

Farm Credit Act

I repeat, that I do not understand how the minister can put forward the suggestion that a corporate partnership can be set up by any three Indian farmers and they can be held responsible for the \$100,000 which may be borrowed by the band itself. I ask the minister under what form of legislation does he expect he can hold people responsible under these conditions?

● (5:10 p.m.)

Mr. Olson: This clause says:

With the approval of the Governor in Council, the corporation may enter into an agreement with the Minister of Indian Affairs—

That is a prerequisite to making loans to anyone on an Indian reservation. The reason is simply that we cannot take security on the land. I am sure that the Minister of Indian Affairs and Northern Development will be consulting with the bands as to what kind of arrangement will be made. That is not the limiting but it is the controlling factor with respect to the extremes that the hon. gentleman mentioned.

Mr. MacInnis (Cape Breton-East Richmond): I will avoid the extremes, which are also possibilities, and again ask the simple question: Under what legislation or what supervision can a separate corporate partnership be set up whereby its members, being band members, can be held responsible not only for the corporate partnership but for the over-all picture of the band? In other words, if the band borrows \$100,000 are they, as individual corporate partners, also responsible for the band's share of the \$100,000, or are they looked upon as individuals? If they are looked upon as individuals, in what position does this place the band?

Mr. Olson: If the hon. gentleman reads new section 17A (1) he will see that it says:

With the approval of the Governor in Council, the corporation may enter into an agreement with the Minister of Indian Affairs—

What the agreement will entail is of no particular concern to the Farm Credit Corporation. We want to make it as easy as possible for Indians who are farmers to obtain the same services as anyone else who is a farmer. If we get the security of the agreement it is not our concern how that security will be sustained either within the band or between the band. I am sure the band will be able to look after this aspect of it.

Mr. MacInnis (Cape Breton-East Richmond): The minister is confident of what the band can do but once again I ask him a simple question. As the minister responsible for this legislation he should be fully aware what the legislation implies. In the event that a band borrows \$100,000 and three individuals set themselves up as a corporate partnership can they, as individuals, be held responsible for the loan of \$100,000 to themselves and also for their share of the loan that has been given to the band? Never mind the minister saying read this or read that. Can the individual be held responsible for a loan of \$200,000 or can he not?

Mr. Olson: Anyone, whether he be a member of a corporation, a partnership or a band, and to whatever degree he has an equity in the entity, is in fact responsible for it. If three Indians who are farmers enter into a partnership and borrow \$100,000 I suppose each one of them is responsible for one-third of it, indeed the whole of it if there is default on the part of the others.

If a band borrows \$100,000 and there are 100 members in the band—there could be 500 members in a band but suppose there are only 100—there would be collective responsibility that could be reduced to an individual responsibility of \$1,000.

Mr. MacInnis (Cape Breton-East Richmond): That is exactly what I was looking for. The person within a band who sets himself up with two others as a corporate partnership is no longer an individual according to the interpretation placed on this by the minister. In other words, despite the minister's effort to treat the Indian as an individual, on an equal basis with all other Canadians in this just society, he has said that the three individuals setting up a corporate partnership are no longer individuals because they are held responsible not only for their own borrowings but for the borrowings of the band as well. Therefore their individuality, as three men setting up a corporate partnership, is removed from them.

Mr. Alexander: Mr. Chairman, I have listened with great concern to this debate and I am a little confused why a limit has been set in new section 17 (4). The minister indicated that what he was trying to do was to attempt to place the Indian on the same footing as everybody else. If so, of necessity he should not have referred to a sum of \$100,000. Therefore, speaking to the subamendment it seems