

Farm Credit Act

Possibly the heirs would not be of age but they would want to continue the operation of the farm.

Mr. Mandziuk: I do not think the minister has quite got my point. Can he envisage an executor administering a farm for 30 years, which is the period of time for repayment of a loan from the Farm Credit Corporation? Any child who may be born at the time of the death of the farmer reaches his majority at age 21. I would like to know how the minister reconciles this extension with paragraph (e) in the act, which I interpret as stating quite definitely that the borrower must have a personal interest. An executor or administrator has no personal interest because he is just a trustee, and there is even less of a personal interest if it is a trust or loan company administering the estate. If the minister had suggested a repeal or amendment to paragraph (e) I could understand it would be workable. Otherwise I do not think the provision gives the corporation authority to lend to administrators or executors.

Mr. Hays: The loans would be for the benefit of the heirs who may not be able to borrow for themselves, and the executor can state he is acting for the heirs until such time as he, the executor, steps out of the picture.

Mr. Mandziuk: I do not think that is a quite satisfactory answer, Mr. Chairman, but I do not believe I can get any further with my question. I think the minister is labouring under a misconception that the executor may be one of the members of the family, and he would have an interest in preserving the estate for a brother or sister. The minister has not answered my question concerning the estate being administered by an outside administrator or trust company as executor. I have a large number of wills in my office and the testators have indicated they want me to act as executor of their estates. However, I am not a farmer. I have no personal interest. What right should I have to borrow money and encumber a deceased farmer's estate? I would be renting the land out and having somebody else operate it, and this is in contravention of paragraph (e).

Mr. Hays: Paragraph (e) reads as follows: "farmer" means a person whose principal occupation is farming, and, for the purposes of Part II, includes a co-operative farm association and a family farm incorporation as defined by regulation;

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This is broadening it, and the explanation in the bill says:

The expression "farmer" as used in this act primarily means a person whose principal occupation is farming. This amendment would enable the corporation to deem the executor or the administrator of the estate of a deceased farmer to be a farmer for the purposes of a Part II loan.

This is intended to broaden the provisions of paragraph (e).

Mr. Mandziuk: Mr. Chairman, the minister has my blessings. I only hope it works because I realize there is no law that can be put on the books that is perfect. Time alone will show whether it will work, but I have my doubts. I know what section 2 of the act refers to. It refers to co-operatives and corporations, but I do not know how I, as the sole executor of a farmer's estate, could be considered to be a corporation. If that is the best explanation we can get, we shall have to take it.

Mr. Pascoe: I should also like to deal with this amendment making it possible for the corporation to lend money to the executor or administrator of a deceased farmer's estate. As recorded at page 3865 of *Hansard* for June 2 the minister said:

One amendment will make it possible for the corporation to lend to the executor or administrator of an estate of a deceased farmer, and thus the corporation will be able to assist the farmer's heirs to continue to operate and develop their farms, even though the estate may not yet be fully settled.

In many cases an estate is not fully settled because of a dispute over the value of the land. I am wondering, when a loan is made by the Farm Credit Corporation, will the corporation's appraisal of the value of the land be accepted for payment of estate tax?

Second, in making these loans has any consideration been given to the incorporation of a life insurance clause whereby, in the case of death, the loans would be paid off?

Mr. Hays: When my officials suggested that this be put in the bill to broaden paragraph (e) of the act, they stated there were many requests for this. For instance, there are cases where a mother would have an interest in a farm as long as she lived, and loans could be made under these circumstances. We know this will work, and requests have been made for this.

Mr. Pascoe: Would a Farm Credit Corporation appraisal of the value of the land be accepted for estate taxes, and what about the question of a life insurance clause in the case of death?