

An argument may also be made that the FCC, in particular, should be a lender of last resort in the difficult times ahead, as the industry adjusts to the challenges posed by the implementation of a new agri-food policy, the implementation of the Canada-United States Trade Agreement and GATT negotiations.

### Farm debt review boards

In its 1988 report, this Committee also made recommendations with regard to Farm Debt Review Boards. It suggested that the Farm Debt Review Panels maintain their role as mediators, but that they also make the final determination of eligibility for benefits under the Canadian Rural Transition Program. Is the mediation role for the Farm Debt Review Panels still appropriate? Should a client referred to the Canadian Rural Transition Program by the Panels be given expedited access to benefits under the Program, and indeed should the Panels still have the ability to make the final determination for eligibility?

Over the period 5 August 1986 to 31 October 1989, 7,915 applications, about 75% of the 10,495 received, were completed. Of these, arrangements were identified in 6,095 or about 77% of the cases, and 5,262, or approximately 66%, resulted in signed arrangements. The arrangements identified involved satisfactory exit packages, as well as such other adjustments as the rescheduling of debt, the disposal of some assets, quit claim and lease-backs, and the securing of off-farm employment.

On a regional basis, approximately 40% of the applications received over the 5 August 1986 to 31 October 1989 period originated in Saskatchewan, indicating the great degree of financial distress in that province. Most of these applications were from farmers in financial difficulty; this is different from the situation in Alberta, where about 63% of the applications were from insolvent producers, and in British Columbia, where approximately 59% of the applications were from such producers. In most cases, where applications have been completed, arrangements are subsequently identified. In Manitoba, about 85% of completed applications resulted in identified arrangements. Comparable figures for Alberta and Saskatchewan were 76% and 75%, respectively.

Most Prairie and Ontario applications were from grain farmers. Significant numbers were also received from tobacco farmers in Ontario, potato and dairy farmers in Atlantic Canada, beef farmers in Western Canada and swine farmers in Central Canada.

Farm Debt Review Board officials, in their appearance before the Committee, suggested that there are no hard data on the linkage between Farm Debt Review and Canadian Rural Transition clients. A Canadian Rural Transition Program official, however, indicated to the Committee that clients are referred to the Program from a variety of sources -- the Farm Debt Review Panels, provincial associations, banks, and individuals themselves.

### RECOMMENDATIONS:

- 1) Considering the conflicting views held by the Farm Credit Corporation and the Canadian Bankers' Association with regard to the Corporation's role, the Committee urges the Government to reexamine this Committee's April 1988 recommendation concerning the Corporation's mandate.
- 2) Recognizing that the Farm Debt Review Boards and the Canadian Rural Transition Program are working relatively well, the Committee recommends that, prior to renewal of these programs, their mandates be examined to ensure that assistance is being delivered in the best possible manner.
- 3) Given the severe financial stress still being experienced by some Canadian farmers, especially in the Prairie provinces, the Committee recommends that a disaster relief program be established. The Committee also recommends that this program should be funded to an amount consistent with recent levels of assistance.

Respectfully submitted,

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*Chairman*