

agreement reached by the members of the syndicate.

The maximum term of loans under this legislation is seven years. Interest is payable at least annually. The rate of interest to be charged may be described generally as an economical rate. It will include the cost to the corporation of the money lent, the cost of administering the loan, the cost of establishing a reserve the amount of which will be developed from experience of losses, plus a one per cent service charge. The service charge will be deducted immediately. In other words, the administrative costs of this program will be recovered at once, and there will be no interest payable thereon because the amount is deducted at the outset. If the loan is prepaid sooner than expected the costs of incurring it and of the investigation will have been met.

Hon. Mr. Farris: Is there a maximum on the rate to be charged?

Hon. Mr. Connolly (Ottawa West): There is no maximum set in the legislation. I think that later on I shall be able to say something more about the precise rate. It may be five per cent, but it will not be as high as commercial rates. If the honourable senator will allow me I shall get that information and convey it to the house later.

The question may be asked: What is meant by farm machinery and farm equipment? It is proposed to leave the matter of definition to the regulations because, generally speaking, I think the intention is to make the definition sufficiently broad to enable the legislation to be as workable as possible. However, certainly it will include earth-moving equipment, land-clearing equipment and land-breaking equipment. It will include machinery for tilling, for harvesting, and this will include specialized equipment for specialized crops. It will include feed-mixing and grinding equipment, drying equipment and equipment for cleaning farm products.

Hon. Mr. Aseltine: Where is that to be found in the bill?

Hon. Mr. Connolly (Ottawa West): I am saying this will be dealt with by the regulations, and it is proposed to deal with it in a very broad way. The Government's policy is to give the terms "farm equipment" and "farm machinery" the broad connotation or meaning I have just indicated. In other words, almost any kind of farm machinery which can be used co-operatively would qualify for treatment under this legislation.

Hon. Mr. Roebuck: Would well-sinking equipment be included?

Hon. Mr. Connolly (Ottawa West): It might be, although well-sinking is usually

done by specialists who are engaged by farmers to do that work. However, these terms might include well-drilling equipment. In saying that I am referring to water well-drilling equipment. I do not think oil well-drilling equipment would come under this legislation.

Honourable senators, extensive use will be made of this legislation by the small farm operators in central Canada who have 25, 75 or perhaps 100 acres under cultivation and who could share a combine which might cost \$5,000. Between them the partners could make the down payment of \$1,000 and finance the balance as provided in this legislation.

I should say too that there is a very good precedent for this legislation in the British experience. Between 1955 and 1963 a similar scheme was adopted which resulted in the establishment of some 341 such syndicates. Farm holdings in Britain are generally smaller than those found in many parts of this country.

Hon. Mr. Brooks: Have any other countries that can be compared with Canada adopted this system? Britain is not a good comparison.

Hon. Mr. Connolly (Ottawa West): I cannot answer that. I have been briefed on the British experience, and I do not know about other countries. By 1964, I am told, there were almost 600 of these syndicates or partnerships established in Britain. The Canadian officials concerned with the administration of the legislation have had a good many conferences with British officials on the program. At this point I should say that the British program is not government sponsored. It was initiated as a result of the activities of the Farmers' Union which administers it, and Barclay's Bank makes the loan.

A question has been raised about the possibility of conflict within the syndicate as to the use that is to be made of the equipment that is jointly owned. It is proposed that agreements will be made covering joint use, including the operation, maintenance, storage and even the hiring-out of the equipment, although section 2(1)(c) provides that the equipment is to be used primarily by the farmers who form the syndicate or partnership.

This is a new course of credit. It is designed to avoid a tie-up of other credit facilities available to the farmer. I would point out that in this country it is experimental legislation. It is new, and with experience it is hoped it will develop, as the administrators expect it will, in a manner very satisfactory to the farmers.

Honourable senators might ask why the facilities in this legislation should not be