

*Farm Debt Review Act*

In provinces where a provincial review process is in place, or may be put into place, our boards may serve as a second option for farmers. Saskatchewan, for example, has a very successful process, and we will begin immediate discussions with that province to ensure that farmers have an opportunity to have their cases reviewed and handled in a most effective manner.

Before foreclosure action against a farmer can be initiated, the Farm Debt Review Act requires that secured creditors give five days' notice to the farm family of their right to appeal to the Farm Debt Review Board.

As I indicated earlier I have reviewed an amendment put forth by the Hon. Member for Algoma (Mr. Foster). I think the Hon. Member's amendment requests a 15-day provision rather than a five-day provision. The examples he has given to me seem, in my opinion at this point in time, to make sense. I would like to serve notice at this particular time that, barring any unforeseen legalities that I might be informed of after I complete my speech, we are quite prepared to accept that particular amendment.

A farmer who is insolvent can make application to the board. Immediately a 30-day stay of proceedings against all creditors will take effect, thus preventing any foreclosure. The legislation also provides for extensions of the stay for two additional 30-day periods should they prove necessary.

That brings us to another point. I believe the Hon. Member for Algoma has another amendment requesting that additional 30-day periods be allowed. It appears that it is somewhat open ended, but it is my understanding that the Saskatchewan project does provide for a period of time up to, I believe, 120 days. If the Hon. Member would revise one of his amendments requesting an additional 30-day period, and if he is satisfied that that additional 30-day period would mean a total period of time of 120 days then, again, Mr. Chairman, that would appear quite acceptable to me given the same conditions that I attached to the other amendment.

The chairperson of the board will establish a three-member local review panel to be chaired by a board member. We believe the best people to make the review process work are farmers' own peers. That is why the board and the panels will include people from the agri-business sector, farmers and farm management specialists. The board will also hire a field staff person to visit the farm, to make an independent assessment of the operation, to talk with the farm family and the creditors and report back to the panel. This staff person will be a peer, perhaps a retired farmer who is knowledgeable about farming and farm finance management. The panel and any experts hired by the panel will make every effort to facilitate meaningful arrangements between the farmers and their creditors. Any negotiated settlement becomes legally binding.

Not every situation is going to be resolved by this process, however, I am confident that many farmers facing insolvency can be helped. In fact, during the next two years, anywhere from 4,000 to 8,000 farmers who are in financial difficulties could benefit from the review board process.

In addition to those facing foreclosure, farm families who feel they can benefit from a review of their operation can also apply to the board. Under this process, in which no stay of proceedings will be issued, the panels will provide advice and will attempt to arrive at arrangements between farmers and their creditors to prevent deterioration of the farmer's financial position.

Members of this House will know that in September of last year I placed a moratorium on all Farm Credit Corporation foreclosure actions. I want to assure all producers affected by the moratorium that it will remain in effect, not only until these review panels and boards are in place, but also until the rural transition program is up and it is operating. I expect the details of this program to be announced very shortly. The Farm Credit Corporation will have funds to participate in a meaningful way in the farm debt process. This means that the cost of settlements negotiated by the Farm Credit Corporation through the review board process will not be passed on to other FCC borrowers in the form of higher interest rates.

Mr. Chairman, I have spelled out exactly how the farm debt review process will work, and now I am speaking on behalf of the thousands of producers who can benefit from this program; it needs the timely support of all members of this House.

Time is the key now, a process must be put into place as soon as possible. With the co-operation of all Members I am confident that the Farm Debt Review Boards can be in place within a month of the passage of this legislation. The majority of farm groups in provinces I have consulted with tell me that they want this legislation and they want it to have teeth. They do not want us, at this point in time, at least, to extend the authority of mandatory settlements. However, at least for the time being, they do not want us to extend the authority of mandatory settlements.

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Their concern, one which I share, is that action to seek options for highly indebted farmers should not jeopardize the future availability of farm credit.

My role is to represent the interests of all farmers. A secure, continuing line of capital and operating credit is essential to virtually every farmer in this country.

The reports I am getting from Saskatchewan, where a voluntary debt review process is in place, is that both farmers and creditors are generally receptive toward that approach. I understand that the success rate in the Saskatchewan experience is between 50 per cent and 60 per cent. In fact, I know of many cases where farmers and their creditors have reached reasonable settlements on their own. This gives me good reason to believe that a voluntary process can and, indeed, will work effectively across the country.

Still, I offer Canadian farmers the assurance that the new federal system will be closely monitored in its early stages. If I find that it is not meeting the need, I will look at it again and,