

New Loans for Junior Farmers

PRESERVATION of the family farm unit on which Ontario's agricultural economy is based, and increased availability of credit to meet the increased cost of farm operation, are two of the major provisions embodied in an amendment to the Junior Farmer Establishment Act, introduced in the Ontario Legislature by the Hon. W. A. Stewart, Minister of Agriculture.

Re-establishing the original Junior Farmer loan legislation introduced in 1952, the new legislation makes provision that a junior farmer of the age of 21 to 35 years may receive a loan up to 80 per cent of the appraised value of the farm up to, but not exceeding, \$20,000. Period of repayment has been increased from 25 to 30 years. In addition, provision is made for a bank guarantee up to \$5,000 for the development and operation of the farm during the period of the loan.

The bill also provides that in the case of a family unit which has been set up as a legal entity and is defined as a farm operated by a junior farmer and one or more persons related to him by blood relationship, marriage or adoption, a loan up to 80 per cent of the appraised value, but not exceeding \$20,000 may be made. A bank guarantee for operation and development expenses of an amount not exceeding \$10,000 will be available throughout the period of the loan.

Interest on loans made to a junior farmer or family farm unit shall be 5 per cent and the interest charged on bank guarantees shall not exceed current bank interest.

Introducing the amendment, Mr. Stewart said that the farm loan legislation introduced in 1952, making provision for loans to junior farmers of 65 per cent of the appraised value of the farm up to a limit of \$16,000, was suspended in 1959 as it was felt that farm credit needs would be met through federal loans. It was worthy of note that during the time the Junior Farmer Establishment Act was effective, 3,843 loans were made with the loss being practically nil.

Mr. Stewart said that the basic emphasis of the amendment is that it is still giving recognition to the fact that the young farm people represent the growing agricultural strength of the future. He said, "Anything that can be done to get them off to a sound business start in their early years will not only be of benefit to themselves but a benefit to the whole Province in the years to come.

"While we are giving increased recognition to the junior farmer as an individual, the legis-

lation has been expanded to give recognition to the family farm and its place of importance in Ontario agriculture," the Minister said. "I am sure all of us know that the rural economy and the rural way of life have developed through the strength of the family farm unit. The farm unit has been the training ground for the development of character and moral fibre which has been of prime importance not only in rural Ontario but which has also left its mark in urban pursuits. There are few enterprises today where at least some of the executives do not trace their beginnings back to the family farm.

"This Bill is of both economic and social significance to rural Ontario," said Mr. Stewart. "We must recognize the great economic pressures which farmers face as a result of the increased cost of labor. This situation has forced the farmer to buy more and more machinery, an extremely high-cost item. To maintain an economic production unit, increased productivity per farm unit has been necessary. This has resulted in a marked trend toward specialization and expansion of the farm unit with increased credit problems."

Pointing out that farm families and junior farmers are often faced with insufficient capital to buy livestock, machinery or equipment after the land has been purchased, the Minister said that it was not sound to curtail the effectiveness of a farm production unit through lack of capital. The proposed amendment gives recognition to this important problem; and provision will be made so that farm management advice can be made available to those junior farmers and those family farm units established under the Act who have expressed need for such a service.

Mr. Stewart emphasized that the amendment was not intended to compete with the Farm Credit Corporation but that rather it would complement the federal effort. Administration of the Ontario legislation would be on a more personal basis through the Department of Agriculture, its Agricultural Representatives, the Ontario Agricultural College and other services.

"This Bill gives recognition to three important aspects of farming in Ontario today," said Mr. Stewart; "first, an increase in the availability of credit at a fair interest rate, the availability of farm business management help, and possibly the most important consideration of all, the preservation and strengthening of the family farm unit."