

LEGISLATIVE ASSEMBLY OF ALBERTA

Tuesday Evening, March 12, 1974

[Mr. Speaker resumed the Chair at 8:00 o'clock.]

GOVERNMENT BILLS AND ORDERS
(Second Reading)Bill No. 1 The Queen's Counsel Amendment Act, 1974

MR. LOUGHEED:

Mr. Speaker, I move second reading of Bill No. 1, which is a bill to amend The Queen's Counsel Act.

This bill will rewrite Section 2 which, as presently worded, might lead to the conclusion that it is the executive that issues letters patent appointing Q.C.'s. As the hon. members are aware, the appointment of the Queen's Counsel is a prerogative personal to the Sovereign and the letters patent are issued by the Sovereign, not by the Lieutenant Governor in Council. The Lieutenant Governor in Council may make recommendations which the Lieutenant-Governor then acts upon by issuing letters patent. The purpose of this amendment is to clarify the procedure that is followed.

[The motion was carried. Bill No. 1 was read a second time.]

Bill No. 4 The Agriculture Development Amendment Act, 1974

DR. HORNER:

Mr. Speaker, in moving second reading of Bill No. 4, while it is a short bill it has a fair amount of impact in that it allows the government to advance up to \$100 million to the Agricultural Development Fund in place of the present \$50 million in the Act at the moment. I think it would be worthwhile for hon. members to have some idea of what the first \$50 million has been used for and as to the nature of the requirements in regard to credit.

I have spoken before at length in this Legislature with regard to the almost insatiable needs of credit in the agricultural field and as inflation has pushed up the input costs - and I want to say a word or two about land prices later on as well - the requirements for credit, of course, have increased as well. Certainly if we're going to take advantage of the maximum productive capacity of this province in agriculture and in the production of food, then this credit has to be available.

Very briefly, Mr. Speaker, just to recap what has happened in the last two and one half years, for four years prior to 1971 the old Farm Purchase Board added no new money to the fund at all. There was a small number of loans made. These were made from money that was revolving but there was no new money put in. On top of that there was a slowdown in lending by the other major agricultural credit area, and that's the Federal Farm Credit Corporation. And here there was a major slowdown in lending. The banks also restricted their lending under the Federal Farm Improvement Act, and therefore we had a tremendous demand for credit of one sort and another. Quite frankly, when we initially set up the Agricultural Development Corporation and the fund, we were literally swamped with applications.

Developing guidelines took some sorting out. We tried to remain as flexible as we possibly could. In general, I can say that in spite of the delays some people have had in relation to their loans, when we look at the results of that lending and we see that 85 per cent of the direct loans made by the Agricultural Development Corporation went to small farmers with assets of \$50,000 or less, then I think it was doing the job that we set for it - to be a lender where nobody else would lend.

I might say here, Mr. Speaker, that that in itself was one of the problems that created some of the delays, that these were the complicated ones that my legal colleagues seem to have a great deal of difficulty in clearing up with despatch.

[Interjections]

As a matter of fact, it became absolutely necessary to spread the legal work throughout the province to get it done. My honourable friend for Calgary Mountain View can talk - I have no compunction - we gave it to lawyers who were willing to go to work because it was a major handicap in getting the loans processed.

I might just say that the policy we have followed not only is a policy of lending to those farmers who had difficulty going to Farm Credit or going to the bank to get their credit needs. Certainly those farmers who threw up their hands and said - I have had some of them in my own constituency come to me - well, your outfit took so long that I went to the bank and borrowed the money. My simple answer to them is, you shouldn't be coming to us in the first place. That is not really what the Agricultural Development Corporation is all about. I stress the word "develop".

Again, Mr. Speaker, 85 per cent of the loans had assets of less than \$50,000. Indeed, a majority of the loans were made to people under 35. I think that that follows our policy].

I would just like to say what else they have been doing. My honourable friend from Wainwright - I am glad to see him here, because I could see that he is inclined to quibble a bit with regard to the Premier's statement last fall - I have some additional figures for him and I am sure he will appreciate them.

There are two kinds of lending we do through the Agricultural Development Corporation; direct lending, which is what the fund is all about - this is restricted to individual farmers as such - and we also have a program of guaranteed lending in which we've been involved where there is a grey area between ourselves and industry.

The total lending that the corporation has done to date, including the backlog that we've picked up from the old Farm Loan Board, now totals \$44.3 million, perhaps higher than that at the moment. That was up to the end of 1973, the end of the year. It includes about \$22 million of the old Farm Purchase Loan Fund. So in essence in about a year and a half we've loaned about \$22 million to \$24 million in direct loans to farmers. The average direct loan has been \$25,000.

In addition to that, under our program of the \$50,000 guarantee to individual farmers for operating credit, to the end of the year we had supplied \$58 million. Our livestock program is at \$33 million. There were special programs related to the potato growers, particularly in southern Alberta. With mink ranchers there was an ongoing program, and in addition to that, we had a special dairy improvement loan. Those three smaller areas, in fact, total \$1.6 million. The total there, as I hope my hon. friend from Wainwright will appreciate, \$137 million, less the \$22 million that was in the farm loan board, means an additional credit, without having any regard to the feeder association loans of \$115 million in agricultural credit. That also doesn't include the agribusiness, if you like, or the processing plants.

In addition to that \$115 million we have guaranteed up to approximately \$10 million in processing plants, and I'd just like to give you a quick rundown of the kind of thing we have been involved with: six different smaller abattoirs and packing plants; seven alfalfa plants; five apiaries; three cheese plants - there are some additional ones, and this is the grey area between ourselves and industry because some of the cheese plants were financed through industry as well; six feed mills; we have said to the machinery dealers in Alberta that we would make money available to them if they couldn't get it elsewhere to upgrade their dealership and provide a better service; six different vegetable packing and processing units; two additional loans to seed cleaning plants - these were small ones, for specialty operations; about ten, and there are more now, veterinary clinics; a number of sort of combination loans to processing companies - everything from greenhouses to sod farms to portion packaging to practically every agricultural endeavour that involved the agribusiness.

Mr. Speaker, that's in fact the \$50 million and the need for the expansion of that credit.

We would of course not expect to use the additional \$50 million in the next year, but we will need a substantial amount of additional capital to finance the ongoing programs and indeed the new program that we brought out with regard to what we call our beginning farmers program, in which we are financing 100%, provided these young people have certain qualifications and are willing to accept certain guidelines. The qualifications are training or the willingness to take training at one of our colleges, or indeed those who have had that training, and the willingness to accept, for the first three or four years supervision by the corporation through the Department of Agriculture in relation to their farm plan and their continuing operation. Quite frankly, we have been really impressed with the kind of young people that are coming forward. As a matter of fact, Mr. Speaker, I happened to lose a number of promising young people who were working in my department and have now gone back farming.

[Interjections]

Well, my honourable friend from Calgary Mountain view continues to mumble, but he is not very knowledgeable about the situation.

The fact is, Mr. Speaker, that this beginning farmer program is going to require substantial funds. I think the demand has been for many, many years for the young person to say well, how do you get started in agriculture today? Unless you have a father who either leaves you the land or has considerable money it's indeed very difficult. We're hoping this will work.

I would ask the hon. members on both sides of the House who have constituents who would like to get involved in this program to make sure they do a pretty complete analysis of what they want to do on their farms. I guess that the greatest cause of delay in the processing of these loans is that people don't give all the information we need the first time around. You then have to go back and get some more, which just slows the whole process down. So if these young people come to you I would hope that you would encourage them to apply and to have a discussion with their D.A. and the credit counsellor whom we have, or will have, in each of the regional offices. This is a major program indeed, to revitalize rural Alberta, because I am sure we are all aware that the average age of farmers is getting close to 60 and we have just got to have a turnover population on those farms.

The other extra benefit we have is that if we have these young people who are qualified and know where they are going, getting back into our rural communities, it is going to be a tremendous boost for those communities because these are the people who are going to be able to get out and go to work in community affairs as well.

I have spoken, Mr. Speaker, of some of the problems that we have had in the past in getting the thing operative. During all that avalanche of applications we did one other thing to the staff that really, I think, should be noted. We packed them up and moved them to Camrose. And, Mr. Speaker, I am sure the House would appreciate it if I just very briefly said that in fact that has turned out to be a very excellent move. The esprit de corps that the staff has developed there in Camrose, the quarters that they have, are excellent. Indeed the board has told me - and the board, of course, meets two or three times depending on the amount of applications - but the board tells me that they have noticed a difference in the output of the staff itself since the move to Camrose.

I think those who had some question with regard to decentralization of government offices should in fact visit Camrose and talk to the staff there. They will find that some of the people who were very violently opposed to going are now just as violently opposed to being moved out of Camrose at any time, and the situation indeed has turned out very well.

I would want to say that I owe a real debt to the chairman and the board, and indeed the staff who have worked very hard to try to make this thing work. As I said, earlier we had some delays. We are down now where in the normal course of events in two to three months an application should be dealt with. Again, I remind the hon. members though that those ones which have all kinds of legal problems involved in them are going to take longer.

I do have a list of the number of direct loans that have been made on a county basis and I am sure the hon. Member for Little Bow would appreciate knowing that the largest total volume of loans has been made in the County of Vulcan. There are others, of course, that are very close to that, but that's the substantial one.

That in a very general way, Mr. Speaker, is what we have been doing in the Agricultural Development Corporation. I would appreciate any input from hon. members with regard to the activity of the corporation and where it goes from here. The additional authority to have advances from the Provincial Treasury up to \$100 million is going to be required over the coming two or three years in relation to the credit needs of agriculture, and I recommend the bill to the Legislature.

[Interjections]

MR. SPEAKER:

I think the hon. Member for Spirit River-Fairview had it by a shade.

MR. NOTLEY:

Mr. Speaker, I rise to support the bill.

There are three or four major points I would like to make during the discussion of second reading, Mr. Speaker: first, dealing with the direct loan program; second, the whole concept of guaranteed loans for agricultural processing industries; then, third, I would like to make some comments and perhaps raise some questions with respect to the role in Alberta of federal farm credit.

But before I do that, I am sure that all rural members of the Assembly will recognize that while the Agricultural Development Corporation has played a useful role in the last several years, there certainly have been a number of difficulties getting the show on the road. That of course is true with almost any new agency which is set up, but in the case of the Agricultural Development Corporation this did lead to a good deal of frustration among many of the early applicants who perhaps felt that the program would be able to go into operation more quickly and that their loans would be processed more rapidly. I am pleased, however, to hear the hon. Deputy Premier advise us today that the processing time, with the exception of those extremely difficult loans which we all realize will take longer, has been cut down to two or three months. I must confess though, that part of the criticism which was levelled at the Agricultural Development Corporation might more accurately have been levelled at some of the lawyers who were involved with processing the loans. And when we take after the lawyers I am sure that almost all of us regardless of our political vantage point, with the exception of legal members, can agree.

