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

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion, the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): According to the agreement made a few seconds ago, the vote will be taken at 9:45.

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● (2122)

FARM CREDIT ACT

MEASURE TO AMEND

Hon. E. F. Whelan (Minister of Agriculture) moved that Bill C-29, to amend the Farm Credit Act, be read the second time and referred to the Standing Committee on Agriculture.

He said: Mr. Speaker, the Farm Credit Corporation has been administering the Farm Credit Act for close to 20 years. In that time, it has approved over 192,000 loans totalling more than $3.1 billion.

A further indication of the importance of this agency is that it extends approximately 60 to 70 per cent of all the long-term farm credit in Canada. In recent years, private lenders, the chartered banks in particular, have become more active in the general field of farm credit, and more particularly in the area of long-term credit.

I noticed the other day that the Royal Bank has announced a new farm mortgage program. This is in line with something which I, in common with other members of the House, have been advocating for a long time—that the private sector enter the mortgage field. They will be making loans to farmers of up to $300,000 over a period of 15 to 20 years. I want to take this opportunity to compliment the Royal Bank on this project. If more of the private lending institutions would do the same, my job and that of the Farm Credit Corporation would be a lot easier.

I sincerely welcome this increased participation. The Farm Credit Corporation is a long way from meeting the total demand, and unless steps are taken to meet it, the gap will continue to widen. Projections are that it will soon take close to $1 billion per year to meet the long-term credit needs of Canadian farmers.

This bill brings forth a number of amendments designed to update the Farm Credit Act so that Canadian farmers can maintain their position of leadership in the world and increase their productivity level through the wise use of credit.

The major amendments are as follows. First, that the F.C.C.'s capital be increased from $100 million to $150 million, thus increasing the corporation's borrowing capacity to $3.75 billion from $2.5 billion. There is real urgency for this amendment because the corporation's capital will be used up by May 1978. Second, that most age restrictions on lending be removed except for loans to persons phasing into farming. This special advantage would continue to be offered to persons under 35 years of age. Third, that the maximum loan for a single farming enterprise be increased to $200,000 for one qualifying applicant and $400,000 for two or more qualifying applicants.

Before going on to discuss the lesser amendments, let me give the reasons for these three proposals. The present authorized capital of $100 million and the corporation's borrowing capacity of 25 times that, or $2.5 billion, will be exhausted early in 1978-79. The corporation's capital was last increased in 1975 by about 50 percent from $66 million. Between 1971 and 1976, the total value of farm capital in Canada increased from $23.7 billion to $57.0 billion representing an increase of close to 140 per cent. The number of farms with annual sales of $5,000 or more has increased by 18 per cent. The number whose sales exceed $10,000 increased by more then 63 per cent. The corporation therefore needs a significant increase in borrowing power to be able to keep pace with the increase in total farm capital. But it should be noted that the F.C.C. will continue to be restrictive in its lending guidelines in order to stay in line with the government's restraint program. This means that applications will continue to be assessed according to the applicant's need for funds from the Farm Credit Corporation.

Thus, we shall be staying within the guidelines and the intent of the farm credit legislation when it was first brought in; that is, to be a lending organisation which would lend money only to farmers who really needed such assistance and who could not find any other organisation which would lend them the money they required. Sometimes I think that farm credit has departed from that policy.

The second amendment removes age as a qualifying factor for lending limits. Hon. members will recall that when I proposed the 1975 amendments to the Farm Credit Act, the main thrust of that bill was to help young people to get started in farming. Since then, the F.C.C.'s total lending to young farmers has steadily increased. This year almost three quarters of all loans went to persons under 35 years of age. This represents some $410 million.

A great number of farmers, farm organizations and the F.C.C. advisory committee as well as members of parliament have written to me and made recommendations in the past few years. One of the points that constantly comes up is that need does not magically stop at 35. The present amendments extend these advantages to all farmers. Nothing is taken away from the young farmers by these amendments. They simply acknowledge that basic credit requirements do not change on a specific birth date. Experience indicates that the imposition of the 35-year age limit encourages borrowers to rearrange business structures to qualify a spouse or child. This amendment will give more flexibility in meeting real credit needs.

The 35-year age limit would remain on what we now call Part IV or beginning farmer loans, which allow the borrower