

*Farm Debt Review Act*

last-minute makeshift legislation that will attempt to provide some protection to farmers.

Let us look at this legislation quite uncritically and objectively and see what protection it does offer. On the surface, it does not offer very much. It offers to set up some review boards or panels to which a farmer may say: "Look, I'm having difficulty with my lending institution, I'm having trouble with my payments or think I'm going to have trouble with my payments, what arrangements do you think you can make between me and my bank or my creditors?" If the panel decides to take the farmer's case, it immediately freezes all actions by creditors for five days and there is another 30 days in which panel members may look at the possibilities. If they think they can make some progress, they may extend that for an additional 30 days and yet again for one more 30-day period to a maximum of 90 days.

In all provinces except those which have moratoriums or where the FCC moratorium remains in effect, there is really no pressure on the lender other than to wait 30, 60 or 90 days. The creditor will get his money because he has the power of the Bank Act of Canada behind him. From the creditor's point of view, it is strictly a waiting game. The farmer is simply provided with 30, 60 or 90 days of grace before the final verdict comes down. There is really no incentive provided under this arrangement for the creditors to play ball.

There is no mention in this Bill of having the panels study the factors that lead up to farmers having financial difficulties. The panels, through this Act, are not instructed to find out how farmers get into difficulty, whether through bad management or because of the activities of the House of Commons which passed the Bank Act and made interest rates of up to 22 per cent and 24 per cent possible. There is no mention of whether or not there should be some responsibility taken for that action. That is not something at which the review panels will be directed to look by this proposed legislation.

The Bill makes no presumption about whether a farmer should or should not be able to continue to operate his farm unit. We think that the basic assumption of this Act should have been that a particular lending institution thought that a farm was viable if it lent money to the farmer and therefore, by golly, this should continue to be a viable farm if the farmer does the things that he and the financial institution agree should be done in order to repay the loans. If those criteria have been met, I say that farmers should be permitted to continue, but they are not told that in this Bill.

• (1550)

We are left with an over-all program of the Government which has been made fairly clear in previous answers to questions and statements by the Minister in the House. He intends to lift the moratorium on FCC foreclosures as soon as this piece of legislation is ready. He also intends to bring in a transition program in a companion piece of legislation. If this program is as effective as the one in Saskatchewan, farmers will be recycled and will become useful members of society in

areas other than farming. However, I think the legislation will be far less effective than that of Saskatchewan. There is no moratorium to go along with this legislation, so there is no weight hanging over the heads of lenders. I think the expected outcome would be more like 75 per cent having taken advantage of the transition program and something like 20 per cent to 25 per cent having survived. I am very disappointed that the Minister took so long to produce so little.

**Mr. Binns:** Mr. Chairman, I want to be brief because I know it is important for this piece of legislation to be passed as quickly as possible.

I congratulate the Minister of Agriculture on the initiative he has shown by introducing a piece of legislation which is so important to the farm community. The opposition Parties suggest that not enough is being done fast enough, but two significant events have taken place which must be taken into account.

First, farm credit rates in Canada were reduced for farmers who were Farm Credit Corporation borrowers so that they could begin to have viable repayment schedules. Of course, the reduction to 12.75 per cent was a major relief for many farmers who were faced with high interest payments.

Second, there was a moratorium on farm foreclosures which has played a large part in beginning to give farmers confidence that the Government is really interested in ensuring that the family farm unit survives. At this point I should like to compare the numbers of bankruptcies which have occurred in the last three years. Let us take the first five months of 1984, 1985, and 1986. In that five-month period in 1984, before our Government took office, there were 274 farm bankruptcies. That dropped in the same five-month period of our first year to 233 and then to 203 in the same five-month period this year. A general improvement in the economy, brought about by this Government, has resulted in a reduction in farm bankruptcies as well as in other bankruptcies across the economy, whether they be farms, small businesses, or whatever. Again I congratulate the Minister for moving quickly on these initiatives.

I should like to ask the Minister whether, with the passing of this piece of legislation, he could indicate that these panels will be operative in the summer months so that farm families, who are awaiting the results of this legislation, will benefit in the near future.

**Mr. Boudria:** Mr. Chairman, I am pleased to participate in this debate. I note that the Minister is asking for our co-operation. He does not want the debate to be too lengthy. I do not intend to use an exaggerated amount of time, so that we will be able to consider the other clauses very soon. However, I should like to make a few points. In effect, this consideration of Clause 2 is a substitution for second reading stage of the Bill. We all agreed to dispense with that stage in favour of a lengthier debate on this particular clause.

In his opening remarks, the Minister commented upon the fact that economic conditions for farmers had improved since