

*Farm Credit Act*

corporation is in fact actively engaged in the business of farming or has the intent to become engaged in the business of farming the corporation will qualify.

If we turn to page 12 where it says, "in the case of an individual who is a shareholder," we see that it goes on to say that a farming corporation may become eligible if it is borrowing money for a member of that corporation who is an active farmer or has the intent to become an active farmer. If the minister would assure us that there would be ample regulation to make it abundantly clear that a very small proportion of the corporation would be permitted to be non-farming, then I believe such a corporation would perhaps be permissible.

● (3:30 p.m.)

In respect of an earlier clause the minister went on to say that the whole reason for this was to take in junior members of a family. By definition it is well understood that that is the meaning of the term "farm family". It means those members of the family who are not of legal age, but a farm corporation or a corporate farm means something altogether different. It includes the whole gambit of our society. As one member mentioned yesterday, it could include a marketing association such as a shopping centre or a packing plant which wanted to borrow money to buy land. It could well include speculators who want to use Farm Credit Corporation money to buy up land adjacent to towns or cities or manufacturing plants. This would allow these people to make a profit through speculation because of the increased value of land. They would not have to make a success of farming. I think this clause creates a loophole, and whether or not the regulations will plug that loophole I am not in a position to say. We have not seen the regulations and they may not be made public for months.

Let me draw the minister's attention to the act as it was. I presume this same provision will be in effect in the new act after it is amended. It states that the corporation has the right to make regulations for carrying out the purposes and provisions of the act without restricting the generality of foregoing sections. It states that the corporation can define the expressions "economic farm unit", "single farming enterprise", and "co-operative farm association". If the minister can clearly define those past regulations perhaps it will make it easier for us. I do not suggest he should tell us what the new regulations are because they

may not have been drafted yet, but if he could clearly define an economic farm unit, a single farming enterprise and a co-operative farm association, as well as a family farm corporation, we might rest assured that the provisions will be narrow enough to prevent what we have in mind.

Unless we have more details as to the regulations I can only say that there is a great loophole created by these amendments which will allow huge corporate entities to build up and take advantage of lucrative markets. I refer to what has been called vertical integration. We may be creating a loophole which will allow enterprising businessmen to make a co-operating farmer a partner and buy his land through the Farm Credit Corporation. That farmer could then stay on the land without using it until the adjoining town or a business needed it. In that way there could be speculation through the use of Farm Credit Corporation money.

I am concerned about those two situations, and I should very much like the minister to give us the existing definitions in the regulations in respect of an economic farm unit, a co-operative farm association and so on. If the minister will do that, perhaps we might find ourselves in a position to pass this clause. I think it is dangerous to bring this clause in as it stands.

**Mr. Olson:** Mr. Chairman, to alleviate any concern as to whether or not the regulations under the Farm Credit Act will be drafted in such a way as to benefit other than bona fide farmers, let me suggest that it must be kept in mind that whenever in this act the term "farm corporation" is used, it means a farming corporation as defined by the regulations. The definition will require that the control of the operations of the corporation and the preponderance of its ownership must be held by individuals who are principally concerned with the operation of the farming corporation.

**Mr. Horner:** Is the minister now reading the regulations?

**Mr. Olson:** I will present the regulations later. The regulations under the new act are not available. The regulations are always written after an act is passed.

**Mr. Horner:** That is the weakest excuse possible. The minister knows that this act has been in existence since 1959. I was asking him about the old regulations.

**Mr. Olson:** I want to point out also that the arguments of the hon. gentleman are not