Mr. Speaker, the three major points then.

First of all, the direct loan to farmers. I know that there are a number of members in this Assembly who are more than a little concerned at some of the loans which have been made in the last two years. I can respect that concern in a sense, even though I don't agree with it. If we were to look at the Agricultural Development Corporation in the same light as a bank, as a financial institution, then of course, quite frankly, most of these loans would not be made because many of the 85 per cent of those loans to smaller farmers simply wouldn't be made by a commercial lending institution using the traditional loan practices. I think that if we are concerned about providing credit to some of the smaller farmers who need it, then the government has to step in and fill the breach, and in this respect the direct loans which have an interest rate of 7 per cent are in my judgment a valuable thing to provide by the government.

I am not quite so enamoured with the guaranteed loans which are based on the principle of prime interest rate plus 1 per cent. I think here many farmers may be borrowing themselves into future trouble. But the direct loans at 7 per cent are certainly, compared to existing loan rates today, a pretty reasonable interest rate - reasonable, Mr. Speaker, because they are directed at those farmers who simply won't be able to get the money from the traditional lending institutions and will have to try to obtain it from the ... I don't want to say unsavory lending institutions, but perhaps the operators who are a little faster, a little sharper, a little more willing to repossess. I am sure again, members who represent rural ridings, especially those with a number of younger farmers or farmers who farm on sub-marginal land, will have had cases brought to their attention which are really pretty heart-rending, where people have got themselves into a good deal of trouble, where they are paying outrageous interest rates to finance companies and what have you, because they simply didn't have any other place either to get the basic loan for their farm or to acquire the operating capital needed to keep the farm in operation. So in this sense the bill is important because if that program is to continue it is obvious we are going to need more money for direct loans.

I would just like to say, Mr. Speaker, that I hope that despite what is happening to interest rates generally the Agricultural Development Corporation will maintain the 7 per cent interest rate for direct loans, and won't be tempted to increase it to 7.5 or 8 or 8.5 per cent.

The minister is nodding his head. I hope that that nodding of the head means agreement, but nevertheless the program has been useful in that sense.

The second area I would like to discuss is the guaranteed loans with respect to agricultural processing. I have to say in this Legislature, Mr. Speaker, that despite much of the attention given to the grandiose industrial projects in Alberta - the tar sands, the whole concept of a world-scale petrochemical industry - then I suspect that we're going to employ far more people by developing agricultural processing in Alberta than any other single industry, and that, therefore, the direction we provide to

encouraging the maximum processing of agricultural commodities in Alberta is in my judgment a reasonable step for safeguarding the future of this province and for maximizing the number of employment opportunities in Alberta. So therefore the guaranteed loan program as it applies to agricultural processing industries merits the support of all hon. members.

The third area - and here I want to ask several questions and hope that when the minister winds up the debate he will perhaps be able to respond - is with respect to the role of federal farm credit. Now federal farm credit by and large has done not an unreasonable job in Alberta, but one of the criticisms which has been levied at FCC is that the people who can get money from it are those who are already able to get low interest rates. In other words, FCC has tended to operate more as a bank being very concerned about securing any loan that is made. As a consequence, it is a little less willing to take the risks on low income farmers or new farmers.

Now I understand that at the recent conference of western premiers in Saskatoon last weekend the role of federal farm credit was discussed at some length. I noticed, in reading the communique which was issued from that conference, that the various ministers of agriculture had been directed to make representation to federal farm credit or to the federal government with respect to federal farm credit. My question to the minister when he winds up the debate is to perhaps bring the Assembly up to date on just what the situation is with federal farm credit, just what the proposals are for changes in the operation of FCC and how he sees FCC integrated in the total lending operations in Alberta with FCC playing a role on one hand and the Agricultural Development Corporation playing a role on the other hand. I think this sort of thing would be valuable for farmers as they assess the role of government in providing credit.

I would just like to not speak entirely in the debate, Mr. Speaker, on a totally approving note. That really isn't my role in this Legislature. I want to suggest - I know the minister gets very upset when the suggestion is made - but I really want to suggest that he take a pretty close look at the program in Saskatchewan of the land bank which is a voluntary program.

SOME HON. MEMBERS:

Oh, oh.

MR. NOTLEY:

I noticed some heehawing across the way, but I underline that the land bank is not collectivization of the land, but is in fact a voluntary program where farmers can lease land for a period of five years, and pay instead of a 7 per cent interest rate, a 5.5 per cent rate. At the end of five years they are in a position to make a decision as to whether or not they want to purchase that land, and eventually acquire the deed, or lease it indefinitely. I think that kind of voluntary approach, Mr. Speaker, of a land bank has a lot of merit.

There is really nothing more frustrating for younger people who want to get into agriculture and who know the huge capital costs of acquiring farm implements today, than to have to pay 7, or 8, or 9 per cent interest before they pay a nickle on the principal. So the question of how we transfer from a generation of older farmers who want to retire, to a generation of younger farmers who want to get into agriculture, without at the same time burdening that younger generation with such an unreasonable level of debt and high interest that they simply can't make ends meet, is one of the challenges with which quite frankly we have to grapple with. Now I don't expect this government to accept the principle of the land bank, but I do think that it is one matter which increasingly, as time goes by, we're going to have to come to grips with.

Certainly what is really important, and why people attempt in the first place to get the deed to a piece of property is for security of tenure. If that security can be provided through a long-term lease, then that's something on which I think individual farmers should have the right to make that judgment themselves. I wouldn't want to see a program of a compulsory nature but I think it is an alternative worth looking at.

In conclusion then, Mr. Speaker, the bill that we have before us is one which I would certainly hope that all members of the House would support. I realize that there are going to be reservations, especially from the more established areas of the province which might have some pretty genuine questions about the shakiness of certain of these loans. But if we are going to get on with the job of encouraging younger people to get into agriculture on one hand and developing agricultural processing industries in Alberta - which surely must be one of the major 'thrusts', if I can use that term - one of the major thrusts of any industrial strategy in Alberta, then this bill and perhaps additional funds in the future are necessary and merit the support of all hon. members.

MR. STROM:

Mr. Speaker, I'm very pleased to be able to take part in the debate on the bill before us. I'm very pleased too to note that the hon. Minister of Agriculture was modest in his presentation, as usual. He did not seek any credit to himself for the situation that exists at the present time and we certainly are pleased to receive the report on the past year's activities in the area of credit.

I suppose that credit for agriculture is a subject that has been discussed just as long as there has been an agricultural industry in the province. I can say that in all the years I was associated with it, I believe it was the number one subject on the agenda any time agricultural ministers got together. Of course this certainly indicates the importance and the need of credit for agriculture.

I noted one statement that the hon. minister used, I believe it was "the insatiable needs of credit ..." and I think that it's rather interesting to note that it has almost reached that point where I would say it is well-nigh impossible to determine what the credit needs would be within a given period of time. To that extent I want to say at the outset, Mr. Speaker, I am certainly in favour of the bill. There is no way that I want my remarks to be construed as being opposed to the bill itself.

My observations would [concern], rather, the way that credit has changed over the years. Just very quickly comes to mind an experience one of my fellow farmers had down in my home area back in the '30s. He wanted to [borrow] \$300 in the month of July in order that he could prepare for taking off his harvest in the fall. Believe it or not, the bank told him, "We can't give it to you in July; come back a month later and we'll consider it". Needless to say, that man changed his banker. He was not interested in continuing with him.

So we have seen a gradual change taking place - particularly I suppose within the Palliser triangle it is more noticeable than it has been in other areas, because we certainly were in an area in which we had been weaned away from credit. Sometimes I wonder if it was actually as bad for us as we thought it was at times. It was a rigid discipline in determining what we could spend by way of purchase of equipment, land and so on. We have moved, of course, from that situation to one where I find that, here we are in the most buoyant time within the history of agriculture, having to become involved in the extension of credit such as we thought we only ought to have at a time when agriculture was in the doldrums.

This leads me to make my first observation, Mr. Speaker, to the hon. minister. I am wondering whether or not we are giving the attention that we should to the problems that may arise down the road. I am thinking in terms of a number of people I know who have taken advantage of the easier credit that is available to them. My fear is that they do not fully realize the consequences of the commitment they are presently making. It is something I hope the staff within the Alberta Development Corporation will give some serious thought to, because I am not sure that unlimited credit at this time is necessarily the answer to the problems of agriculture in the long run. I am not sure anyone can come up with a pat answer to it.

I will take, for example, the moves made by the former administration when we set up The Farm Purchase Credit Act. It is true we did not loan a great deal of money. I think the hon. minister suggested tonight that it was in the order of about \$22 million over a period of several years. Let's analyze what that \$22 million means. In today's values, it could well represent considerably more than \$100 million of value. They were able to buy at a time when land prices were considerably less than they are now, so if we think in terms that it was a small amount of money, I hope we relate it to the situation that exists today and recognize that it, in fact, was not as small as it seemed. I only mention it to indicate that there is a change taking place which is really offsetting the advantages of the credit in this respect. I am convinced that within the last 12 months there has been very nearly a doubling in the value of land. This really concerns me and I am sure it concerns the hon. minister.

I am not going to suggest tonight that it is totally related to the credit made available. I suggest that is one factor. The greatest factor may well be the increased return farmers are receiving for the product they are able to grow. All of us know they are able to get a very fair return, compared to what they were getting only a short while ago. But nevertheless there is a reflection in the value of land that I think has to be kept in mind at all times when thinking in terms of the amount of credit that should be made available for agriculture. It is true, the seller of the land is going to be very happy because he's getting a good price, but in turn, there is a competition established which may well create a problem for the younger fellow who is trying to establish himself.

I also feel there is more competition in the credit field now than there has been for some time. I am not sure that the federal plan or the Farm Credit Corporation and the province should find themselves in a competitive situation, and to that extent I hope that you have the kind of liaison which will ensure a minimum of competition in this area.

The one thing that I should point out to the hon. minister, Mr. Speaker, is that I realize that one of the qualifications for some in getting a loan, is that they must first explore the ability to get loans from either a bank or some other credit institution. I would have to say to you, sir, that in my view it was just going through the motions for some. They maybe went to the bank and were very happy to be turned down in that they could then come to you and get the loan. I say again, this is something that needs to be kept in mind.

Now, Mr. Speaker, there is another problem. I don't know whether I am in order in referring to it, but the minister has tied it in with the processing plants and so on. I would like to tie it to another area.

With the resulting better returns farmers are getting for the produce they are growing, I am afraid we are going to see some drastic changes in the growing patterns of agriculture. I fear that in my area, for example - and I am mostly conversant only with that - in my discussions with a number of farmers I find many of them saying, for the coming year we are only going to grow wheat. And this is bad.

Now, I am not sure as to the influence of government credit in this particular area, but I am sure that the hon. minister is going to have a great deal of notice of this one brought to him. He will have to give considerable attention to the way this can be handled.

