

The FCC told the Committee in its presentation that it had 6,000 problem accounts which were already two years or more in arrears. Over the next five years, this number is expected to grow substantially. The Committee is hopeful that the debt on some of these accounts will be restructured for the farmer through equity financing or the mediation process of the Farm Debt Review Boards. For those cases that are handled within the FCC itself, or for farmers who for one reason or another prefer to lease rather than own land, longer-term leases, in the Committee's opinion, would be beneficial. They would foster a longer planning horizon; they would allow a longer period to acquire savings; and they would provide the means and impetus for a future purchasing option.

Although the FCC would incur some costs to increase staff requirements to handle a longer-leasing program, assistance in negotiating lease arrangements could be provided by the aforementioned federally or provincially certified agents, who would be administering the equity financing arrangements of farmers. They would be able to guide farmers to the best option for their own particular situation.

For FCC to take on longer-term leasing, its legislation would have to be amended to allow it to own property for more than the present five-year period to which it is restricted. It would also have to gain the agreement of provincial governments. There is some urgency, therefore, according to Committee members, to proceed expeditiously and provide the FCC with a more flexible tool to assist farmers to cope with today's market conditions. Given the severity of farm financing problems, the Committee believes that the FCC needs greater latitude to allow farmers to lease land on a longer-term basis than five years, and to permit farmers to purchase or repurchase the land when the financial situation improves. The purchase option is important, both for the individual farmer, and for the farm community who may have concerns about the FCC becoming a permanent landlord.

2.3 The Committee recommends that the federal government take whatever legislative steps would be necessary to allow the FCC to hold land for longer than five years and encourage the FCC to provide long-term leases with an option for the tenant to renew the lease or buy back the land at the end of the lease agreement.

5. Mandate and Role of the Farm Credit Corporation

Witnesses raised many questions about the FCC's role in providing assistance to farmers, particularly concerning interest rate relief. Should the FCC become the primary farm lender, especially of fixed-rate long-term loans? Should the FCC become the guarantor of loans made with commercial lending institutions? Should the FCC serve as a reduced interest rate lender, offering loans to farmers at below market interest rates? In sum, should the mandate of the FCC be changed and/or expanded to provide greater financial relief to farmers?

Several farm organizations called for expansion and restatement of the Farm Credit Corporation's mandate to provide greater financial relief to farmers: "We support the Farm Credit Corporation and request broadening of its mandate, and encourage the introduction of innovative financing concepts which may benefit producers" (Issue 20:5, 9-4-87).

The Farm Credit Corporation was established in 1959 by the *Farm Credit Act* (FCA) as a federal government crown corporation reporting to Parliament through the Minister of Agriculture. It became the successor to the Canadian Farm Loan Board.

The FCC's role is to provide financial services to enable Canadian farmers to establish, develop, and maintain viable farm businesses, through the use of long-term credit. Until April 1982, funds for FCC programs were borrowed exclusively from the Minister of Finance; since that time, funds can be