

Farm Credit Act

corporation as defined by regulation—this is left completely open—and third, an individual who is the owner of farm land that is being farmed by a farming corporation, where that individual is a shareholder of the corporation and is principally occupied in the farming operations of that corporation.

So since under subparagraphs (i) and (iii) it is possible to refer to "principal occupation is farming" or "principally occupied in the farming operations of that corporation", it should also be possible to add such a provision in subparagraph (ii). Consequently I should like to move the following amendment:

That the following words be added to clause 1 subclause (1) immediately after the word "regulation," in line 12: "provided that at least 95 per cent of the shares are owned by individuals who are principally occupied in the farming operations of that corporation".

● (9:20 p.m.)

I might elaborate on this amendment by pointing out, first of all, that the reference to a 95 per cent share requirement is consistent with the present regulations under the Farm Credit Act. The definition of a family farm corporation in these regulations provides that 95 per cent of the shares must be owned by those who are actually actively participating in the operation of the family farm corporation. The last part of the wording is similar to the last words of subparagraph (3) of this particular paragraph. I move the amendment, Mr. Chairman.

The Deputy Chairman: Is the committee ready for the question?

Mr. Horner: Before the amendment is dealt with, I feel we should have an explanation from either the minister or the mover of the amendment. As I understand it, the suggestion is that 95 per cent of the shares must be owned by individuals who are principally occupied in the farm operation of that corporation. I should like the matter cleared up in my mind. It seems to me this wording suggests that you cannot have a farmer owning a farm and getting involved in another corporation. I should like the minister to give his interpretation of this amendment before we vote on it so quickly. I should like more information from the mover of this amendment because it suggests that the individual must be principally occupied in the farm corporation, and no other family farm or corporation.

[Mr. Burton.]

Mr. Olson: Mr. Chairman, it is intended that a similar provision to this will be contained in the regulations. However, I would say to the hon. member that the amendment would cause some hardship if we use the figure of 95 per cent. The reason is that it would be necessary then, for example, in a father and son relationship, for one to buy the other out if the farm changed hands. We believe the figure should be substantial, certainly well over 50 per cent. When I say that, I do not mean close to 50 per cent; I mean well above it. From the practical standpoint, we would find such a provision would cause some hardship when attempts were made to find the money to buy out all of the shares up to 95 per cent.

We have to bear in mind one or two other things. The amount of money that can be borrowed from the corporation does not go up to 95 per cent of the value of the farm unit. While we are certainly going to do something of this nature in the regulations, since such a provision has been used before, we feel that 95 per cent would be restrictive. This provision would necessitate a young farmer raising a substantial amount of cash, and this would be difficult. The shareholder may be his father or some other relative who could hold some of these shares, but he would not then be principally occupied in the farm operation of that corporation. This is the reason it would be difficult to accept this high percentage.

Mr. Stanfield: May I ask the minister why he does not put the definition in the act, rather than simply say he is going to deal with it by regulation? Is there any valid excuse for not having the provision incorporated in the act?

Mr. Olson: Yes, there is, because we need to gain some experience with the various kinds of corporate and co-operative structures and the shareholdings that would be involved. There are many different kinds of arrangements, and there are many people involved in the farm business. We would like to have enough flexibility so we could make provision, first of all to meet these problems and at the same time make certain it is only actual owner-borrowers who are benefiting from this finance facility.

Mr. Stanfield: What assurance has the house that the regulations will in fact provide what the minister is now suggesting?