

Farm Machinery

member will be able to withdraw with the prior consent of the corporation and the remaining members and may be relieved of his liabilities if he makes arrangement for their assumption by a continuing member or another farmer who may take his place. In other words, since he will have an equity in the syndicate's assets he will be able to sell it to another farmer if the other farmer is acceptable, as a member, or to the other farmers already in the syndicate.

Upon the death of a member the syndicate will not automatically be dissolved, but the opportunity will be provided for the remaining members to make mutually satisfactory arrangements with the personal representatives of the deceased member. In the only worth-while opposition suggestion I was able to discover, the hon. member for Cariboo (Mr. Leboe) suggested that these loans should be insured against the death of one of the participants. There are some obvious problems in working out such a proposal when we are dealing with several members, each of whom is jointly and severally responsible for the loan, particularly since life insurance normally would be expected to benefit the heirs of the deceased rather than the syndicate. I believe the suggestion has merit, however, and we will see if a suitable plan can be arranged. If so, it can be put into effect without amending the bill, since life insurance would, in effect, be additional security for the loan and this is provided for in clause 3(2) (b) of the bill.

Some hon. members have asked what would happen if one member does not meet his obligations, becomes insolvent, or bankrupt. Members will be required to agree in advance on a method for establishing the net value of such member's equity in the syndicate, so that they or a new member will be able to buy out his interest.

Most of the business arrangements of the syndicates will be worked out by the members according to their own local circumstances. They will make their own arrangements for maintenance, operation and storage of the machinery and how they will share the costs. They will agree in advance how they will decide who shall have the machine, if two members want it at the same time. While there may be several ways of doing this, one arrangement could be the annual rotation of the order of priority of the various members, with the added provision that no one farmer would be able to take off more than half of his crop at a time if another farmer was ready and waiting for the machine. As

the British experiment has shown, the possibility of conflict will be greatly reduced by ensuring that the machines purchased by a syndicate have adequate capacity for the work they will be called upon to do. The farmers will decide the type and make of machines they wish to buy and whom they will buy it from. Their decisions will be made and incorporated in a local agreement which they can amend from time to time, if they wish, by resolution.

The hon. member for Kent (Ont.) (Mr. Danforth) asked whether, if a farmer had borrowed under the Farm Improvement Loans Act and had used his assets as collateral, the same assets would not be necessary for collateral for a loan under this proposed legislation. The primary security for loans under the proposed act will be the promissory note signed by the members of the syndicate. Collateral security will be taken where required on the machinery being purchased with the loan, but the corporation will not be taking security against any of the other assets owned by individual members of the syndicate. There should therefore be no conflict with the security requirements for loans under the Farm Improvement Loans Act.

The hon. member for Wellington South (Mr. Hales) asked whether the syndicates moved be treated as co-operatives for taxation purposes and suggested that if so the legislation would discriminate against private enterprise. The syndicates will not be co-operatives but will be partnerships designed to reduce the operating costs of the individual members. Taxation laws which apply to co-operatives would not apply to syndicates and the individual members will remain subject to the same tax laws as they are at present.

Many speakers have raised the question of the type of machinery which may be included under the provisions of the proposed act. The definition of farm machinery is most difficult. Any attempt to list the items which might be included would, by itself, limit the definition by excluding any items which might be omitted from the list, or any new machinery which may be developed. Mr. Speaker, if hon. members will refer to the Farm Credit Act—

Mr. Horner (Acadia): Mr. Speaker, I wonder whether the minister would permit a question at this point?

Mr. Hays: I have not much more to say, Mr. Speaker, and I do not have much time. I will be glad to answer the hon. member's questions afterwards.