

**Subsection 2.—Farm Credit and Assistance**

The Federal Government has made provision for the extension of credit to farmers under the Farm Credit Act and under the Farm Improvement Loans Act. Cash advances are made to grain producers under the terms of the Prairie Grain Advance Payments Act and certain financial assistance in event of crop failure is provided by the Prairie Farm Assistance Act. These measures are discussed in detail below and, with the exception of the Farm Improvement Loans Act, are also mentioned in the special article on the National Agricultural Program, pp. 399-402. Also discussed in that article are the Crop Insurance Act, and the new Agricultural Rehabilitation and Development Act introduced in 1961 to assist farmers with small or otherwise unprofitable units to add to their incomes.

In addition to the above, legislation has been passed from time to time giving assistance to meet temporary or short-term contingencies, such as the Western Grain Producers Acreage Payment Regulations which, following the drought in 1957, provided for the payment to each grain producer of \$1 for each acre seeded in 1958 up to an amount of \$200; and the Prairie Grain Loans Act which provided for short-term credit to grain producers of the Prairie Provinces to meet temporary difficulties encountered during the 1959-60 crop year from inability to thresh their grain.

**The Farm Credit Act.\***—The object of the Farm Credit Act (SC 1959, c. 43, proclaimed Oct. 5, 1959), to be effected by the Farm Credit Corporation, is to assist Canadian farmers in the voluntary reorganization of their industry into economic family farm units, each of which will be of sufficient size to produce the farm income necessary to pay all operating and maintenance costs; to provide an adequate livelihood for the owner-operator and his dependants; and to retire any required credit, with interest, within an appropriate term.

The Act provides two types of long-term mortgage loans. Under Part II of the Act, the Corporation may lend up to 75 p.c. of the appraised value of the farm land taken as security, or \$20,000, whichever is the lesser, repayable within a period of up to 30 years. Under Part III of the Act, the Corporation is empowered to make loans of up to 75 p.c. of the value of the farm land and chattels taken as security, or \$27,500, whichever is the lesser, to young farmers aged 21 to 44 inclusive and who have at least five years of experience in farming; that portion of the loan secured by farm land is repayable within a period of up to 30 years and that portion (if any) based on chattel security must be repaid within the first ten years. A Part III loan is further secured by mandatory insurance upon the life of the borrower, and his farming operations are subject to supervision by the Corporation until the loan has been reduced to 65 p.c. of the appraised value of the farm land. Similar insurance coverage is available to Part II borrowers on an optional basis. The interest rate on all loans is fixed by the Act at 5 p.c.

The Corporation, in co-operation with the Veterans' Land Act Administration, has established 198 local Federal Farm Credit offices in agricultural communities throughout the country, each served by a resident Farm Credit Adviser. The Credit Advisers are available to advise and assist local farmers in estimating their credit needs, in planning farm operations, and in making constructive loan applications based on the careful appraisal of agricultural productivity, and to provide counsel and supervision to borrowers.

Funds for lending are borrowed at current interest rates from the Minister of Finance. The aggregate amount of such borrowings at any time outstanding may not exceed 25 times the capital of the Corporation, which has been fixed by the Act at \$8,000,000.

In the year ended Mar. 31, 1960, the Farm Credit Corporation approved 5,339 loans for a total of \$40,031,250 as compared with 4,805 loans for a total of \$30,144,950 in the preceding year. At Mar. 31, 1960, the total amount of principal outstanding in loans was \$117,233,247 as compared with \$89,301,022 the previous year. This amount was secured by 28,453 first mortgages and 505 second mortgages.

\*This Act repealed the Canadian Farm Loan Act, 1927.