

THIRD SESSION
THIRTY-FIRST LEGISLATURE

ASSEMBLÉE NATIONALE DU QUÉBEC

Bill 12

An Act to amend the Farm Credit Act

First reading

Second reading

Third reading

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L'ÉDITEUR OFFICIEL DU QUÉBEC

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EXPLANATORY NOTE

The main objects of this bill are to increase the maximum amounts of the loans that the Office du crédit agricole du Québec may grant, to make amendments of concordance to the act with regard to certain provisions of the Act to promote long term farm credit by private institutions, proposed by Bill 10, and to grant to the Office additional powers of a financial nature, in particular respecting loans it may contract and debts it may transfer or sell.

Sec. 1. *Section 1 specifies and broadens the borrowing powers of the Office, and enables it henceforth to transfer, as security for the repayment of the loans contracted by it, debts owing to it on loans granted by it, or to sell such debts, on such conditions as may be determined by the Lieutenant-Governor in Council. In addition to amendments of concordance with the Act to promote long term farm credit by private institutions, this section increases the total maximum amount of the loans that may be granted by the Office under the act, from \$150,000 to \$250,000 for an individual, and from \$200,000 to \$450,000 for a group. Furthermore, it increases, within such new maxima, the maximum amount of loans secured by pledge of agricultural property that may be granted, from \$60,000 to \$100,000 for an individual and from \$80,000 to \$200,000 for a group.*

Bill 12

An Act to amend the Farm Credit Act

HER MAJESTY, with the advice and consent of the Assemblée nationale du Québec, enacts as follows:

1. Section 8 of the Farm Credit Act (Revised Statutes, 1964, ^{R.S.} chapter 108), amended by section 1 of chapter 38 of the statutes of ^{c. 108, s. 8,} 1965 (1st session), by section 6 of chapter 17 of the statutes of ^{am.} 1966/1967, by section 5 of chapter 41 of the statutes of 1969, by section 26 of chapter 44 of the statutes of 1969, by section 23 of chapter 85 of the statutes of 1971, by section 2 of chapter 32 of the statutes of 1972 and by section 4 of chapter 34 of the statutes of 1975, is again amended:

(a) by replacing paragraph *a* by the following paragraph:

“(a) Contract loans by notes, bonds or other securities with the prior authorization of the Lieutenant-Governor in Council, for such amounts, and at such rates of interest and on such other conditions as may be fixed by the Lieutenant-Governor in Council, and, if considered necessary, but without being subject to articles 1571 to 1571*c*, 1572 and 2127 of the Civil Code, transfer, as security for the repayment of the sums borrowed, in such manner and on such conditions as may be fixed by the Lieutenant-Governor in Council as to the mode of signification of such transfer, all or part of the debts owing to it on loans granted under this act and, with the written consent of the lender given at the time the loan was made or subsequently, substitute for any such debt, any other debt arising from any loan granted under this act;”;

(b) by inserting after the word “farm” in the fifth line of the second paragraph of paragraph *d*, the words “, to an aspiring farmer who operates an economic farm”;

(c) by replacing the word “one” in the first line of subparagraph 1 of the seventh paragraph of paragraph *d* by the word “two”;

(d) by replacing the words “two hundred” in the first line of subparagraph 2 of the seventh paragraph of paragraph *d* by the words “four hundred and fifty”;

(e) by replacing the first paragraph of paragraph *d*¹ by the following paragraph:

“(d¹) Grant a loan secured by pledge of agricultural property in favour of the Office of up to eighty per cent of the value of the property pledged established by the Office, to any borrower meeting the criteria of need established by regulation who owns an economic farm and who is a debtor of the Office under this act or is the debtor of a lender under the Act to promote long term farm credit by private institutions (1978, chapter *insert here chapter number of Bill 10*), following or on the occasion of a hypothecary loan granted under this act or under the Act to promote long term farm credit by private institutions, following or on the occasion of the transfer of a debt arising from a hypothecary loan granted under this act or under the Act to promote long term farm credit by private institutions, or following or on the occasion of the sale of a farm to the borrower by the Office under this act, under the Act to promote long term farm credit by private institutions or under any other act administered by the Office.”;

(f) by replacing the word “sixth” in the first line of the second paragraph of paragraph *d*¹ by the word “seventh”;

