

Canada. We think that with this background the amendment will permit the minister to utilize this source of expert knowledge through the assignment of responsibility for other administrative programs. The first one that we have in mind is the land transfer program of the small farm development plan.

The second main change, Mr. Speaker, is authorized capital. The Minister of Finance is authorized at the present time to subscribe \$56 million to the capital of the corporation and to lend the corporation 25 times this capital, or \$1.4 billion. An estimated \$245 million will be left unexpended as of March 31, 1972, so an increase of \$10 million, permitting the borrowing of an additional \$250 million, will provide for the future lending program of the corporation for some time. Hon. members will realize that this is \$495 million in total. When that requirement is met or if it is met in four or five years or however long it takes, we will be back to parliament with further amendments.

An hon. Member: You will not be back.

Mr. Olson: Mr. Speaker, the hon. member says that I will not be back. By that time I will have been around for 20 years, almost as long as the hon. member for Winnipeg North Centre (Mr. Knowles). Maybe that is long enough, but I am pretty sure that my colleagues will be over here.

An hon. Member: Which colleagues?

Mr. Marchand (Kamloops-Cariboo): He will be the first one back.

Mr. Olson: In addition to the specific purposes for which loans may be made, the act authorizes loans for any purpose which is necessary—I underline the word “necessary” because that is in the act at the present time—to the efficient operation of the mortgaged farm. This provision has been interpreted rather restrictively because of the word “necessary”. The revised wording will replace it with the two words “will facilitate”, so that loans may be made for any reasonable purpose related to the acquisition, operation, maintenance or development of the farm business. We have some cases which we would like to explain in more detail to the standing committee, when this bill goes there, relative to the significant difference between “necessary” and “will facilitate” and what it may mean in the practical application of the act.

A further point, Mr. Speaker, is that in one of the amendments we will change the requirement so that loans will be made to Canadian citizens or to landed immigrants within the meaning of the Immigration Act. From then on it is intended that loans will be made to assist only persons who are Canadian citizens or who intend to be permanently domiciled in Canada. At the present time, as hon. members know, it is legally possible to make loans to other than Canadian citizens or landed immigrants. We believe they should be primarily, or perhaps even exclusively for the benefit of Canadian citizens and landed immigrants.

Another major change is with respect to the maximum amount of loans. This matter is dealt with in clause 4. Hon. members know that the present loan limits for individual farm operators, which are \$40,000 maximum

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under part II and \$55,000 under part III, were established in 1964. Limits for multiple owner operations, that is, from \$80,000 for two and up to \$100,000 for more than two under part II, were established when the bill was amended in 1968. The amendment in this bill provides for a maximum of \$100,000 to any farmer alone or jointly with others or in respect of a single farming enterprise. The size of individual farm units is increasing steadily, labour is being replaced in many cases by capital and the purchasing power of the dollar has decreased a little during recent years—

An hon. Member: He did not even smile.

Mr. Olson:—so that mortgage credit in amounts and for the terms required is not available from other sources. Thus, the limits for individual farm operators that were set in 1964 are now in our view inadequate for meeting the needs of many farmers, particularly those who wish to take advantage of more advanced technology and mechanization. Such farmers incur many costs.

• (2150)

The principle of relating loan ceilings to the number of farm operators rather than to the size of the business has proven in practice to be inequitable for individual farmers employing hired labour or people other than those with an equity in the farm unit. The principle has also proved inequitable, I suggest, in situations where the farmer operating his farm is assisted by sons or daughters of minor age, compared to two or more owner operators in a farming operation or a form of partnership. We want to correct that situation.

There is to be another change. It deals with secondary, non-farm enterprise. Perhaps it might be better to describe it as dealing with non-agricultural enterprise, although it deals with farms or is related to farms. Although the act authorizes the corporation to provide credit for the development on the mortgaged land of a secondary enterprise not being an agricultural enterprise, the corporation is not permitted to take the ability of the farm to produce non-farm revenue into consideration in establishing the appraised value of the farm to determine the upper limit of the loan.

This amendment will permit such values to be taken into consideration and will permit loans to be given which are more in keeping with the property's actual potential for carrying and servicing the debt and all the amortization charges associated with the loan. It will also make it possible for many small farmers to make better use of their resources without being entirely dependent on agriculture.

There is to be another major change as well. The change I am about to refer to is not a mere updating of the law but is a major change. Loans on land will be subject to the life interests of those who want to remain there. This amendment authorizes the corporation to lend on the security of farmlands with respect to which a right to use the buildings—particularly the home, although it can be broader than that—is retained by any person for a period not exceeding his lifetime or the lifetime of his spouse.

Situations can arise, particularly under plans such as the small farm development plan, where a retiring farmer