It is my view that there are a number of other areas in which there are 'disincentives' working against production. I think our income tax is one that many, many farmers are using as a factor in determining whether or not they are going to sell X number of bushels of grain. They are holding back because they say, we don't need it. There are others who are saying, we are going to go out of livestock, we don't want to be bothered. I am well aware of the problems that the hon. minister is having in trying to get farmers interested in dairying. It all relates to the ability of getting enough to carry on and a little bit for a profit.

I say that this whole area is complicated by the involvement of government through credit and through subsidies. I suggest it is something I would hope that minister gives some very serious attention to in the very near future, because I believe it is going to be a very serious problem.

But, Mr. Speaker, in conclusion, let me say that under the present circumstances I see no other alternative; I believe that it is necessary for the provincial government to be involved. The position of agriculture, because of improved sales, is such that it is warranted at the present time. I only hope that it will continue.

MR. J. MILLER:

Mr. Speaker, being from a rural area, I can really appreciate the impact the Agricultural Development Corporation has had on rural Alberta during the last two years.

I was very glad to hear the hon. Member for Spirit River-Fairview support this bill, and suggest the slowness of processing the loans initially was largely because of the terrific response we had to the program. I know the hon. Member for Cypress fully understands the need for agricultural credit and realizes the position the cattlemen and hog producers now find themselves in financially, and how they could well be looking for financial backing this next year. Many of these, as he well knows, are very capable individuals whom we need in the farming industry. We don't want to lose them.

In speaking to second reading of this bill, I would like to say that, generally speaking, agriculture is regarded as an industry of high capital investment with generally low returns. In Alberta, in 1971 - and we all know that values have increased dramatically since then - the value of livestock was \$826.2 million; land and buildings \$3,172.1 million; equipment and machinery \$972.1 million. Mr. Speaker, from these figures you can see that capital is a very important resource in our agriculture industry.

We find, Mr. Speaker, that additional amounts of capital are being invested in agriculture as a result of several factors which include the increased mechanization of agricultural production processes, and this is largely because of the shortage of labour. We find an intensification of production on agricultural units, and we also find specialization in agriculture. Many farmers have expanded size to take advantage of the economics of scale to improve the farm income, and it has been the desire of this government to stimulate production and make it economically possible for those young people, who so desire, to become established in the farming industry.

The Agricultural Development Corporation is designed to provide assistance of both a financial and an educational nature, with a view to improving the quality of rural life in Alberta, helping to preserve the family farm and making rural centres into more viable entities. In this regard we have in the last two years seen the population in rural areas

increasing, and in fact in many areas have reversed the rural to urban flow of the population of Alberta.

I might point out, Mr. Speaker, that it is not the function of this corporation to replace other lenders, but to meet the legitimate credit needs of Albertans involved in the agricultural industry who are unable to borrow from other sources on reasonable terms and conditions. In fact, it is stressed to borrowers by their district agriculturalists that other sources of credit should be investigated before applying to the corporation. For example, they are sent to the Farm Credit Corporation, which is an agency of the federal government, to see if they can get the loan there.

The corporation carries on many programs to fit different segments of our agricultural industry. For example, it has a direct-loan program to assist farmers wanting to purchase land, consolidate debts or make improvements to their property. It has a beginning-farm program, and this assists young potential farmers with farm experience but who are lacking money in getting established in a farming unit. It also has a natural disaster loan clause, and this covers any event that is sudden could not be reasonably anticipated and against which no insurance is available.

There is a guaranteed loan program, Mr. Speaker, to provide financial assistance to develop rural areas of Alberta and also to develop viable family farms and agricultural businesses. This program generally complements programs regularly offered through consolidated conventional lenders. This program can be used for the expansion and development of new secondary agricultural businesses for the purchase of equipment, operating expenses, buildings, land and permanent improvements. Under this program we have seen such industries as abattoirs and packing plants, alfalfa processing plants, apiaries, cheese plants, feed mills, machinery dealerships, vegetable packaging and processing plants, seed cleaning plants, veterinary clinics, potato processing and storage plants, feeders' associations, sod farms, egg processing plants and other agricultural orientated industries.

Mr. Speaker I would like to point out that these industries have been developed throughout the whole of Alberta, and have benefited many rural communities. Not only do they provide employment for Albertans, and particularly our young people, but they have seemed to stem the flow of rural residents into the two major metropolitan areas.

Another program of the Agricultural Development Corporation is that of providing emergency relief for those who were unable to get their crops harvested, and were left in need of assistance to carry them throughout the winter.

There are also provisions for the granting of loans to promote the dairy industry. Government-guaranteed loans are available to dairymen wishing to construct or repair their buildings, purchase dairy equipment, or for any other purpose that relates to the dairy operation.

There is also a range improvement program to improve the carrying capacity of natural range, and this is not only with regard to the quality but also the quantity of range and grass that is made available for larger carrying capacity.

There is an educational aspect to encourage sound conservation practices and improve range management. We have not forgotten the young farmers, Mr. Speaker; we have established a future farmers program. This program serves those rural youngsters in the 10 to 18 year age group. They can take on any project that is related to the farm unit.

The corporation encourages self-created projects where the participants propose and carry through to completion projects designed to make a profit.

As you can see, Mr. Speaker, the Agricultural Development Corporation is very involved with the future of the rural areas of Alberta. Its purpose is not only to assist agriculture-orientated industries and provide employment for the people of Alberta but it also is serving to stabilize the agricultural industry. We in the agricultural industry in Alberta export 80 per cent of our agricultural products. We have to be prepared to support our producers in their capital requirements and to assist them in establishing sound, viable, competitive units.

In conclusion, Mr. Speaker, we in agriculture take pride in producing top quality products that are second to none in the world, and would ask for your full support for this very important bill.

MR. RUSTE:

Mr. Speaker, in rising to take part in the second reading of this bill, I hadn't really intended to get on my feet because the hon. Member for Cypress and several other members have spoken so adequately. However, there was one remark made by the hon. Minister of Agriculture that I will come to a bit later.

I would ask him, though, in closing the debate on this bill, to comment on some of the programs outlined in the federal Speech from the Throne. And I am just going to mention them here briefly because I think there's a need to co-ordinate some of these things and I am sure that the minister has been in touch with his federal counterpart concerning many of these areas. I would just like to mention them here briefly because I think they are pretty important. They affect the farmers of Alberta to the same extent I suppose that some of the programs here affect us, because we are both taxpayers whether we are in Alberta or at the federal level.

I am quoting now just the pertinent parts from the federal Throne Speech that I feel I would like the minister to comment on. It goes on to say:

... measures directed in the main at increasing food production will be laid before you in the following areas:

- guaranteed loans and other forms of assistance to both farmers and fishermen to assist them in purchasing or modernizing their equipment;
- research to make it possible to increase production, improve quality, and lower costs;
- advance payments on crops to assure producers of timely cash receipts;
- an agricultural stabilization plan to encourage rational production decisions;
- assistance to young farmers to provide sufficient financial incentives for them to establish themselves in farming;
- a prairie grain market insurance plan ...

and the last one,

- incentives to increase the production of livestock necessary to provide for Canadian and export markets.

Now I think these are significant things. The minister is no doubt aware of the impact they are going to have and I would like to hear that in relation to what he has proposed here.

Certainly, as the Member for Cypress so ably illustrated, inflation and the inflating values of land and so on are certainly pushing up prices. If I were a young individual I would look twice at some of the prices being paid for land. Because I have seen the time when prices have dropped as well. Certainly when you get into that situation, you buy at a high price and are forced to pay back at lower prices, then there can be some difficulties.

I was just talking to an individual the other day who said something like this, as far as I'm concerned instead of getting more people into livestock they should take better care of the people who are already in the business. Now this is in 1974 and this man is saying it.

I think the hon. Member for Lloydminster referred to the fact that the people in the livestock industry and the hog industry today are really in a bind. I would make the quip that maybe never has as much money been lost from loans from the feeder associations as there has this year. And I am not saying that with pride or anything, because I think that it is a fact. Certainly it is something that needs to be rectified if we are going to continue to have a sound livestock industry, which makes for a better Alberta.

Now, Mr. Speaker, when we look back over a period of years we have seen this. I can remember as a young chap when things were relatively good back in the late twenties. And then all of a sudden it changed. I can recall that the first tractor I ran on the farm, Mr. Speaker, was one that had been repossessed from a farmer who had over-estimated his ability to pay. He lost it, and with that certainly lost a considerable amount of equity. I certainly hope that history doesn't repeat itself in that way.

I was rather interested in the mention made by the hon. Member for Spirit River-Fairview about the land bank. I couldn't help but think that if things were unfortunate enough in the agricultural situation the government might end up with a lot of land, much to its dislike. However, I hope this doesn't happen. Certainly, I feel that credit, properly used and properly administrated, is a good tool in anybody's hand, whether it be farmer, whether it be merchant or whether it be anybody else. And I would hope that in the matter of supervision this is used properly too, because I was talking to an individual the other day who had worked out a program for a young farmer who was going to buy a piece of land. Through the figures they worked out, it came out that in three years his assets were supposed to be up near \$100,000. The individual said to me - and I couldn't help but agree with him - well, we have both farmed for maybe forty years and

we have yet to see the day when that would happen to our set-up. However be that as it may, I am certainly not going to oppose this bill as such.

I would just like at this time to mention the fact that the hon. Minister of Agriculture referred to the Member for Wainwright quibbling over some figures. Now, I worked on a credit union committee, one of the supervisory committees on audit. Figures to me add up as 1 and 1 are 2 and 2 and 2 are 4, and if you get odd ones, well, it comes to a different thing.

Now the statement that he is referring to, to which I took exception and would just like for the record to be straightened out at this time, goes back to the Premier's statement - and I notice that he is not in his seat at this time - but it goes back to the Premier's statement on October 10 when he was talking about the agricultural credit which had been extended by the government that he was in charge of. I don't argue with him on that at all. But he went on to say that they compared this \$110 million to the previous ten years' aggregate total of \$10 million; those were his words and they have never been disputed or anything else.

Mr. Speaker, I'm not a university student or a professor; in fact, I haven't been to university. But when I look in the dictionary for "aggregate" it means, "gather together in a mass or group, collect, unite, amount to".

Now I notice that the Minister of Agriculture is enjoying himself. Well, I just want to set the record straight. I did a little bit of research. For the last year I signed the annual report for the Department of Agriculture I find that the feeder association loans were \$14,138,683.74. That, Mr. Speaker, is over \$4 million more than the total that the Premier indicated was for the ten years in all fields, and he referred to several.

