

some concrete evidence of family violence, suicides, substance-abuse problems, and other matters which raw statistics cannot in anyway portray.

We came to the third part of our analysis, namely, the matter of farm credit. That is, what is the value of these farms? In this matter we heard some controversial evidence as between the Farm Credit Corporation on the one hand and the Canadian Bankers' Association on the other. They are two different arms of loan agencies.

It was pointed out to us two years ago that the Farm Credit Corporation was changing its face and its nature. They were clarifying their mandate so that, instead of incurring the horrendous and almost unbelievable losses they had suffered in previous years, they were to become lenders who would attempt, in their new mandate, to operate on a break-even basis. That they have been doing.

Unfortunately, the Canadian Bankers' Association do not see their mandate in the same way. They feel that the corporation has moved towards competing with private sector commercial lenders as a lender for viable farm businesses rather than as a lender of last resort. They decried this fact. They felt that the role of the Farm Credit Corporation should be complementary to rather than competitive with their situation.

The CBA noted that if the FCC maintains its current mandate, then the private sector—that is, the commercial banks—will likely reduce staff and programs aimed at the agricultural sector and may have to move their offices out of some of the smaller towns on the Prairies. The removal of such branches could be detrimental to those rural areas, and the provision of operating loans for year-to-year business may be more difficult to obtain. Whether that was a threat or an observation I am unable to say, but it did sound rather ominous.

Clearly the Canadian Bankers' Association feels that the Farm Credit Corporation should not be a competitor; instead, it should return to its former role of serving as a lender of last resort catering to those high-risk farm mortgages which are not commercially acceptable to the banks. Furthermore, it should continue to act as an instrument of federal social agricultural policy by providing management advice, educational services, and R&D in the farm finance area; but it should certainly not be a competitor with commercial banks.

This reminds me of that aphorism: If you cannot stand the heat, get out of the kitchen! They talk about liking competition, but when it does come along they are not too happy about it.

I have one other point of interest. The latest statistics that I have been able to find show that 800,000 acres of farmlands on the Prairies are now in escrow or in the hands of lenders. Of that figure, 400,000, or half, are located in Saskatchewan.

The Farm Credit Corporation noted that in the clarification of its role it will no longer remain purely a lender of last resort but will provide mortgage assistance and credit in competition complementary to the financial services of other lending institutions. Moreover, in competing with the banks the FCC is

probably the only lending agency that will provide long-term, stable mortgages of 10, 15 and 20 years in duration on a fixed-interest basis as opposed to what many banks provide, which is a floating rate or a short-term, one-, two- or three-year basis, and that does not lend much stability to a farmer who is trying to plan his long-term financial future for his property. That covers the creditor-debt situation.

The next matter that we looked at—and I think I am reporting accurately on this, but, if I am not, I am sure my colleagues on the committee will correct me—was the matter of the Farm Debt Review Boards. These were set up two or two-and-a-half years ago to help mediate on a voluntary basis between lender and debtor. They gave us some statistics that are surprising. They told us that approximately 10,000 cases on the Prairies were being dealt with by these debt review boards and that 75 per cent of them had been processed. Of those cases processed, voluntary agreements between the farmer and his lender were reached in approximately 77 per cent of the cases.

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We were interested in learning how many of these settlements involved farmers who had left their farms and disappeared and how many of the farmers had found a suitable rearrangement—that is, a rearrangement of debt or interest debts, or a prolongation of the period of repayment, which is rather difficult to get. The best we could come up with was that everyone we talked to was relatively satisfied with the work and the experience they had had with the Farm Debt Review Boards. It was felt that the boards were sincere and that they did have as board members farmers who helped to mediate, or helped to bring the two parties together, and that, where they could, those parties had reached some pretty good agreements.

Honourable senators, I should point out that one area on which we could not get further information concerned a rumour brought to our attention by one of the farm groups that felt that quite a few of these mediated arrangements or rearrangements had gone bad. In other words, quite a few of these farmers who had accepted some arrangement with their bank, with their credit union or with the FCC had, within a short period of time of perhaps a year or so, found themselves again in difficulty and had to give up the farm and leave. On this question we asked that particular group and another group called the Canadian Rural Transition Group to find out how much of this activity could be certified; and that is the information we obtained.

The groups involved have started a follow-up on what has happened to the cases for which they made rearrangements. They started composing a questionnaire in order to find out how many of these arrangements endured, if you will, and how many of them fell by the wayside. The consensus of opinion is that it will take approximately one more year before the groups can provide useful and meaningful information on these matters.

However, in talking to the Canadian Rural Transition Group—which is where some farmers go if they decide that