

Farm Improvement Loans Act

margin in between, you can appreciate the effect on a farmer's management planning.

Right now we should be doing everything we can to help farmers maintain the production levels they have achieved to produce more of the food that we would otherwise import, and to take advantage of export markets. Increasingly, the world will need Canadian farm products, and our farmers must have the credit they need to produce this food.

Therefore, I ask members of the House to support the amendments to the Farm Improvement Loans Act as presented, to study all the other sections, and if they have any suggestions, if they think amendments should be put forward in committee, I will be perfectly willing to listen to any constructive suggestion.

Mr. Fred King (Okanagan-Similkameen): Mr. Speaker, I am pleased to have the opportunity to speak to Bill C-27, to amend the Farm Improvement Loans Act. I was also pleased to hear the minister give that open invitation for input into the various programs which the federal government sponsors.

This is an act the provisions of which I have taken advantage of over the past 25 years of farming experience. The Farm Improvement Loans Act came into force in March, 1945, for an initial period of three years and was subsequently amended from time to time to remain in effect for additional lending periods. The current lending period expires June 30, 1980.

The stated purpose of the act is to facilitate the availability of intermediate and short-term credit to farmers for the improvement or development of farms and for the improvement of living conditions thereon. To this end, the act authorizes the responsible minister to guarantee against loss, term loans made to farmers by chartered banks, Alberta treasury branches and other lenders designated by the minister, for a wide range of farm improvement projects.

The maximum amount of guaranteed loans which a borrower may have outstanding at any one time is \$75,000. This amendment to the act in Bill C-27 would increase that maximum lending limit to \$100,000. I will demonstrate in this statement how totally inadequate this lending limitation is in the year 1980. One need only study our recent history to reach the assumption that the inflationary effect will guarantee the complete inadequacy of the maximum which will be allowed three years hence.

During the year 1978, 75 per cent of the loans were to purchase agricultural implements, 10 per cent were for construction, repair or alteration of farm houses and buildings, 8 per cent for the purchase of additional land, and 4 per cent for other improvements, such as the clearing of land, fencing, irrigation and similar projects. Of the 24,000 loans made in 1978, only 809 were made to B.C. farmers. In a period of advancing technology, demanding as it does financing beyond the immediate ability of most farmers, perhaps the shortcomings of the act are dramatized by the small number of B.C. farmers to participate in the supposed benefits.

Unquestionably the principles and practical effects of the farm improvement loans legislation have had significant beneficial effect over the years of its existence on the ability of the farming community in Canada to survive in a very, very tough competitive environment in which it is absolutely essential that Canadian farmers adapt to the most modern advances in farm technology. Agriculture in many ways has been at the forefront of this adaptation to modernization and to efficiency enhancement through increased mechanization of all of the operations involved in crop creation, processing and distribution.

Canadian agriculturists must remain competitive with farm production from countries in the world where farm labour is paid at less than one-tenth of the equivalent farm wage level in Canada. This ability to remain competitive is made possible only as Canadian farmers have the possibility to make acquisition of those costly tools and machines which offer the necessary labour conserving standards. This has been particularly the case in a nation in which the consumers' immediate interests have been paramount to the political forces, with the result that a cheap food policy has been in vogue to the disadvantage of the agricultural community. It is to the credit of farmers that in this hostile environment they have been able to survive and to a degree prosper.

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It is not only at the farm production unit level that Canadian farmer survival is subject to his ability to finance acquisition of new equipment such as tractors, spray machines, seeders, swathers, balers, trucks, and for orchardists whom I represent, self-propelled mechanical lift machines. We call them Girettes or Kangaroos. The list of available machines goes on and on and on. Required is the ability to finance the purchase. This act gives some assistance in this financing ability.

In my riding of Okanagan-Similkameen fruit production is largely accepted, handled, packaged and sold by grower-owned facilities. Fruit packing house units have also seen in the past decade a very dramatic leap forward in the application of labour efficient mechanization. Without these changes our industry would have no ability to remain competitive in a world in which survival is measured only in terms of competitive adaptability.

In 1964 the fruit packing house, of which I was president, modernized to the level of that day at a cost of less than \$100,000. It was five years ago, while I was a director of the Oliver-Osoyoos Co-Operative Growers' Association, that a major efficiency related project was undertaken. This brought to the Okanagan, and indeed to Canada, for the first time a totally new concept in fruit handling techniques, the most advanced of its kind in the world.