I can well see some of the members - and I was rather interested when that statement was made. There were such members as the Minister of Municipal Affairs who was on the opposition side at that time, the Minister of Education, the Minister of Agriculture, the Deputy Premier, the Minister of Federal and Intergovernmental Affairs, the Minister of the Environment, the Minister of Highways and the Minister of Consumer Affairs. Not one of them spoke up and said, here's an error. I can see other members such as the Member for Calgary North Hill or the Member for Smoky River holding up the Premier's statement and saying, this is what the previous administration did and this is what we're doing.

Mr. Speaker, having been the Minister of Agriculture, I'd just like to bring to the attention of the members some of these facts. We go back to 1969 and the feeder associations were in excess of \$6.75 million. Add that to \$14 million and that makes over \$20 million. And the Premier stood in this Assembly and said the total ten-year aggregate was \$10 million. We go back to 1968 and feeder association loans were in excess of \$6 million. In 1967, another \$6 million. Go back to 1966, another \$5 million. Go back to 1965, \$4 million excess. We go back to 1964, it was almost \$6 million; you go back to 1963, it was another \$4,700,000; 1962, over \$3 million; 1961, \$4,684,000.

Now, Mr. Speaker, "aggregate" - all right, they say they are quibbling about figures. Do you know what was referred to by the Premier. He said in two years the Feeder Association loans were \$24 million. I look at the statistics I have here and in no one year is there \$24 million, so they must have been using more than one year for that. I add up these figures and they come to in excess of \$61 million, Mr. Speaker. A ten-year aggregate in the sum of \$10 million. I submit, Mr. Speaker, that's quite a vast difference.

Then we can go into another one I have figures on. There are others I don't have figures on but just go back to The Farm Purchase Credit Act. These are the amounts of money approved Mr. Speaker, in those particular years. In 1970, \$1.3 million. I am just rounding these out now. In 1969, \$1,184,000; in 1968, a little over \$3.5 million; in 1967, \$6.5 million; in 1966, \$1.3 million; in 1965, approximately \$1.5 million; in 1964, in excess of \$2 million; in 1963, up near \$2.5 million, as it was in 1962; and in 1961, about \$2.5 million. Now, Mr. Speaker, these figures to me add up to the total of some \$25 million, and these are from the annual reports of the Department of Agriculture.

Now, Mr. Speaker, when we look at this in relation to the statement made by the Premier, I think there is quite a contrast, quite a difference. When I add \$25 million to \$61 million there is \$86 million in those two fields alone. I am not going to deal with the lesser amounts in the livestock breeding policy that was started in the Peace River country, the lesser amount in the grain drying loans, the lesser amount for the crop adjustments assistance program, milk loans and some of the others.

Now I know the minister is smiling when we refer to these figures, but I suggest, Mr. Speaker, that back in 1965 the budget of this province and expenditures was less than \$500 million. A year ago the budget was almost \$1,500,000,000. Now, Mr. Speaker, in looking at this how do you explain this type of representation?

I went back to the dictionary to just see what is going on. So I find "something intended to give a false impression." I can't see any other explanation for it than that, Mr. Speaker. Another one: "something that misleads or deceives."

Mr. Speaker, to me the Minister of Agriculture may say it is quibbling, but I was responsible for that department for a considerable time and I think to set the records straight we had better look at some of these things and put them in their proper place. So I submit, Mr. Speaker, that if you get down to the short of it, anything that says something intended to give a false impression, or something that misleads or deceives, to me is nothing short of a lie, and anybody who makes that statement in this House makes that statement a lie.

SOME HON. MEMBERS:

Order.

MR. RUSTE:

Mr. Speaker, they can shout "order" all they want.

MR. SPEAKER:

Order, please. Order, please. The hon. member is not entitled to refer to a statement made in this House as "a lie" since that is a deliberate untruth. If he wishes to quarrel with the accuracy of the statement he's entitled to do that, but he isn't entitled to use an expression which indicates that another hon. member has told a lie.

MR. RUSTE:

Well, thank you, Mr. Speaker. I was just using the dictionary in trying to work backwards from what the statement that was made in this House indicated.

[Interjections]

So, Mr. Speaker, I'll get back to the statement then that certainly something was intended to give a false impression in this House, because ...

MR. SPEAKER:

Order, please. The hon. member, in addition to using the dictionary, should perhaps combine it with the traditions of parliament. If the hon. member says that something was intended to mislead the House, then he's in the same situation as if he said it was a lie.

MR. RUSTE:

Well, Mr. Speaker, I would like to have a correction of this made by the Premier then to this Assembly, because certainly, Mr. Speaker, I have outlined the case, as I have a right under the Bill of Rights to speak ...

[Laughter]

They can laugh, they can laugh. You can laugh all you like honourable gentlemen, but certainly the statement was made. It involved the work that I had done, not only myself but the hon. Member for Cypress, over a number of years and I think it should be corrected, Mr. Speaker.

SOME HON. MEMBERS:

Hear, hear.

MR. SPEAKER:

The hon. Member for Macleod followed by the hon. Member for Edmonton Highlands.

MR. PUCKWELL:

Mr. Speaker, much has been said that I would have liked to have said on this bill. I do take pleasure in supporting it.

One of the things mentioned by the hon. Member for Cypress, and of which I'm sure the hon. minister is fully aware, is that our strength in agriculture has, over the years, been in greater diversification. This winter, particularly livestock prices and feed grain the way they are, have had a tendency to get farmers back to a one-crop situation, which I sincerely hope does not happen. I would say that the two greatest departments we have in government today are energy and food, and they're both in short supply. It seems rather a paradox today when last November farmers were selling or asked to deliver grain

and were having the payments deferred until January. They're asked even to deliver grain now and they're deferring it way up to 1975. If we ever saw the day that we've turned money down - it just doesn't seem to farmers - it's almost to the point where we can't understand it anymore.

One of the things, of course, that would have solved all our problems with agriculture would have been if we had had over the last number of years stable prices, particularly for our grain. Many of the farmers would have sold out for a reasonable price. For example, I'm sure the hon. minister is probably disappointed in the amount of the dairy loans when you consider that the potato growers', meat farmers' and the dairy loans totalled \$1.6 million - when he was particularly asking for a greater amount of dairy products - when you consider that we are short of fluid milks and they are threatening to put the price up possibly another 10 cents a quart. Particularly with dairy farmers who have a quota and are under the Public Utilities Board and can almost get what they want for their milk. Compared to this type of operation a young farmer today who is going into grain and livestock has to take the going price. It would seem to me that the dairy farm today would be - grant you, there is a steadier amount of labour involved - an attractive proposition.

One of the things I think we have to remember is of course that this generation, our generation today, is always smarter than our grandfather's generation. I'm thinking today particularly of the more settled areas of the province, of those who went through the Depression and even the twenties, to go further back, where the grandfather bought land for \$25 an acre at five per cent interest and went broke. You say what a dummy he must have been, but today we are going to pay \$200 an acre and pay nine or ten per cent interest but we're going to make it.

You take a young fellow today paying nine and one-half per cent on a loan, whether it's a Farm Credit or an Agricultural Development loan, say of \$100,000. He has to make \$9,500 clear just to pay his interest, say even \$7,000, and if he can do that, that's more than the average farmer has made by paying his expenses over the year. So he has a great burden ahead of him. We have to look at it. Even during the time of the old farm board many of these people became overextended and had to have their application or their credit refinanced.

I'm suggesting to the hon. minister that I think the Agricultural Development Corporation is doing a fair job. I'm proud to say that they are doing that without fear or favour to colour, race or political affiliation. Much of the trouble I ran into last spring coming back from the session was from people who thought that the government was the money tree and all they had to do was line up and sign an application and the money was forthcoming. When they found out that they had enough assets to support the boy themselves, they weren't half as interested in the program as they were at the start and they thought the government was fairly niggardly. It was often mentioned that for those who can get credit from other sources this is in a sense a court of last resort, and if we hadn't had this some of these young lads would not be farming. There are some today who say, well, if it hadn't been for the farm board I wouldn't be on the land today and we hope that things go right. If they don't go right there will be some who say, well, I wouldn't be in debt if it hadn't been for the Farm Credit Corporation. Time will tell.

I'm going to ask the minister when he closes if he would think of this. There are farmers in our area who would finance the selling of their own place and therefore would take a higher price for it, knowing that they are financing it, doing it themselves. There are other farmers who would say, for cash we will take less. I think today, when the price of land is so inflated and still going up, that if a young fellow comes to you and says, I want to buy this place but they want \$70,000 or \$50,000, and you're going to lend him some money, as soon as he finds this out, he wants \$90,000. The farm credits say, well, if you want to buy this place we'll buy it for you but we'll give you \$75,000. We have to come to some fair price rather than just say, yes, we'll pay whatever you ask for.

I don't think this is fair to the chap who is buying the place, and if a man wants to retire there are very few farmers today with, say, a section of land who can't sell it if it is in fair productivity, who are going to have enough to retire on. The trouble is most of these old boys want to hang on, now the price of wheat has gone up to \$5 a bushel for just one more year. If I could just make one more year and then the wheat may be \$4; well, if I just had one more year - and he'll hang on till the wheat goes down to \$2 and then he won't be able to sell it and he'll blame the government. But I would like to support this bill, and I hope sincerely that \$100 million will be enough. If it isn't, if inflation still keeps on, then maybe we're going to have to add more to it.

MR. LUDWIG:

Double it next year.

MR. KING:

Well, Mr. Speaker, I was feeling constrained from taking part in this debate by the adage that "fools rush in where angels fear to tread". But since a number of angels have already covered the ground, I thought that somebody from urban Alberta might be able to make a few remarks about an issue which I consider to be very important.

I think that young people generally - and certainly I know I myself - are very concerned about credit. Because in our society today, whether you're a farmer or a non-farmer who lives in rural Alberta, or an urban person such as myself, the availability of credit or the non-availability of credit is an extremely important thing to all of us. It becomes doubly important to us, not only as citizens but as members of the Legislature, when we are considering the availability of credit resulting from government programs or government intervention. Because, of course, if credit is unavailable and its availability might have made an operation profitable, then the government will be blamed. If credit is available and in spite of its availability an operation is not profitable, then the government is going to be blamed. So I think that both as a young person with a personal concern about credit and as a member of the Legislature, there are a few remarks I would like to make.

The first is that loans or credit are only feasible or desirable when the borrower can reasonably expect that over the long term he will have the capacity to repay the loan. In an industry like agriculture, credit would be no favour to anybody unless a number of other conditions were being met. Among these, I would say, are production, marketing, the development of infrastructure, the development of related processing and secondary industry, and the consolidation of credit and management. I think that as all of us consider this amendment to The Agricultural Development Corporation Act, we should consider it in terms of what the provincial government has done in each of these other fields.

I think that, generally, the ground has been pretty thoroughly covered this evening by all hon. members on both sides of the House. I think it is undeniable that since 1971 there has been a very considerable increase in the emphasis that has been placed on production, not only an increase in the quantity of production, but an increasing diversification of the production of the agricultural industry in this province.

