

directors might decide to set up such a body, but I think Parliament has the right and a proper expectation to have that spelled out in the legislation. That is what these amendments are about.

The reasons there should be such a review body are quite clear when we look at past experience. Financial viability is a little bit like the poet looking for beauty: It is basically in the eye of the beholder.

While there are numbers on balance sheets, the gut feeling of the person looking at those balance sheets is what ends up determining the decision that is made too often. If it is thought that is going too far, if you are from the accounting school and think that there is only one way to go when looking at a balance sheet, I urge you to look at the banking decisions made in the case of Campeau Corporation. There was a host and string of bad banking decisions made in the rise and fall of that corporation.

Look at the Bronfman empire. Look at the loans that are running into difficulty there that were based on reputation rather than balance sheets and assets given, estimates of asset values that had no relevance on the actual market of the day. Look at Olympia and York and the Reichmanns and the difficulties that those assets and evaluations have run into. It will be seen why it is necessary to have a second opinion sometimes.

I have had individuals raise situations with me. They have applied to Farm Credit Corporation and were turned down with no explanation. Sometimes it was a fight over evaluation. At one point the Farm Credit evaluator was attempting to extract for the same classification of land three times the value that an identical parcel next door to it had sold for just within six months. However, they were insisting on selling back to the owner or valuing it for the owner to renegotiate a price at a value that was three times what was, in fact, the market value. Without appeal to a review board and another assessment, that treatment would have been very unfair.

A feedlot operator in Alberta went to FCC, applied for a loan and was turned down. The Farm Credit assessor had made a terrible mistake in estimating the productivity of his feedlot, an estimate that showed the

per day increase in production from his feedlot was one-half a pound per day instead of the three pounds per day which it actually was. Ever after, because of that mistake, even though his balance sheet was very good, that man was unable to get a loan. Not only was he unable to get a loan from Farm Credit Corporation, but from all other institutions as well. That is because the information is shared. He had no place to go.

For those reasons, it only makes sense that Parliament insist there be a place for a review committee in the legislation itself.

• (1210)

Mr. Murray Cardiff (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am very pleased to speak briefly to Motions Nos. 4, 10 and 12. I will deal with Motion No. 4 first.

Although the legislation is for the benefit of Canadian farm operations, there are circumstances where business alliances could be developed with farm businesses in the United States that would be beneficial to Canadian farmers and rural communities. For example, there may be a member of a farm operation where one family member is a non-resident for a period of time. This may needlessly limit that farm's operation and its ability to obtain credit from the Farm Credit Corporation.

The term resident is not defined in the Income Tax Act. The courts have held that an individual is resident in Canada for tax purposes if Canada is the place where he, in the subtle routine of his life, regularly, normally or customarily lives. In making this determination all relevant facts in each case must be considered. As a result, eligibility tends to be confusing. We certainly do not want any more confusion with legislation than what sometimes develops.

With respect to Motion No. 10, the FCC currently has an appeal board to review loan decisions. It will also have the authority in clause 8 of this bill to establish such a committee. Therefore we feel this is also unacceptable.

The proposed legislation in clause 8 allows the FCC board to establish an appeal process or any other such committee that will assist in doing its business. Legislating an appeal process would create a process that may not be sufficiently flexible to meet future clients' needs.