

Committee Reports

● (1240)

I think the committee worked very hard, hearing from many responsible witnesses, and putting together a report which would be beneficial to Canadian farmers. Yet, the Government acted on the report in only one case, the capital gains exemption, and that was not exclusive for farmers and it was immediate rather than being phased in over a five-year period. However, much of the benefit will be nullified by the minimum tax which the Minister introduced on December 4 and which will come into effect on January 1. So there is not much time for the individual farmer to take advantage of the benefit.

There are many aspects of agriculture which make it urgent that the Government move on these several issues. The Minister has promised some action since last January on the farm debt crisis. We thought there would be action taken in the budget to implement the recommendations of the Committee on Finance, Trade and Economic Affairs.

On July 10, the Minister announced that he would bring in farmer creditor loan legislation which would allow for an independent review of farmers facing foreclosure. Unfortunately, there has been no action taken on the amendments to the Bankruptcy Act. The Minister keeps promising action but there has been no legislation brought forward. I really gave up on the Minister about three weeks ago because he seemed to be waffling when the question was put to him in the House by another Hon. Member as to whether or not he would actually bring in that farmer credit arrangements legislation.

I brought in my own Private Members' Bill, Bill C-253, which would provide for farmers to apply to a court for adjudication. I would hope that if the Minister cannot get around to bringing in his own legislation, the Government would agree that my Bill be considered by the House of Commons and acted upon. The situation is urgent. I indicated that something like 23 per cent of our farmers face serious financial difficulty. That is an increase of some 4 per cent over last year at this time. The situation is not getting any better and I believe the Committee on Finance, Trade and Economic Affairs has made some good recommendations to the Government which would ease some of the pressure on farmers. The Minister should move on the farmer creditor arrangements legislation as well. The Minister has promised all these things and we really want to see some action by December 1 because farm credit loan payments come due now.

Back in September when the Minister put the moratorium on the farm credit foreclosures, they were running at 14 per week. There were 670 foreclosures awaiting action by the Government at that time. It seems to me that just putting a moratorium on foreclosures does not solve the problem. We must bring in a program of assistance such as was recommended by the Committee on Finance, Trade and Economic Affairs. I would hope that we would get concurrence in the House so we can bring pressure on the Government to act on these recommendations.

Mr. Hovdebo: Mr. Speaker, I would like to ask the Hon. Member for Algoma (Mr. Foster) what he thinks the effects of

a real debt set aside program would be, if it were brought in? I know it is not one of the recommendations, but it was discussed fairly extensively in the committee and there is a mention of it in the report.

Mr. Foster: Mr. Speaker, when representatives of the Farm Credit Corporation were before the Committee on Finance, Trade and Economic Affairs, they pointed out to us that in the current situation it is very difficult to write down a debt. If the corporation writes down a debt for one person, because it is a government agency, it has to write it down for all individuals who have debts and who would demand it. It seems to me there would be an advantage in a pre-bankruptcy or pre-foreclosure arbitration procedure under the guise of a court of law. In that kind of setting the FCC would be in a position, under the arbitration of a judge, to do that.

My Private Members' Bill, Bill C-253, foresees the possibility of a farmer, who is facing foreclosure, serious financial difficulty or bankruptcy, being able to apply to a court of law, and rather than the bankruptcy court, it could be done by the district court in each area. For instance for a farmer in Kenora-Rainy River who is facing serious financial difficulty of that magnitude, to have to come all the way to Toronto, if that is where the bankruptcy court is, would be a most unfair arrangement. So I would recommend that it be made possible for the farmer to make application in the county or district court in his area for an arrangement and that this very action, provided it was accepted by the court, would stop all foreclosures for a period of time during which the trustee would be able to arrange a meeting between the creditors and the farmer who is facing foreclosure. If they came to an agreement of a breakdown, a debt set-aside or a debt set-aside in principal for a period of time, that agreement then would be simply filed with the clerk of the court. The judge would not be involved at all. It would just be a binding civil agreement. Of course, it would have to be a viable situation where the farmer was left with enough working capital to continue his operation.

It seems to me that there should be provision for that kind of arrangement, because when a foreclosure or bankruptcy takes place, often the farm is tied up for several months, or even years. A lot of the assets are frittered away or stolen, or just walk away overnight. The FCC claims that in every foreclosure or bankruptcy its average loss is \$90,000 to \$100,000. Obviously, foreclosures and bankruptcies are not very profitable for the FCC and probably not very profitable or successful for the banks as well. I do not suppose the recommendation would be successful in every case, but it seems to me that in a lot of cases if the clock were stopped pending negotiation with the creditors, it would work. And I think there would be a 90 per cent or 95 per cent success in the Farmers Creditors Arrangement Act, but if it did not work, then it could go to a judge who could either arbitrate the situation or appoint a professional or expert panel of farmers, people from the FCC, people who are knowledgeable about the local situation and the viability of local farms. The judge would have to treat the creditors, the farmers, fairly, but an expert panel could make sure that the farm was viable in the long term.