The second thing which I think is undeniably important is marketing, which includes not simply selling our agricultural produce, but selling it at the right price, at the advantageous price. I think that the activities of the department in creating a deputy minister responsible for marketing, organizing the commodity section, the Alberta Grain Commission, the marketing council, the marketing intelligence division, the product economics division, the resources economics division and the Alberta export agency, have all indicated an awareness by the Department of Agriculture of the fundamental importance of marketing. That is to say, not simply selling, but seeking always to sell the agricultural produce of Alberta at a price that is going to bear some relationship to the investment and the input costs of the farmer.

The third thing that I think is very important is the development of infrastructure which makes rural life more attractive. Because we have nothing if we recognize the need for production and if we recognize that having produced we will be able to sell, and yet are unable to produce because no one is willing to live on the farm or in the rural service centres in order to produce. I think the importance of the development of infrastructure has been recognized, as well, through the designation of agricultural service centres; through the development of natural gas cooperatives in rural Alberta; through the expanded market roads program of the Department of Highways, and through the significant grants that have been made by the Department of Culture, Youth and Recreation to enhance life in the rural towns of the province.

The fourth thing, of course, is the development of agriculture-related processing and secondary industry. This area was covered at some length by the hon. Member for Lloydminster so, on the basis of his remarks, I would pass over it other than to repeat my conviction that it is another fundamental area the importance of which has been recognized by the activities of the department.

The fifth thing that is crucial is the consolidation of credit and farm management programs, because again the availability of credit is going to fail the farmer more than it will help him. If he can overextend his credit by going first to one agency, then to another and then to a third and gets credit it will be beyond his means to deal with it. I think that the extent to which the provincial Department of Agriculture has co-operated with the federal department through the small farms agreement and the extent to which both departments are cooperating with the private agencies and organizations is commendable.

Now having made these points, I would like to speak for just two minutes on the question of credit for the farm industry itself.

As a layman, as an admitted outsider, it seems to me that agriculture is obviously capital-intensive. Where 60 years ago it might have been considered labour-intensive and where the farmer could essentially solve his problem by increasing the size of his family, solving his credit problem is not quite so easy a thing to do. Agriculture is capital-intensive, not just on the basis of the investment required, again referred to by the hon. Member for Lloydminster, but also because of the availability of only periodic production from the farm. You are not delivering to market the produce of that economic unit on a constant week-after-week basis. Your delivery to market is great at some times and almost nothing at other times.

In other words, financing would seem to be absolutely essential in order to carry the economic unit from one period of delivery through to another period of delivery, or at least where you have government intervention from one period of payment through to another. For many reasons, almost all of which are beyond the control of farmers, farm productive capacity fluctuates greatly. It can depend on weather or other forms of disaster - it can depend on government intervention which may be a form of disaster. I think of the LIFT program of a couple of years ago. One of the things I think is crucial is that the policy of the federal and the provincial government should recognize world market conditions, being what they are today, and should always encourage maximum production. I think that having said that we would have to recognize the need today, when we operate from a low point in the productive cycle, to extend greater credit to the industry in order to allow them to meet the demand for expansion created by the world market.

Mr. Speaker, I think that the bill before us justifies the faith the minister has had. I think in the long term the gamble being made by the government and the gamble being accepted by every farmer is going to depend on the success, not simply of this program, but of every other program of the government to increase production, to improve marketing and to develop the infrastructure of the rural parts of the province.

Thank you very much.

MR. BENOIT:

Mr. Speaker, only a few cursory remarks with regard to the matter. First of all, I can't understand how they receive so much assistance in the County of Vulcan area when we have so difficult a time getting assistance. I will have to analyze this situation a little bit, because it looks to me as though we must either be too rich or else we're too independent. A number of loans requested in our area have been turned down, presumably because the cost of the property was too high, and then there are a number of rather independent people who would like to go it on their own. There is definitely a real advantage in this program. I think it merits our support one hundred per cent.

I would like to suggest that there are a number of bad side effects, which have been mentioned by several members. One that hasn't been mentioned is the fact that there is a tendency to increase the price of land as a result of the availability of loans of this nature - alluded to by the hon. Member for Macleod - but I think it's a wonderful way to use the money that we're getting from oil. The Alberta government in all its history has never received so much money from natural resources as it has received in the last two years. It is really a windfall, not due particularly to any government efficiency, but due to the nature of circumstances. I draw your attention to that. Anybody who had been sitting in office in the last two years, based on the previous operations, would have been equally successful. But how this windfall is used will determine, in the future, the wisdom of the present government.

I think this is one of the wisest uses we can put the money to, to put it back into the land, because as all hon. members know, Mr. Speaker, we can't eat or drink gas and oil. Gas and oil are not essential to our life, even though we have geared our life in such a way that it would be difficult to become adjusted to life without them. Electricity is not an essential to life, even though we have geared our lives in such a way that we would find it difficult to go without it.

The only three things that are essential to living in this country are food, clothes and shelter. If we were in some other country, we might not need shelter, but in this country even streakers have more than one reason for running from one building to another, especially in the wintertime. So for this reason I suggest to all hon. members that we have to really get on the ball so far as looking after the land in our country. For that reason I won't say any more here about it, but I hope that a great deal will be said and done about land use in Alberta in the very near future. I'm glad that we had the foresight to begin a program of this type a number of years ago and that it is being continued and increased today, because without it there would be a lot of farms and farmers who would not be able to continue.

I would like to ask the minister if these loans which are made for a variety of purposes could include dude ranching, because that is a type of agricultural operation that reaches into another very important industry in the province - tourism. If dude

ranching can't be operated under this particular loan program then maybe the Department of Industry, through the Alberta Opportunity Company, could extend some assistance for that purpose.

I think, Mr. Speaker, that is all I want to say, particularly with emphasis on the fact that we can't go wrong as long as we invest some of the profits from our non-renewable resources into a resource that is renewable and essential to the existence not only of our people but of the whole world.

MR. TAYLOR:

Mr. Speaker, I would like to make a few comments on this bill also. I would like to say, first of all, that I appreciate the prompt way in which the hon. minister deals with correspondence regarding this bill and other items that go to his office. I think this is a good point whenever a minister is willing to deal with details of legislation that are worrying or bothering people in a constituency.

I want to deal with two or three items. Some of these I have already brought to the attention of the minister and have had correspondence about. There has been some criticism about the slowness of the corporation. My own experience - I know it is not fair to generalize on the basis of a very few cases - but in the few cases that I have followed the slowness has generally been before the application reaches the head office. There may be a reason for that, making sure the application is in proper form, et cetera. I don't know the reasons for the slowness between the time it leaves the farm and the time it reaches the head office, but that is where there has been considerable time spent in a few applications. It may be that by speeding that portion up the whole operation would be much faster. I have found that with any applications I have had anything to do with the head office deals with these very promptly and facilitates their movement whether they are acceptable or not. I think this is appreciated by the farmers who apply.

The next point I would like to mention is, in the application form for a loan a number of farmers in my pre-session public meetings raised objections to the projections required. I have brought this to the attention of the hon. minister. I thought I'd say a word or two about it today. I realize the importance of basing a loan to some degree on projections, but the average farmer finds it very difficult to project one, two and three years into the future when it comes to the price of wheat or the price of cattle or conditions generally in the country. World conditions can change, provincial and federal conditions can change almost from month to month. I rather question the values of those projections. There may be some, and if there are some values in them possibly the hon. minister can deal with those when he's closing the debate.

The other point I would like to mention is somehow or other a great number of people in the country feel there is a maximum amount that can be borrowed. As a matter of fact, one young farmer came to me with the story and I didn't have the information at the time to change it, although I did tell him my understanding was that there was no maximum, but that I would bring it to the attention of the minister. He claimed that \$85,000 was a maximum. He said that he got this from somebody in the corporation, I don't know from whom. This is broken down into \$65,000 for land and buildings, \$15,000 for equipment and \$10,000 for operation. Now, \$65,000 for land and buildings might be realistic, but in many districts today land is selling at \$150, \$200 and even \$300 an acre. Farm land has sold for \$300 an acre in the Carseland area. I was recently told by a prominent young farmer there, \$65,000 doesn't go very far but the \$15,000 for equipment is completely unrealistic. So I was very happy that when I brought this to the attention of the hon. minister he stated there was no limit on loans that might be made within the general framework. I am sure this will be a consolation to the people of the area who thought there was a maximum and felt that the maximum was so low that it was unrealistic for them to even make an application.

The point I would like to make regarding this bill is that I don't view this as a catastrophe at all when we are talking about extending credit to our farms. As a matter of fact, I look at it the other way around entirely, because the country and the world have to be fed. Even today there are hungry people in the world who will go to bed tonight without as much to eat as a crust of bread. Some people in some countries will die tonight because of lack of food. And while we are part of a world we can't help but be our brother's keeper. While we are - if we view it from that point of view at all - I think we have to say we have to produce food to the greatest possible degree in trying to make sure that every human being will have enough to eat, enough to nourish his body. Unless we do that, in my view, we are failing the world and maybe our own people very, very badly.

I suppose there are people in Alberta tonight who are hungry because they can't find food or don't have enough money to buy food. I would hope they would be at a minimum. But there are people in the world, according to the United Nations, who go to bed hungry every night, who get as much to eat in a month as most of us here get in a day. I think it is important that we continue to produce food. If we are going to say today that because the price of land is rising and the price of land is high we will discontinue any

program of assistance to people to purchase land, then what we are in effect saying is that we're going to cut down production.

The hon. minister, I believe it was, mentioned that the age of farmers is getting up to a point where they can't continue too many more years. If that is so, unless there is somebody to take over that farm, then production is going to be reduced in the future. I just don't think we can take the chance of having the production of food reduced in a world that is having an increased population, unless we're going to aggravate the possibilities of war all over again. As I read history, many of our wars started because of empty stomachs. People will stand hunger so long and then they will do something about it.

I think we have a wonderful opportunity. We have fertile soils, we have good land and we have a wonderful climate for raising many, many crops - some of the staples such as wheat, barley, cattle, milk and eggs and so on. Unless we make use of that, we're certainly not making use of a trust that has been imposed upon us.

So I look upon this bill as one of the most important bills that will come before this Legislature. It's spending public money, doubling the amount of money from \$50 million to a \$100 million, to be spent over a period of years. I don't know exactly what that period of years happens to be, but I think we would be acting very unwisely indeed if we said that because the price of land is so high today, we will stop loaning money to our young people to go into farming. Some have said - and this came up at one of my meetings in my constituency - they likened conditions to those following World War One and the great Depression that followed. When I think about that I really can't see the comparison. The hon. Member for Highlands mentioned a few minutes ago that a loan should be satisfactory if there is a productive capacity to repay that loan over a period of time, and I agree with that. But what happened following World War One was that our farmers borrowed - and changing it from dollars to bushels - one bushel of wheat. Then, when they had to pay it back in the great Depression, they found they were paying eight and nine bushels back for each bushel they borrowed, which became an utter impossibility. Did we then condemn those who loaned the money when the money was needed? I certainly didn't.

