

the purposes of efficiency; the purchase of machinery and the co-operative use of all the requirements in connection with farming, if I may use that phrase, grouped themselves together in a co-operative, partnership or corporation. The name of the entity is not important. They have grouped themselves together, and if they had done that under the old definition of family farm corporation and these people were not blood relatives, of course they could not take advantage of the credit facilities of the Farm Credit Corporation.

It is my opinion that these people are doing a service to themselves and the country by being more efficient in these partnerships, co-operatives or corporations, and that we should therefore amend the act so that this kind of operation and arrangement can be recognized and thus use the facilities of the Farm Credit Corporation.

**Mr. Peters:** Mr. Chairman, I was always of the opinion that co-operative farm associations could legally be formed by a number of farmers grouping together. I may be wrong but I understood that people like the Hutterites in certain areas and the Mennonites in other areas have done this in the past. A number of persons in different parts of the country have done the same thing. There is in my area a very large farm corporation that is registered as a co-op with two major shareholders. I thought we had provided under a section of the Farm Credit Corporation act the right to co-operative associations to set up a legal program to allow for this type of operation.

I do not know very much about corporate structure but I presume this provision has something to do with the tax structure. If it has, it may not be a bad thing. But I am still of the opinion that we should keep the family farm corporation, with its blood relationship, because most of the amalgamation of farm land today has been carried out by people with a blood relationship.

**Mr. Olson:** Mr. Chairman, the hon. member is right in what he is saying, but a farming corporation, or whatever expression is used, certainly does not exclude a family from being the shareholders or members of the corporation. As I said a few moments ago, the purpose of this amendment is to apply the word "corporation" to a small group of farmers, three or whatever number more, who have incorporated to set up a legal entity, so they will not be excluded from the provisions of the act.

#### *Farm Credit Act*

**Mr. Nesbitt:** Mr. Chairman, I wish to ask the minister a brief question. Do any of the definitions in this clause have any association with that part of the act which indicates that those who are intending to farm will be granted loans by the Farm Credit Corporation?

**Mr. Olson:** Mr. Chairman, the answer to that question is yes, but in practice it is that they are about to begin farming immediately on getting the loan.

**Mr. Nesbitt:** I am very sorry, Mr. Chairman, but I did not hear the last part of the minister's answer.

**Mr. Olson:** The answer to the question is yes, there are provisions for an applicant who is about to begin farming, but in practice it is that they are about to begin farming as soon as they obtain the loan so that they are financially able to do so.

**Mr. Nesbitt:** I ask a further question, Mr. Chairman, for clarification. I thank the minister for his explanation. Does the minister intend to make any provision to ensure that those intending to take up farming through a corporation or as individuals shall have had previous experience in farming?

**Mr. Olson:** Yes, Mr. Chairman, there is a provision in the bill which requires that the field man ascertain to his satisfaction that such an applicant has had farming experience. I am advised that the provision is in clause 4. It can be found on page 3 of the bill at approximately line 23 and continuing therefrom. The provision is as follows:

(i) in the case of an individual, where in the opinion of the corporation the experience, ability and character of that individual are such as to warrant the belief that the farm to be mortgaged will be successfully operated—

Of course, experience is involved there.

**Mr. Nesbitt:** I have one further question in this regard. I realize it is rather difficult to say whether a corporation as such has had farming experience. Is it the minister's intention that the principal shareholders of a farm corporation shall have had this experience? Will there be any provision as to the percentage of the members of the corporation who shall have had farming experience? Will this provision apply to the directors of the corporation which is being set up in the business of farming, to just one director, or to the shareholders of the corporation? What is the minister's intention in this regard?