

Farm Credit Act

I concede, Mr. Chairman, that there could be some deficiency, in terms of this regulation and its application, in the use of the term "family farming corporation" with emphasis on the word "family". Some people carrying on joint farming operations are not related in the way prescribed in the regulations but certainly should be entitled to as good consideration as those who are related in some way stipulated in the regulations.

However, Mr. Chairman, when the term is contracted simply to "farming corporation", it seems to me that the danger with which we have to be concerned is the possibility of operations under the Farm Credit Act being extended to large industrial ventures. This may not be the objective at the present time, and I see the minister shaking his head in dissent. I am quite prepared to accept his word that this is not what he intends.

● (8:20 p.m.)

I suggest, however, that this might open the door to large industrial operators who would crowd out a good many of the farm operators, even though they might be carrying on an efficient type of business. One example which occurs to me is that of the National Grain Company which is presently undertaking a large venture in hog raising. I recognize it is not the intention of the Farm Credit Corporation or of the government to allow such an organization to qualify for public assistance at the present time, but it seems to me that as legislators we should be concerned that we do not open the door to such a possibility at some time in the future.

Mr. Olson: In reply to the hon. member for Kent-Essex may I suggest to him that by changing the provision under consideration in clause 1 of this bill we are putting farmers who are owner-operators in a far stronger position to compete with the integrated operators, where producers and financial interests are involved. I say with respect that this will hamper rather than help these virtually integrated companies, because it will give actual owner-operators of farm units a better opportunity to join together in such a way as to compete with the integrated operations.

The act has been amended by changing the word "person" to "individual" so as to provide a distinction between individuals and corporations, the latter being, in the legal sense, persons. The change provides a way of dealing with the problem the hon. member raised.

Another point raised both by the hon. member for Kent-Essex and by the hon.

member for Regina East concerns the replacement of the term "family farm corporation" by "farming corporation", to permit loans to farming corporations regardless of whether families are related by blood or adoption. This particular clause caused some concern to those who fear the expansion of corporate farming. It is not the intention, however, that this would allow persons who are not actual farm operators to become primary beneficiaries of loans from the corporation. I am sure what has been done here will satisfy both the hon. member for Regina East and the hon. member for Kent-Essex. We have sought to make certain that for individuals to benefit, even though they may be in a corporation or a co-operative, must in fact be owners principally engaged in the business of farming.

Mr. Danforth: Suppose one or more individuals concerned with a corporate farm or a co-operative have a large investment in such an undertaking. Would this make the entire co-operative ineligible for loans under this legislation?

Mr. Olson: Yes, if there were an investment at a level so high as to remove control from the actual operators of the farm, in which case the corporation would be ineligible. We want to prevent absentee persons who may own the majority of shares from becoming beneficiaries of the legislation.

As to the other point raised by the two hon. members I have mentioned, we believe we should bring as many farm units as possible up to economic viability with the amount of money we have. This is one of the reasons we say that if two or more farmers are in a co-operative or in a corporation they should be entitled to as much aid within the \$100,000 limit as they would have been, had they been farming separately. We are not proposing amendments in this bill to raise the individual limit on funds; hon. gentlemen know those limits, now.

One other comment which I think will allay some apprehension. In clause 7 there is a provision that should the shares of a co-operative or corporation change in such a way that a majority go out of the hands of the actual owners, the corporation reserves the right to demand repayment of the loan. The purpose is the same; we want the benefits of this act to flow to the actual operators, not to anyone outside the operation. We wish to safeguard the situation should control be transferred from the hands of the actual operators later on.