I heard and made many speeches in those days in connection with the way farmers were kicked off the land. I criticized companies for kicking farmers off the land when the repayment of the loan was completely beyond their ability. They were being asked to pay back the loan three, four and five times, which just didn't make sense. It became an impossibility on that land. I fully supported the moratorium the late Premier Aberhart brought to this Legislature then, which kept hundreds of our farmers on the land. When I look at the loan today I hear people say, well maybe they won't be able to repay this 5, 10, 15 or 20 years down the road.

Mr. Speaker, if conditions change over which the farmers have no control, and if they're being asked to repay the loans they are now getting three, four and five times and still owing as much as they borrowed, then the government of that day will surely be expected to take action. If the conditions, on the other hand, are such that they can repay the loan with a proper margin of interest, then I think most of our people, a vast majority of our people, are basically honest and they will be able to pay and they will pay. But if the payment or repayment is beyond their own power to do so, then of course they will have to have assistance from whatever government happens to be in office.

Surely we can't look into the future - at least I can't - and say, because I don't know what's going to happen in that black area in front of us, we will not encourage farmers to get on the land today. Unless we do let more of our people into the productive capacity of farming, then the world is going to pay the price through more people dying of hunger, malnutrition and so on. I think there's a responsibility tied up in this act. We talk about this country having been built on credit. It was built on credit. Where would we be today if there was no credit in this country? There's nothing wrong with credit. It's the exorbitant interest. When we ask people to repay the principle two, three and four times and then still owe as much as they borrowed in the first place, that is wrong. But a reasonable rate of interest on money they borrow is not wrong - it's sensible, just as sensible as paying wages to those who do work for you.

Mr. Speaker, I believe agriculture is not simply a job, it's a way of life. It's a way of life upon which the world will depend, is dependent now and will be dependent more and more in the years ahead. If we're going to even try to begin to reach the objective of the United Nations, having people all over the world, of whatever colour or creed, have an opportunity to live instead of dying before their time because of malnutrition and lack of food, we have to do even more of this type of thing and encourage our young people to make use of the wonderful black soil that has been given to us as a heritage in this province. We can't use that better than producing food to feed the people of our province, the people of our own country and the peoples of the world. I think our farming industry is the backbone of everything in this province, in spite of the petroleum industry, in spite of all the money that comes from other industries. Without agriculture they would all be useless; they would all be a waste.

I welcome the bill in doubling the amount of money for the Agricultural Development Corporation and I would hope, Mr. Speaker, that by working together with the people of this province we'll be able to get more and more of our young people on the land where they can become independent, where they can have a buoyant income, where they can make a contribution towards the betterment of this country and the betterment of this world. I fully support this bill.

MR. LUDWIG:

Mr. Speaker, I too would like to make a few remarks in relation to second reading of this bill. The more I listen to the speeches in relation to this bill, the more I wonder whether it isn't a penalty-killing exercise to sort of compensate for the way the government blew the debate on the Speech from the Throne.

It was said, Mr. Speaker, that things have never been better in Alberta and I am inclined to agree. Things are great, everybody is prosperous and I'm beginning to think that sometimes this prosperity is more apparent than real because it appears that the more prosperous we are, the more money the Minister of Agriculture is going to need to lend - \$100 million this year, and I'm quite certain that it could be \$200 million next year. The more prosperous we are, the more money the farmer is going to owe, and before too long the hon. minister is going to have a greater equity in some farms than the registered owner has. Now this may not be so bad with the Conservatives in office because they have shown us that free enterprise and state ownership, according to their definition, are compatible; that you can be a Conservative, be it so by inheritance and not by conviction, and you can go into state business. Now the fact that Barrett approved that also has nothing to do with the fact that we are dealing with a Conservative government.

And so, you can have state businesses when the opportunity company is set up to go into business in case some of the debtors of the government, - some of those who are beholden to the government for their loans and their largess and their generosity - in case they go broke the government can step in and go into business. Now this is something that the people didn't expect when they voted, but they're getting it anyway. But, according to the best authorities on the other side, this is synonymous with private enterprise and I have my grave doubts as to whether they really mean what they are saying. The hon. minister is going to keep getting a bigger and bigger equity in land all the time and, of course, if things go bad, if you can have state business, you can have state farms. After all, the Conservatives have indicated that they can stand up and say that we own this land and we are not being paid; we might as well go into business, but we are still Conservatives. The fact that the New Democratic Party is also pushing in that direction is a question of who gets there first.

When the minister tells us all the good things he's doing for the farmers, I agree that he is. We haven't seen anybody as active in agriculture in the whole country. He tells us that a lot of the good prices that the farmers are now getting - they're going to need good prices to pay for those loans they are getting - that of all the good prices they're getting, he was responsible for some of that. I don't like to take any credit away from him when he says that, but there are two sides to this problem. We are all in favour of the farmer getting good prices for his produce, because he's got to produce - we need his product. But there is a penalty to pay by those people who have to buy. They comprise a large portion, the greater majority of the people in this province who have to buy. While the government is doing its best to keep prices up in produce, in milk, in beef and in grain from which bread is made, cereals, vegetables, et cetera, we have not to forget the consumer. Inflation may be good for the farmer in some respects. I think his prosperity is more apparent than real, because the big things he's getting are only in relation to the big prices he has to pay.

I'm not at all intending to create the impression that the farmer is getting more than he is entitled to, but nevertheless, I believe we are fanning inflation a little bit in that area. Land prices go up, machinery prices have gone up, labour has gone up, transportation - you name it. Even propane has gone up a little bit, although somebody said they will hold it, but I'll wait and see on that one. So they've got to get theirs back. But the consumer in the city has to pay, and of all the people here somebody has to decide whether we're going to continue this, whether we're going to follow Stanfield - and that's a hard one to decide - in price and wage controls, whether we're going to let the people of this province and of this country suffer because they can't get the good things we produce at a time when things have never been better in Alberta, or whether we're going to subsidize the consumer.

It doesn't sound so good to the hon. minister and hon. members opposite when I say, should we subsidize the consumer. Well, we are to a certain extent subsidizing some consumers now because of the cost of food and other things. But I am saying that we are not subsidizing the right ones. There are many people who talk, as the hon. Member for Drumheller talks, about people going hungry. It's understandable that they are going hungry in countries where they can't raise anything. They have to import and they can't afford to. We are raising it and a lot of people in this province today are not getting proper food, they are not getting enough food, even though we are subsidizing.

I think that when we talk about the great things, the great prosperity, the windfall profits and things have never been better - that's from the Speech from the Throne - we must make sure that our children and some working people have the food they want.

Now, I believe that that point had to be made, because we are forgetting some of our population who wish to enjoy the good things in this province but can't afford them.

I would like to ask the hon. minister a question as to how many less farmers we have farming in Alberta today than we did two or three years ago? In spite of all the good things his staff are abdicating him for greener pastures as it were, easy loans and guaranteed everything - maybe they too have a few things to learn about working on the farm. But have we got more farmers today than we did three years ago, or is the trend gradually to reduce the farm population? It is getting so that even if you help the farmer buy half a section of land and a few cows, he has got to sell because the units have to be bigger and bigger, not only to pay for operating expenses but also his overhead on the big mortgages he's got. The more mortgages he's got the bigger the unit he has. It appears that we are caught in this.

So I think those things need to be answered. I am just concerned whether we are building a larger farm population or larger farms. I am not at all saying that we can avoid building larger farms; we need more production.

I believe the Prime Minister has stated that we are going to concentrate on greater agricultural production. I am sure that the hon. Deputy Premier would feel that that is a good objective and the only thing we would want to watch is not to get into the position, as the hon. Member for Kingsway ...

AN HON. MEMBER:

Clover Bar.

MR. LUDWIG:

... Yes - has stated, that they will need a period of years within which to repay these loans. It is all right to give them credit. It is easy credit, and they are not getting all they want, but they are getting fairly easy credit. They need several years of almost a guaranteed income from the farm. What happens if somewhere in the next four or five years they either get dried out, hailed out or something should happen to prices? They will be blaming the government first and last I suppose.

AN HON. MEMBER:

Credit where credit is due.

MR. LUDWIG:

Well, Mr. Speaker, there doesn't seem to be anyone in disagreement with the bill, although the speakers mostly disagreed with one another. So I believe on that note I can also state I support this bill, Mr. Speaker.

MR. EARTON:

Mr. Speaker, in rising to debate Bill No. 4, I would like to commend the department on two aspects of the bill.

First of all, when I first had cause to run into it, I thought that there would be a certain amount of abuse. I think there was at the start, but I think the department has straightened that out.

Secondly, I think that the applications each farmer goes through is a very necessary process and should be continued and even expanded. Day-to-day expenses educate a farmer in the areas where he spends from day to day, month to month - the phone, the telephone, they don't realize these expenses. I think the education part of it should be continued.

Secondly, looking at the bill and another \$50 million, I always think of regulations. There have to be regulations - there are not enough there. In these regulations, I was wondering if the minister would mind a plea from northern Alberta. We are in a sad situation up there to a certain extent. We have the NDP crowding from the east and the west, but I'm afraid it is going to be crowding from the north if there isn't something done. So with the \$6 million that is left over from the fund last year, I'm saying on behalf of northerners that I'm sure the minister responsible for northern development will take the spillover, and also use another \$10 million. I won't hold you to your promise in 1970 that the real problem in the north is a \$50 million development fund. I'll just hold him to 20 per cent.

Thank you.

MR. MANDEVILLE:

Mr. Speaker, I would be remiss if I didn't get up and make a few remarks on this bill, with the amount of assistance that I've got in my constituency as a result of the Agricultural Development Corporation. This is one of the areas that I think we can put credit into, and I think it is spread out over the entire economy. It is gratifying to see so many people, especially in this Legislature and in the cities, who recognize the importance of agriculture. This to me is a big step in the right direction. A few years ago we would hear so many people say when there was a wheat board payment made, well, here is a grant coming from the government to the farmers, but it is only the people's own money.

The part I like about this Agricultural Development Corporation fund is that it is a fund. It's at a good interest rate to our farmers. It's the case today that a young farmer can't get into agriculture unless he has at least \$100,000, or something in that neighborhood, to have an economical farming operation. Where can our young people today come into this type of money? I agree that we do have the Farm Credit Corporation, and I would like to see them appraise or assess our farmers to a greater extent. I know in my own constituency I have had several farmers who have declared bankruptcy who have farm credit loans, and I certainly don't think that should be necessary.

I think our Agricultural Development Corporation is doing a good job in this area because it is assessing the applicant. I think this is very important. I can give my son some money and he can start farming, but if he doesn't have the managerial ability or the ability to farm it really doesn't matter how much you give him, he is going to lose this money. I would like to see FCC assess these applicants and be more concerned with the ability of the applicant instead of being so concerned with the money the applicant has.

