

THE SENATE

Tuesday, September 15, 1964

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

FARM IMPROVEMENT LOANS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-119, to amend the Farm Improvement Loans Act.

Bill read first time.

SECOND READING

Hon. John J. Connolly, with leave of the Senate, moved the second reading of the bill.

He said: Honourable senators, Bill C-119, to amend the Farm Improvement Loans Act, is a short bill and requires very little explanation. However, I think it would be appropriate at this time to explain it in relation to the background and history of the legislation known as the Farm Improvement Loans Act. This measure was first passed by Parliament in 1945 and was given a life term of three years subject to renewal. It has been renewed at three-year intervals since that time and the present three-year term will expire on June 30, 1965.

The main purposes of the Farm Improvement Loans Act are set out in the 19th annual report made under the act and are as follows:

1. The purchase of agricultural implements.
2. The construction, repair or alteration of farm buildings.
3. The purchase of livestock.
4. The general works for the improvement or development of a farm, including clearing and breaking of land, irrigation systems, farm electric systems, fencing and drainage works.

At the present time the maximum individual loan under the act is \$7,500. The terms of loans vary. For implements such as machinery the term is four years, but for the other purposes for which these loans are designed the maximum term of an individual loan is ten years. The rate of interest charged by the banks on these loans is 5 per cent, and all loans require the giving of security.

As honourable senators are aware, persons who are entitled to apply for these loans do so through the branch banks in their communities, and generally the loans made by the banks under this act are guaranteed by the Minister of Finance against loss up to 10 per cent of the amount advanced by a bank.

Honourable senators will be interested, I think, in having a brief sketch of the history of the lending operations conducted under the act. In 1945, the year in which the legislation was originally passed, 4,311 loans were made, totalling some \$3.5 million. In 1963, the last year for which final figures are available, the annual amount loaned increased from that original amount of \$3.5 million to over \$135 million, and the number of loans contracted in that year was 77,373. This increase in number of loans from 4,311 in 1945 to 77,373 in 1963 indicates the extent to which use has been made of this legislation through the years.

The losses too should be mentioned. They are relatively small. According to the annual report, the total amount paid to the banks under the guarantee provided by the Minister of Finance has been less than one-tenth of one per cent of all loans made to date.

Lending operations conducted under the aegis of this legislation fall under four headings, and it might be appropriate at this time to refer to them with reference to the lending that was conducted in the year 1963. In respect of loans for the purchase of farm implements, some \$99 million was put out by the banks in more than 56,000 loans. Perhaps honourable senators would like to know something about the type of equipment which was purchased with this money.

I am informed that loans for tractors were the largest of this group and totalled over \$38 million for the purchase of over 17,000 tractors in 1963. Furthermore, over \$24 million was advanced to help finance the purchase of 8,879 combines. Loans totalling over \$13 million were made during that year for the purchase of over 9,000 trucks for use on farms. Loans totalling almost \$4,700,000 were made during the year for the purchase of over 4,100 hay balers. Loans were also made for the purchase of other implements, including milk coolers and station wagons, amounting to over \$17 million in the year.

Hon. Mr. Brooks: Could you give a breakdown by provinces?

Hon. Mr. Connolly (Ottawa West): Yes. Is the honourable leader interested both in the number of loans and the amount per province?

Hon. Mr. Brooks: I am interested in the proportion in which the farmers in the different parts of Canada are taking advantage of the loans.

Hon. Mr. Connolly (Ottawa West): I shall read the figures now and they will appear in *Hansard*. These are loans made in 1963 for the purchase of agricultural implements: