● (1220)

[*English*]

I have another petition also on the same subject signed by a number of Canadians from Kitchener, Woodstock—

Mr. Speaker: Order, please. I hope the Hon. Member will be able to conclude. He has indicated that they are all on the same subject. Perhaps he might just state where they are from.

Mr. Cassidy: Mr. Speaker, I thought I had done that. This is on the same subject and it is from Woodstock.

[*Translation*]

Mr. Speaker, I have here a couple more petitions signed by residents of the City of Montreal and related to the question of de-indexation of family allowances.

[*English*]

Finally, I have petitions from the West Island of Montreal, from Beaconsfield, Kirkland, Dorion, Châteauguay, St. Jean and Dorval, all of which oppose the deindexing of the family allowances.

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INCOME TAX AGREEMENTS, 1985

MEASURE TO ENACT

Hon. Ray Hnatyshyn (President of the Privy Council) (for the Minister of Finance) moved that Bill S-6 (from the Senate), an Act to implement an agreement between Canada and the Union of Soviet Socialist Republics, a Convention between Canada and the Co-operative Republic of Guyana and an agreement between Canada and India for the avoidance of double taxation with respect to income tax, be read the first time.

Motion agreed to and Bill read the first time.

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FINANCE, TRADE AND ECONOMIC AFFAIRS

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. Maurice Foster (Algoma): Mr. Speaker, I wish to move concurrence in the third report of the Standing Committee on Finance, Trade and Economic Affairs. I also want to say a few words on this motion to concur today.

One of the most serious problems facing Canadian agriculture today is the farm debt crisis. This report was presented to the House of Commons on April 1, 1985, and had a great deal to say about the farm debt crisis. The report was supported by the majority of Government Members and proposes among other things a massive program of farm agri-bonds to assist those farmers facing serious financial difficulty.

Today's farm debt crisis is the most serious situation which has faced Canadian agriculture since the 1930s. A recent report prepared by the Farm Credit Corporation identified 170,000 farmers, those with gross sales of over $15,000 and less than $30,000 from farm income, and gives a very scary picture of the farm debt crisis. The report indicates that 39,000 farmers face serious financial difficulty. These are not part-time farmers, these are the youngest and most technologically advanced farmers in Canada. On average, they have 10 or 11 years of experience in farming and are the most productive farmers in the country. Interestingly enough, they produce half of all the food produced in Canada.

The debt crisis facing Canadian agriculture is very serious. The FCC report came out a year ago in November and was recently updated, so this is not something that has been suddenly sprung on the Government. It indicates that of the 39,000 farmers facing serious financial difficulty, 5,500 have less than 15 per cent equity in their farming operations. The Farm Credit Corporation suggests that these 5,500 farmers, our youngest and most productive farmers, are technically bankrupt and that there is no way they can hang on to their farms.

There is a second group of farmers identified, those with a farm equity of between 15 and 40 per cent. The FCC study indicates that there are 10,000 farmers in that group and that they are experiencing serious cash flow problems in the order of shortfalls of $14,000 to $21,000 per year. We can see what a very, very difficult situation that group of 10,000 farmers faces. The third group mentioned by the FCC has a farm equity of between 40 per cent and 55 per cent and there are some 23,500 of those farmers. They have an annual cash flow shortfall of between $5,000 and $11,000 per year.

I suppose that if this were a short-term, one-shot occurrence, something might happen in the long haul. However, the report put out by the Minister of Agriculture (Mr. Wise) at the Farm Outlook Conference this year indicates that realized net farm income is forecast to drop to $3.7 billion in 1985, down 14 per cent from 1984. Realized net farm income really has not risen very much over the past several years. That is why the Finance, Trade and Economic Affairs Committee of the House of Commons prepared this report last April.

The report to which I just referred recommends, as the Government promised in its election campaign, a program of agri-bonds. This would be a program financed and operated by the Farm Credit Corporation. It would be used to assist those eligible borrowers, farmers in serious financial difficulty, and would provide funding at an 8 per cent interest rate for up to five years in an amount of up to $300,000 per farmer. The treatment of the interest expense would be non-deductible and the tax treatment of interest income would be non-taxable. The program would operate for one year. It would be a one-shot program but the benefits from the rescheduling of debt would be felt for five years.

The committee held hearings over several weeks. I believe that every major agriculture group in the country came before the committee to make presentations. We heard from the provincial Governments, the Farm Credit Corporation, the Ontario and Canadian Federations of Agriculture, the prairie grain pools, the Canadian Horticultural Council, the Institute