I agree with the hon. Member for Drumheller that the price of land is going up, but I still think now is the time for our young people to get into farming. As the hon. minister has mentioned, the average age of the farmer in Alberta is almost 60, and as long as I have been in the agricultural business the price of land has been going up. ... [Inaudible] ... it goes up so high and then it levels off when we have overproduction of agricultural production. The land prices level off, but I don't think they ever go down.

I think that possibly now is as good a time as any to get our young people involved in the agricultural industry. I do realize that they need supervision, which I think there will be in our young farmers' program. This is an area that I think needs lots of emphasis to keep supervision with these big loans that are going to our young people. I hope that any of our young farmers who have gotten into the agricultural operation in the last few years haven't fed cattle this last winter or gotten into the hog-feeding business, because they could certainly be discouraged. I do hope that the minister will take a good look at giving some assistance to our cattle feeders. I'm thinking of assistance to subsidize the feed for hog growers and lamb growers, as well as the recent program as far as the dairy business is concerned. I think this would be much appreciated by the cattle industry, and I think it would be a big help at this time.

There is one area where I think we have to be cautious and careful. It is when our farmers are getting into processing. I think this is an area that has to have very close supervision. I feel that our farmers can get out and be in primary production, but when they get involved in the processing and this area of agriculture I think it is pretty hard for them to finance and manage this type of operation.

I think that the ten dollars for the vegetable growers for this coming year is a good program. The reason I say this is because with the attractive prices we have for our wheat and barley and other products, I think it's going to be hard to keep our vegetable growers in business. It is almost a necessity to give some subsidy to them as an incentive to continue to grow vegetables because I think we can grow them in Alberta just as well as any place on the North American continent.

I was interested to hear from the hon. Member for Fort Macleod that there's a potato loan and several other loans, that there's a million and a half dollars in guaranteed loans. When he made that remark I sat down and figured out the amount of guaranteed loans that I had in my constituency on potato loans. I think it is approximately a million dollars, so I'm pretty proud of the fact that we got the biggest portion of that money into Bow Valley constituency. I can assure the minister that these are going to be good loans. At the time that they were made the potato industry was in serious trouble. They were having a real fight to keep their operations going, but the way the potato industry has turned out with the potato prices this year, I can assure the hon. minister that all the potato growers are out of trouble. They are off and running.

Another program that I did some work on myself - I think it's a good program - is the hay banks that we are getting in the province. I know that we have one started down in my constituency and I think this will have a stabilizing effect on hay prices. I really don't think this is the right year for us to be getting involved in hay banks, however it is a start. I hope that we will take a good look at all the hay processing

plants in the province and take in a portion of their hay and put it into a bank for future years. I think this will certainly help stabilize our hay prices.

In closing, Mr. Speaker, I just want to say that I do support this bill. Again I would like to ask the hon. minister to see if there is any possible help that he can give the cattle industry. Because I know that the lending agents now are starting to close down on the cattle feeders in the province. They have closed down on several of our large feeders. If we can't get the federal government in there and help our cattle feeders, I think the situation is all from manipulation of politics and markets. There was a freeze in the United States and our federal government put an embargo on beef, a temporary embargo. We have unequal tariffs and then we had the rail strike. Now, when they take the tariff off, our beef goes up ten cents and then drops ten cents, and I don't see any reason why we should have this fluctuation in our beef market at this time. There is absolutely no reason for this. I think the farmers are subsidizing the producers.

Thank you, Mr. Speaker.

MR. DIXON:

Mr. Speaker, there are one or two remarks I would like to make on Bill No. 4. I am always a little cautious when I want to talk about agriculture because the hon. minister gets a little gun shy, but I am pleased to see that the former agriculture minister apparently got into trouble with the Premier.

I hope that I am not accused of misquoting anything, but I was quite interested in the remark the minister made that the Vulcan area received the largest proportion of loans compared to other places. Maybe I misunderstood him, but anyway, there has been a considerable amount of loans made in the Vulcan area and I believe that is an excellent area for the loans because if you do any research at all you will find that the price of land in the Vulcan area was fairly high even before prices spiralled as they did. For example, land was selling there from \$75 to \$100 an acre and I think that if you check the average it has probably gone up less than anywhere else in Alberta, even at today's prices. If you've got some loans down there, Mr. Minister, a good portion of the people will have a better than average chance of paying them back.

Another thing that has probably brought interest in the Vulcan area is the higher prices of wheat. This is where I feel the department is going to have to be a little more selective in its loans, as far as some of the areas are concerned, because if everybody is going to try to get into the wheat situation - and where it is now over \$5 a bushel it's quite a temptation - we are going to see less barley grown and less feed for cattle, which will mean in the long run higher meat prices. I wouldn't want to mislead the Legislature into saying that everybody is happy with all these farm loans because in my constituency, which is largely a working man's constituency, at my preessional meetings one of the issues brought up was, all the money is going into agriculture, but what is being done to protect the consumer.

We've had people talk here tonight congratulating the government for loaning money and then when they get into trouble they say, well you should help them out to keep the cattle prices up. The poor consumer at the other end hasn't seen any reduction in the meat prices at the particular department stores and this is what they are getting concerned about. I would be less than honest if I said everybody was happy with the present situation, because many of my constituents - and I am sure it can be said for many of the other urban members - becoming concerned that we hear so much about cattle prices dropping while the consumer price certainly hasn't dropped in the retail stores.

I believe that the Department of Consumer Affairs is going to have to take a look at the situation where banks and financial institutions have failed to help the small farmer in this day and age of higher prices. If they can't help them now, when in heaven's name are we going to be able to help them? To me it would seem that now is the time that the financial institutions would be more interested in helping the small and large farmer. So you would think there would be less need for government assistance. I believe that the Department of Consumer Affairs should maybe take this on as a project, to investigate and give the Legislature and the people of Alberta the reasons why they will not loan this money to the small farmer, particularly at this time when the prices are 40 and 50 per cent higher than they were two years ago.

I was pleased with the hon. ministers remarks regarding assisting young farmers and I'm pleased that he didn't write off a lot of young people in the city who may be interested in getting into the farming business. I know there will be some stipulations; that these young people, if they are interested in farming, will have to take an agriculture course, and I commend them for that. I think we have a lot of young people in the city who are interested in going out into the rural areas and farming.

I would like to touch on one situation which I think could bear some investigation. We might be able to encourage young people who are interested in the greenhouse business. I think we could grow a lot more vegetables in Alberta at the present time if we use the

greenhouse method of farming. I could think of an example I noticed in last night's paper where someone was suggesting a hugh fish farm in the Lake Wabamun area because of the hot water that's going into the lake from the thermal plants there. I couldn't see any reason. I know there has been some experimental work done on this, but I could see that Wabamun could become a wonderful area, if money was made available, to start a greenhouse industry on a large scale,

I know the hon. minister is interested in helping the young people, along with the Minister of Youth, Culture and Recreation. Maybe we can get together and see if we can get interested young people into the greenhouse business. Not only would this help the production of vegetables, but it may solve or help solve the problem we have now at Lake Wabamun where the warm water is going into the lake and causing the weed problem. Now if we could divert that hot water into another use such as the greenhouse, the heating of greenhouses, in this country of ours where we have such a harsh climate in the winter, I am sure it could be used for a very worthwhile purpose.

I would appreciate anything the minister could enlighten me on, any research that has been done, and I am sure there has been some. I understand that money was loaned to a greenhouse up in the Peace River country. Some gentleman was trying to inform me the other day that that hasn't gone over too well. Now maybe the minister can correct me. I have no proof that it hasn't gone over, but this is what this particular chap was saying when I suggested this Wabamun situation, because there are many other places in Alberta where there are other plants located where I think fish farming would be more attractive than even in the Wabamun area. I think the Wabamun area is an ideal situation because of the large capacity plant there and the tremendous amount of energy that would be available for greenhouse farming.

Mr. Speaker, in closing I would like to say that we should seriously look at the fact that government has to assist agriculture to such a great extent, because I am a great believer that the more the government has to help you the more your freedom is in danger. I wouldn't want to see the situation where the government ends up as the largest land holder in Alberta if something does happen to the situation. I am not one to predict gloom, because I think we have a great future here, but at the same time I would like to see us try to encourage private enterprise and our banking system to take a more active part in making loans available, rather than the government using funds for that purpose.

Thank you, Mr. Speaker.

DR. BUCK:

Mr. Speaker, I was afraid my constituent, the hon. Member for Highlands, was going to steal my speech, but I see all he added to the debate was the fertilizer portion of it. I would just like to make one or two small points to the hon. Minister of Agriculture and I would like to inform the hon. Member for Highlands that I already have those two votes neutralized.

I would like to say to the Minister of Agriculture that in the area I represent there are many small acreages of 20 to 30 acres, and I think these people who are, shall we call them near farmers, should also be included and be able to go to the Agricultural Development Corporation for farm loans just the same as large farmers. Because I think we lose sight of the fact that people on these small acreages make the land much more productive than it was originally. We seem to think that all you do in farming is put the seed in in the spring and take it off in the fall, or else you feed cattle, you feed hogs.

I think that when we look at the major areas around Edmonton and Calgary we have to look to the small agricultural, the small acreage holdings, because on some of this land, on 40 acres, you can make a very, very good living and still be a hobby farmer. On 40 acres you can go into Arabian horses, you can go into prize-winning sheep, you can go into intensive farming of all varieties. So I would just like to ask the hon. minister, seeing that he is the man with all the purse strings over there - I don't know if the Premier is leaving for Ottawa, and the Deputy Premier is running for his position, but he seems to control the purse strings over there - and so I would like him to also look at the small acreage holder. At the same time I would like to indicate to the minister that in the areas they are developing, the processing plants, the abattoirs, there seems to be a danger of undercapitalization. These people seem to start out with problems. So my advice to the hon. minister - and I know the hon. minister doesn't really need very much advice with the great wealth of wisdom that he has - is that in some of these areas he should advise his people to just have a look at under-capitalization. Because some of these projects, some of these people, as I say, are starting out in trouble, and I think that is a bad way to start in a business.

I'm pleased to see the Minister of Manpower and Labour is here. I would like to know from the Minister of Agriculture how his youth for farm - whatever it is called - program worked out. I think the Minister of Manpower and Labour will remember that one of the excellent briefs presented over at the auditorium was on a full farm apprentice program. It was presented by a man in my constituency, a man by the name of Mr. Reeves.

He did an excellent job and made an excellent presentation. I think it's certainly well worth looking at. So those are just the few points I would like to add to the debate.

Thank you, Mr. Speaker.

MR. CLARK:

Mr. Speaker, perhaps concluding the debate almost before the minister does, there are just three questions I would like to ask the minister, with a rather short preamble for very obvious reasons.

