

*Farm Credit Act*

valid if he claims that clause 8 will allow anyone who is not a bona fide farmer to use the credit facilities of the F.C.C. for speculative purposes. That is very clear in my mind, and I take that to be the concern of the hon. gentleman. Let me alleviate that concern in his mind.

These regulations are available to the hon. member and I will send him a copy of them if he wishes. The term "family farm corporation" under the old regulations of the act prior to amendment is defined as follows:

—means a corporation the principal object of which is the carrying on of an enterprise devoted to the production of agricultural products and at least 95 per cent of the shares of which are owned wholly by persons that are related to one another either through blood relationship, marriage or adoption with not less than 51 per cent of the shares owned by the actual operator or operators of the farm;

These definitions are rather long, but if the hon. gentleman wishes I will read them. I would prefer to send him copy so that he can read them. What is now contained in the definitions no doubt will be carried forward into the new ones. We have not found it necessary to define a single farm unit because that is fairly obvious. If a farm unit meets the qualifications of an economic unit and is owned by one individual there is no need to define it further.

Let me draw to my hon. friend's attention the fact that the amendment makes it possible for the corporation to make loans to farmers who have decided for their own purposes to incorporate their business. There are all kinds of good reasons for doing so. Surely the hon. member would not wish to deny farmers the right to obtain credit because they had incorporated. Surely he does not wish to be in the position of saying, do not incorporate because you will be denied the credit that other farmers can get. This is contradictory to the argument the hon. member made yesterday that there is an intrusion into the farming enterprise by corporate entities. What we are doing now is providing the facilities through which farmers can compete with this intrusion, to whatever extent that assertion is valid.

**Mr. Horner:** The minister has assumed something I did not imply. I should like him to give the definition in the old regulations of an economic farm unit. He had the regulations in his hand.

[Mr. Olson.]

**Mr. Olson:** I have them right here. An economic farm unit means:

—an area of farm land that, together with such buildings, farm equipment and livestock as in the judgment of the corporation are necessary for the efficient use and exploitation of the land as a farming enterprise, will, under the operation of the applicant, produce revenue sufficient to

- (i) pay the cost of operation and maintenance of the land, buildings and chattels,
- (ii) provide a livelihood for the applicant, and
- (iii) pay to the corporation within the time agreed the amount of the loan made to the applicant;

• (3:40 p.m.)

**Mr. Peters:** Mr. Chairman, I have listened with interest to the discussion that has taken place and would like to ask the minister why this change has been made. The family farm corporation was a satisfactory arrangement under the Farm Credit Corporation and allowed for a very large expansion of the type of operation that I am sure every member who represents a rural area is pleased to see. I refer to the father-son relationship within the farm unit. In many cases this is a registered partnership and becomes a company.

I would like to know why this new definition has been written into the bill. I am sure we are all in agreement with the hon. member for Crowfoot—the minister, I am sure, is also in agreement with him—that we do not want to provide another loophole for the vertical integration of agriculture. All farmers are well aware of the fact that when they are pushed to the wall they often find it very easy to obtain money from business people in the community in order to set up a corporation. In this situation the farmer or farmers set up a corporation on the basis of shares being made available and they operate the corporation. I am sure the minister is not interested in promoting this kind of operation.

What was wrong with the family farm corporation which was a father-son operation and bore a blood relationship which I am sure the Farm Credit Corporation regulations will not disallow? Representations must have been received by the department to warrant this change. If this is the case, perhaps the minister would tell us what they were and the reasons for the change having been made in the bill.

**Mr. Olson:** Mr. Chairman, the explanation is as follows: Under the old act it was defined as a family farm corporation, and recently a number of neighbouring farmers have, for