

units in western Canada, but also the smaller ones in central and maritime Canada.

If I may be permitted to make a personal reference, I remember a few years ago going up to Kent County in Ontario as a lawyer on behalf of one of the canning companies. I went a little later than this in the fall, and I noticed farmers constantly coming into the plant that day consulting with the agricultural specialists, arranging for contracts that would be carried out the following year for the disposal of their farm produce to the canning company. They were discussing all manner of things, not only the contract for the crop, whatever it might have been—peas, corn, tomatoes and other products that are grown there—but they dealt also with problems such as soil testing and fertilizing. I was amazed at the organization and efficiency with which this operation was conducted. Certainly, as the honourable senator from Blaine Lake (Hon. Mr. Horner) knows, I am not exactly a farm boy and do not know very much about these things; so my eyes and ears were opened widely.

One of the things I learned on that occasion—and this was some years ago—was that the canning company had an arrangement with some of the farmers that the crop would be taken off at the time, even at the precise hour the canning company wanted it. They told me of cases in which a farmer would go to bed at night with his pea crop on his land and wake up the next morning to find the crop had gone, the canning company having come overnight to gather it because the precise moment for the taking of the crop had arrived.

Perhaps this is progress; it is efficient. But this high-powered type of farm operation was not used in the part of Canada where I lived, especially in the summer season, and was new to me.

It might be of interest to honourable senators if I said I am informed that the value of machinery on farms in Canada in 1961 approximated \$2½ billion book value. This is a major capital investment. I am informed that the magnitude of this investment may not be required by the farmers of Canada; that a good deal of its capacity is wasted. It is hoped that this bill will make more machinery more readily available and provide a more complete use for the machinery that is available to the farmer.

The Senate might also be interested to know that last year farmers were believed to have borrowed somewhere between \$225 million and \$400 million at commercial rates, which vary anywhere from 7 to 10, to 15, and perhaps to 20 per cent, depending on the institution that is lending. This is over and above the money loaned to farmers through the facilities provided by the Farm Credit Corporation,

the Farm Improvement Loan legislation and other federal and provincial legislation on the statute books.

It is proposed by means of this legislation to cut into that amount of borrowing by providing another agency, but the incursion into the field of commercial lending to farmers at the moment will be relatively small, being an amount of some \$25 million. I shall say more on this a little later.

Dealing with the bill itself, section 2 defines a farm machinery syndicate which, in simple language, is a partnership of three or more farmers to buy and to operate on an agreed basis a piece of farm machinery or equipment.

By section 3 of the bill credit for the joint purchase of this equipment will be supplied by the Farm Credit Corporation and that corporation will administer this act.

By section 7 of the bill it is provided that \$25 million will be placed in a segment of the Consolidated Revenue Fund and the Farm Credit Corporation will be empowered to draw down from this fund such amounts as are required for the program.

There are other incidental provisions of the bill which deal with such matters as advances by the Farm Credit Corporation, the accounting the corporation must make for the money it draws down—sections 8 and 10; the reporting by the corporation to the minister and to Parliament—section 13; and section 11 sets up the status of the corporation for the purposes of this legislation.

Honourable senators will be interested in sections 3, 4 and 5 which deal primarily with the loans. The program is designed to be self-supporting. The security for the loans will be in the first instance a promissory note which will be taken from each member of the syndicate or partnership and upon which there will be joint and several liability. Other suitable security may also be taken by the corporation by such devices as a chattel mortgage on the machinery bought or, in the Province of Quebec, under a recent amendment to the law there, there is provision for a pledge or nantissement, which I believe is the technical term. I know when I studied law in the Province of Quebec 30 years ago anything resembling a chattel mortgage was beyond the reach of commercial firms, but a change has been made in this respect. I might add that both a chattel mortgage in the common law provinces and the pledge or nantissement in Quebec are registrable instruments.

The maximum amount of the loan is 80 per cent of the cost to the syndicate of the machinery to be purchased, and in dollars the maximum amount is \$15,000 per syndicate member, with a ceiling of \$100,000. The individual's share may vary depending upon the