First of all, dealing with the agriculture guarantee program. The interest rate that people in agriculture are paying, as I understand it, is prime plus one per cent. This is certainly one to two per cent above the rate for farm improvement loans. It seems to me, Mr. Speaker, that what's happened as a result of the Ag Development Corporation getting very active in this guarantee area is that the conventional banking institutions have backed away to a very great degree from a responsibility they have to the farming community in this province.

I've had a number of people, not only in my own constituency but other areas across the province, point out to me very frankly that when a number of people go to banks now, they are told by some of the bankers that in fact farm improvement loans are no longer available and to go to the Agricultural Development Corporation. I'd be very interested in having the minister comment on that. Second, I ask him to what extent has he had his colleague, the Provincial Treasurer, attempt to wield whatever pressure the government of the Province of Alberta has, either with the federal government or the banking institutions in this area? It seems to me that this is an area where the conventional lending institutions, who have certainly done very well in this province over a period of many years, could make a continued contribution to agriculture.

Second, Mr. Speaker, dealing with the problem of when a loan is approved by the Ag Development Corporation. It seems to take forever and two days for the money to get into the initial owner's hands. I would suggest to the minister - in fact I mentioned this to the minister previously - that the federal Farm Credit Corporation can get the money in the hands of the person who sold the land very quickly. It would seem to me in the course of looking at amendments to The Agricultural Development Act, that this would be an appropriate time for the government to give some very serious consideration to making some changes that would make it possible for the Ag Development Corporation to speed up that operation. I know of cases where they've gone on four or five months ...

AN HON. MEMBER:

Longer.

MR. CLARK:

... seven or eight months, nine months then.

The third point I would like to make, Mr. Speaker, deals with the question of supervision by the staff of the Department of Agriculture. I for one have been critical of the growth of the staff of the Department of Agriculture and I think certainly with some validity. I would suggest to the minister when he's looking at getting supervision for the loans that have been made available, especially to young farmers, that rather than go the route of always using the advice of professional agriculturalists, he seriously consider using successful farmers in the area. The minister says he's already doing it. I would like him to elaborate because in speaking to people in the regional agricultural offices, in fact to some DAs, they'll tell you frankly that they get some of their best advice from the successful farmers. These people, I think, would be pleased to be involved in this kind of loan supervision. It would stop the tremendous increase in the growth of the government and at the same time, with all due respect, we might get some better advice. I'm not suggesting we haven't got some good advice, but we've had some haywire advice too.

The last point, Mr. Speaker, that I would like to ask the minister to comment on deals with the decision that the federal government has made to pull out of a number of programs in basic agricultural research in Alberta and western Canada. In the long run some of these programs that the federal government, through their ag. research programs, have carried out have been very successful in developing strains that have been effective in the Province of Alberta due to our specific climatic circumstances.

I raise this point at this time because I understand there is a conference coming up about the end of this month with the federal agricultural people at which time the whole federal agricultural research program is going to be reassessed. When we are looking at the kind of long-range lending programs we have here, there is a real need for a forward thrust, if I can use that term again, in the area of agricultural research. The federal

government is presently equipped to do that if it is prepared to accept some of Western Canada's and Alberta's priorities.

If they're going to opt out of this area, then unfortunately the province is going to have to become involved. If we can force the 'feds' to continue in this area, it will be a step in the right direction.

MR. SPEAKER:

May the hon. minister conclude the debate?

HON. MEMBERS:

Agreed.

DR. HCRNER:

Mr. Speaker, we have had a very interesting debate in regard to the expansion of the Agricultural Development Corporation, and I must say that most of the people involved were on a positive note. Of course my honourable friend from Wainwright doesn't know what that means, but he has a little bit of a problem in some of these areas, Mr. Speaker, in adding, subtracting and getting all worked up over money that keeps rolling around instead of the new money we are talking about in agricultural credit. He can go on and repeat the process he did tonight ad infinitum, but he is not going to change what the basic facts are in relation to his term in office.

I did want to say to a number of hon. members who made mention with regard to the question of our relationship with the federal Farm Credit Corporation, and as the hon. Member for Cypress has said, this has been an ongoing agenda item when provincial ministers meet, every year that I've been there as well. We haven't made very many inroads into the bureaucracy in Ottawa which, I think, wants it maintained. We have been able to get some effective liaison by developing a relationship with the district office here, and that relationship is working. In fact, on occasion where necessary, farm credit is advancing some of the long-term money for land and so on and through our guaranteed program are [advancing] additional amounts. So we are, on occasion, using a joint approach on this.

The more we can get - and I think the hon. Member for Edmonton Highlands talked about this, a one-window approach, so that people don't have to run all over the place to get their credit - the better we'll be. I think the hon. Member for Spirit River-Fairview was talking about that.

In the ag-processing area, again we have had some joint programs with AOC in which they do some direct lending and we do some guaranteeing to make up the package. We, of course, have a cross-fertilization in the board of directors of both these organizations for that very thing.

I'm not going to repeat my views with regard to a land bank, Mr. Speaker; I think they are pretty well known.

I did think one of the areas I missed and intended to cover earlier, is to not only give you the total amount of loans that are outstanding, the \$44,363,000, but to say that the number of loans in arrears are less than or a little bit more than 2 per cent of that, only \$1 million, so that in relation to the amount loaned, I would point out that those arrears are substantially, I think, still good. We haven't had an opportunity yet to assess ...

MR. STROM:

I'm wondering how many loans were refinanced. Would you have that information as well?

DR. HCRNER:

The total number of loans that we made in 1973 was 938. Of that 844 were new loans, so the difference would be the ones that would be refinanced. I intend, once I get enough copies made, to distribute this information I have to all the hon. members because I think they would find it very interesting. We haven't had an opportunity yet to assess our loss experience but we will be continuing to evaluate that as we go along.

I appreciated very much the positive way in which the hon. Member for Drumheller dealt with the situation because I agree with him substantially that if we allow our fear of commitment, our fear of taking on these kinds of things, then we won't really be expanding our agricultural production.

Insofar as the federal Speech from the Throne, Mr. Speaker, I must say that we have heard it all before. We would really like to see some action and perhaps not have to get involved in some of these areas ...

SOME HON. MEMBERS:

That's what we said.

DR. HORNER:

The hon. Member for Highwood, if he would move around his constituency, would know that we have already made loans in conjunction with AOC for guest ranches in his area.

The hon. Member for Drumheller made some very good points. What we are trying to do is to remain as flexible as we possibly can to meet the changing conditions in agriculture and indeed the kind of policies that we require. I think that credit has to be used by a government to direct its agricultural policy in the area it feels needs some direction. I think that makes sense.

However, we'll look again at the matter of delays in the field because I know that that's where part of the delay is. It may sometimes be a delay on the part of my staff and sometimes it is a delay on the part of the farmer in getting the information in.

As to the question of projections, I agree with the hon. Member for Slave Lake. Although a lot of farmers don't like to sit down and do them, they may indeed be a very useful exercise for them.

Very briefly, Mr. Speaker, the hon. Member for Calgary Millican may be interested to know that the pilot greenhouse at Wabamun is now complete. The initial indications are in fact that we can use what is called low temperature waste water. It is not a very high temperature in fact, so you have to have a different engineering principle than just running the water through a pipe. They have even, as the hon. member might know, allocated some money to an experimental greenhouse there. Initial indications are that it is at least a partial success. We will know more as we go along.

As far as I am aware with regard to the project in the north, while it may have some problems, certainly the produce that they could grow there is pretty amazing. We would hope that it would get along all right.

The question of the acreage holders that the Member for Clover Bar brings up is a really important problem around our two major cities. I have suggested to our sheep people particularly, that they take advantage of this in improving and in increasing the number of sheep we are raising in Alberta. I think acreages are ideally suited to it and I suggest to my honourable friend from Clover Bar that he help me promote it.

I would just like to say this to the hon. Member for Bow Valley on his request for the cattle industry. We are very much aware of the serious situation facing the cattle feeder. I hope that he's also aware of the tremendous amount of resources it would take us as a province to try to support this kind of industry. We may have to do something. In talking to the federal minister yesterday on this very subject, I have been assured that action is going to be taken at the federal level very quickly, and I hope that this is true. We will be following it very closely.

Now, just in concluding then, if I could respond to the Leader of the Opposition with regard to the question of the banks and treasury branches and the FIL and our program.

In fact, what has happened is that we have made the treasury branches very competitive, because under the FIL they didn't have a program in which they could receive guarantees for operating credit. I would suggest that if our chartered banks are not using the FIL system they have, our Treasury Branches will do, and already have done, an exceptionally good job. The Treasury Branches have managed to maintain their interest rates at slightly lower levels than the banks.

MR. CLARK:

What's the interest rate?

DR. HORNER:

So I'd suggest that that is the best way I know to bring the banks back into the FIL business very substantially. I would say though that I have had numerous conversations with the Provincial Treasurer on this very matter. We have had excellent cooperation from the Treasury Branch and indeed from the banks in the general program, but I just suggest that the competitive factor is the one we can really use to make the banks come back into the FIL program.

Insofar as supervision is concerned, we already are using a system of experienced farmers in an area supervising types of loans. As a matter of fact we pay them a small fee to do this. I agree with the Leader of the Opposition on occasion, this is perhaps better advice than that from somebody who is new to the area might not know the exact things. We are already using that. We intend to expand that use of the 'buddy' system if you like. There are some social problems, as I am sure the leader is aware, that we have to skate around, but it is moving along.

In conclusion then, Mr. Speaker, may I thank all hon. members who took part. Some of the urban members fail to appreciate what I think all urban members should appreciate, that by expanding our production in the longer term it's going to mean more stable prices to our consumers here in Alberta. If we don't accept that, if we drive our people back into a wheat economy where we are not producing all the diversity that we have in this province today, the inevitable result is that our consumers in the urban areas are going to have to pay substantially more than they are paying now. If we can get that message across out of this debate to our urban friends, then it will be very well worthwhile.

Thank you very much.

[The motion was carried. Bill No. 4 was read a second time.]

MR. HYNDMAN:

Mr. Speaker, before we adjourn for the evening, I would just like to outline House business for the next couple of days.

The House will sit on Thursday evening and will continue, beginning tomorrow, with second reading of the bills on the Order Paper, beginning with No. 6. We will hold No. 5, but continue down the list from No. 6 through to No. 26 on today's Order Paper, and then move to second reading of the 11 bills which were introduced today, Mr. Speaker; then following that, committee study of all 31 bills which have been introduced over the course of the last two days.

I move that the House do now adjourn until tomorrow afternoon at 2:30 o'clock.

MR. SPEAKER:

Having heard the motion for adjournment by the hon. House Leader, do you all agree?

HON. MEMBERS:

Agreed.

MR. SPEAKER:

The House stands adjourned until tomorrow afternoon at 2:30 o'clock.

[The House rose at 10:30 o'clock.]