

Farm Credit Act

Mr. Hays: Yes, I will be glad to investigate this matter and give the hon. member an answer, if we can get one.

Mr. Leboe: "If we can get one". I should like the minister to undertake to give me an answer because I know that if he persists, as I hope to do from now on, he will get an answer, and I would rather the minister would do the persisting.

Mr. Hays: I will be very vigorous in this regard.

Clause agreed to.

On clause 3.

Mr. Korchinski: Mr. Chairman, this clause enables the borrower to acquire farmland or to advance money to a person who is a son, son-in-law, daughter, and so on. I will not read the whole clause. I wonder whether the person who is willing to sign a document enabling his son or daughter to acquire land must be a farmer or whether he may be a businessman, financier or any other type of individual?

Mr. Hays: In the first place, Mr. Chairman, he must be a farmer. Probably I should explain subclause 1 of clause 3. Suppose a father has two sons who wish to take up farming. His own farm unit may not be large enough to support the two of them. He may wish to transfer to one of his sons but at the same time to assist the other son to buy a farm of his own. This son may have worked for years on the family farm and contributed labour at a relatively low cost to his father.

Although the father may wish to assist the son financially it may be that his own farm, while adequate for his needs, did not produce enough revenue that he could make savings and have the money available to assist his son. This clause would permit him to borrow from the corporation and turn the money over to his son to permit him to make a down payment on the purchase of another farm. The son, who would then have an equity in the farm he was buying, would be able to go to the corporation and obtain a loan under part III of the act, the part where there is supervision, to pay the balance of the purchase price of the farm and to purchase livestock and equipment.

He would probably share in the use of his father's machinery and exchange labour with him, so that his requirements for machinery would be modest and he could use more of the credit available to him from the corporation to purchase livestock. Under this arrangement,

it may be quite possible for a father, even with a modest sized farm, to join with the corporation in providing the capital necessary to start his son up in a farm career of his own.

Mr. Korchinski: Supposing a farmer might not qualify for a loan because he may have too large a holding and the corporation refuses him a loan for his own purposes. Then he turns around to the farm credit officials and says he wants to purchase land for his son. Would he be able to do this?

Mr. Hays: If the son is going to farm on his own and he needs the land for this purpose, the corporation would entertain such an application.

Mr. Korchinski: What provision would the corporation have for investigating whether or not the son is actually farming on his own? Could the minister indicate what they would have to look for, and would the officials go around every so often to see if the son were actually farming on his own? Perhaps the father wanted to expand, and used this method of doing it.

Mr. Hays: I suppose the same principles would be applied as are applied today on any loan. The officials would probably ask the hon. member, if this were in his area, and this would be good, solid information upon which they could act.

Mr. Korchinski: Will the minister also give me an indication as to whether the father and son have to sign the document or who makes the repayment in this case? Is it the son who is responsible or is it the father?

Mr. Hays: The father pays back the money he borrows from the corporation and the son pays back what he owes.

Mr. Korchinski: In other words, then, there will be two payments that would have to be made to the corporation.

Mr. Hays: Not necessarily, but possibly.

Mr. Korchinski: What do you mean, "not necessarily"? Either the father has only one payment or the son has one payment, or there is a separate payment for each loan.

Mr. Hays: The father would pay for the amount that he borrowed to help the son, and the son would pay back the amount he owes on his own loan.

Mr. Korchinski: Suppose the father does not qualify because he does not have a large enough holding to qualify, would he be able