

Farm Credit Act

can participate in the benefits offered by the Farm Credit Corporation. He could have a part-time income; but if his major income was from some source other than farming he is not entitled to a loan, due to this provision in the regulations.

Mr. Doucett: In other words, if he had a gainful occupation which he worked at, say, eight months of the year, he would have to make more money on the farm than he was making from his other occupation in order to be considered?

Mr. Hays: Yes, that is the way it reads.

Mr. Honey: Mr. Chairman, I should like to take a few minutes of the committee's time. I am pleased the hon. member for Marquette is in his seat now because I want to refer to his remarks, particularly on clause 1(2) of Bill No. C-100. I agree in principle with the remarks of the hon. member, but I would suggest to him—and I speak from some experience of a farm clientele in the practice of law—that possibly he is looking a little too technically at the provisions of this amendment. I think the amendment is designed to overcome, and will in fact overcome, many of the hardships experienced by farm families consequent upon the death of the husband and father. Too often in these circumstances the executor of an estate is placed in the position where he must pay succession duties and estate taxes, and must use some of the estate funds to pay off members of the family to whom legacies may have been left, or charges which may have been made against the farm property. This is the sort of situation in which an executor finds himself from time to time. I am sure my hon. friend has probably found, when acting himself as an executor of an estate, that it would be helpful to him to be able to go to the Farm Credit Corporation and obtain a loan which would permit him to carry on the business of the farm, at least until he is able to hand it over, probably to the son when he attains his majority.

I think all of us know farm families in which it is the desire of the father and mother that the farm will be taken over by a son. This sort of legislation will enable the executor to arrange the finances of the estate, to borrow money perhaps while the son is still a minor, in order to operate the farm. Then, when the son is able to look after the farm the executor can hand over an operating farm to him. I am not concerned, Mr. Chairman, about the doubt raised by the hon. member for Marquette,

[Mr. Hays.]

although I know it is well founded. He referred to the question of a personal interest in the property. I believe that in practice the Farm Credit Corporation will apply the same good business principles to applications from administrators or executors as the corporation applies to any other application. If the executor or administrator can satisfy the Farm Credit Corporation that he is able to carry on an economic farm operation for the benefit of the estate, then I feel it is highly desirable that we have this amendment that will permit the corporation to do that.

If, on the other hand—and I think this should satisfy the doubt in the mind of the hon. member for Marquette—the Farm Credit Corporation is not satisfied with the ability of the executor or the administrator to carry on farm operations, then of course the corporation can refuse the application, just as they do in other cases in which they are not satisfied. The mere fact that this amendment is before the committee today, and the mere fact that it may be enacted, does not mean that all applications by administrators or executors will be granted. I feel that the principles I have just mentioned would apply even in the case of trust companies. I can envisage a situation in the administration of an estate whereby a trust company may be able to go to the Farm Credit Corporation and, acting in the best interests of the estate and the farm family, obtain a loan under this provision which might otherwise have been obtained by the farmer if he were living.

There is just one other point I want to mention to illustrate why I feel I can wholeheartedly support this amendment, and why I feel it is in the best interests of all farmers. I have already mentioned the facility that will be provided by this legislation in permitting the transmission of the farm to the son. Often we have seen cases in which a husband has died prematurely and the farm has to be sold, sometimes in payments of the debts, testamentary expenses and so on. Quite often the farm has to be sold because nobody is capable of carrying on because of lack of experience or for other reasons. There may be a son 14 or 15 years of age and the executor could go to the Farm Credit Corporation and obtain financing to operate the farm without imposing any liability or responsibility upon the wife but relieving her of these responsibilities. In due course, the farm can be turned over to the son. In this way, the farm remains in family