 p.m.)

I know that it is absolutely essential that the farmer have access to the necessary capital and to credit. However, the thing that disturbs us is that, even with the opening up of additional facilities, the interest rate remains at a relatively high position. I believe that a move in the direction of lowering the interest rate would help tremendously to solve this particular problem.

I was told just this afternoon that in New Zealand farmers have access to capital at an interest rate of 1 per cent. I think any one of us can readily understand the tremendous benefit that such a program would be to agriculture, if instead of paying the rates that have been established they could find their capital requirements at an interest rate of 1 per cent. We can readily understand that this would reduce tremendously the cost of production. I believe therefore that this is one point to which we must give careful consideration in seeking to establish adequate credit facilities for farmers. We would then place the farmer in a better position to finance his operation.

I have been advised that at the present time the depreciation on farm machinery is equal to 50 per cent of the total cost of production. I think that is a startling fact, Mr. Speaker, and something that ought to cause us to agree to some very definite study being given to this matter, whether it is by Royal Commission or some other agency. This matter ought to be taken into consideration because if the depreciation on farm machinery is equal to 50 per cent of the cost of production, then something is seriously wrong. I was discussing this matter with a farmer not long ago and he said: You know, many of us are forced to live or exist on the depreciation on our machinery. This is an unfortunate situation. I believe, therefore, the hon. Member for Humboldt-Melfort-Tisdale (Mr. Rapp), and other Members who are interested in this subject, have a legitimate reason for requesting an adequate study of this matter in the interests of our farmers.

A suggestion was made that one of the necessary things is adequate farm prices. I do not know if the Minister of Agriculture

(Mr. Hays) is aware of this fact, but within the last few days I was discussing with some of the farmers of Quebec the new price formula for milk. I asked them if this was going to have any beneficial effect on their income. The reply of these farmers was, and I hope the Minister of Agriculture recognizes this, that immediately upon the announcement that there was to be a set price for manufactured milk, the tests were dropped and a lot of the farmers are no better off now than they were before. I do not know where the fault lies, but it does seem again that even though the farmer is assured of a set price for his milk, those who buy it immediately drop the test rate and he is not going to be any better off than he was before. This is something which ought to be taken into consideration.

I should like to refer briefly to a statement appearing in the Throne Speech concerning agriculture policy. I quote from page 3 *Hansard* for April 5, 1965:

My Government is developing new policies to enable farmers generally to achieve larger and more reliable incomes so that their living and working standards will be comparable to those enjoyed in other sectors of our economy.

Now, reference was made by the hon. Member for Durham (Mr. Honey) to the many plans the Government has, some of which have been implemented. However, I believe the Government would be well advised to accede to this request that has been made to establish some body, whether it is a Royal Commission or some other agency, to go into this matter in detail and come up with some satisfactory solution to it. The suggestion was made again this afternoon that possibly the appointment of a Royal Commission was not the best idea, because the Government might be handicapped in bringing in remedial legislation in the meantime. I do not believe that would slow up the Government at all. They are slow enough. I do not believe this would affect that particular problem. I believe the Government should take this suggestion seriously, which has been introduced in the form of this motion, and give adequate consideration to the problem involved.

Mr. John Mullally (Kings): In the few moments remaining, I cannot attempt to cover the various items to which I should like to refer in connection with this particular motion introduced by the hon. Member for Humboldt-Melfort-Tisdale (Mr. Rapp). I join in the views expressed by my colleague, the hon. Member for Durham (Mr. Rapp),