(g) by replacing the word “sixty” in the first line of subparagraph 1 of the second paragraph of paragraph *d*¹ by the words “one hundred”;

(h) by replacing the word “eighty” in the first line of subparagraph 2 of the second paragraph of paragraph *d*¹ by the words “two hundred”;

(i) by replacing paragraph *l* by the following paragraph:

“(l) Determine in cases where a person has several important occupations or activities, including farming, which occupation or activity constitutes his principal occupation or activity within the meaning of this act;”;

(j) by adding, after paragraph *m*, the following paragraph:

“(n) Sell, with the authorization of the Lieutenant-Governor in Council, at such price and on such conditions as he may determine, all or part of the debts arising from loans granted under this act without being subject to articles 1571 to 1571c, 1572 and 2127 of the Civil Code, but in conformity with the mode fixed by the Lieutenant-Governor in Council as to the signification of such sale and, with the written agreement of the person acquiring it given at the time of the sale or subsequently, substitute for any such debt any other debt arising from a loan granted under this act.”

Sec. 2. Section 2 establishes new provisions relating to the use of the proceeds of loans or sales of debts made by the Office, and makes the Government guarantee optional with respect to loans the Office may be authorized to contract.

Sec. 3. Section 3 provides that the capital repayment collected by the Office on its loans and remitted to the Ministre des finances must first be applied to the repayment of loans contracted by the Office with lenders other than the Ministre des finances. This section adds a provision respecting the use of sums collected by the Office as interest on its loans.

2. Section 10 of the said act is replaced by the following:

R.S.,
c. 108, s. 10,
replaced.
Proceeds of
loans.

"10. The proceeds of loans or sales made by the Office under paragraph *a* or paragraph *n*, as the case may be, of section 8 must serve for the granting of loans authorized by this act, the establishment of the working-capital fund required to ensure the protection of loans, the reimbursement of loans previously contracted under the said section or remittances to the Ministre des finances in accordance with section 14 as repayment of amounts borrowed from him.

The loans made by the Office may be guaranteed by the Government of this Province." Guarantee.

3. Section 14 of the said act, amended by section 9 of chapter 41 of the statutes of 1969, is replaced by the following section:

R.S.,
c. 108,
s. 14,
replaced.

"14. The capital repayments collected by the Office on its loans shall be remitted to the Ministre des finances to be applied to the capital repayment of the loans contemplated in the second paragraph and to the redemption of the bonds, debentures or other securities issued by the Office that are held by the Government.

Application
of capital
repay-
ments.

Such moneys shall be deposited in a special fund which shall be allocated, first, to the repayment of loans contracted by the Office from lenders other than the Ministre des finances, secondly, to the repayment of loans contracted by the Office from the Ministre des finances, thirdly, to the repayment of loans contracted by the Government under this act, and, fourthly, to the repayment of any other loan or loans contracted by this Province and designated by the Lieutenant-Governor in Council, the proceeds whereof were used in whole or in part to reimburse the consolidated revenue fund for advances made to the Office.

Deposit in
special
fund.

The sums collected by the Office as interest on its loans shall be remitted to the Ministre des finances to be deposited in a special fund which shall be applied, first, to the payment of the interest payable on loans contracted by the Office from lenders other than the Ministre des finances and, secondly, to the payment of the interest payable on any loan contracted by the Office from the Ministre des finances or on any loan contracted by the Government that is referred to in the second paragraph.

Idem.

The sums deposited in the special funds contemplated in the second and third paragraphs shall be invested in accordance with the last paragraph of section 63 of the Financial Administration Act (1970, chapter 17), pending their employment pursuant to the second and third paragraphs, and the interest derived therefrom shall be paid into the consolidated revenue fund."

Invest-
ment.

Sec. 4. *Section 4 broadens the purposes for which the Ministre des finances may be authorized by the Government to make advances to the Office.*

Sec. 5. *Section 5 authorizes the Ministre des finances to pay to the Office the sums required to make up each year the difference between the interest payable on loans contracted by it with lenders other than the Ministre des finances and the interest it collects from its borrowers or debtors.*

Sec. 6. *Section 6 establishes that in determining the constituents of a loan to which the rate of interest fixed by regulation applies, account must be taken of the balance of a loan already obtained by the borrower, or of which he has assumed payment, under the Farm Credit Act or the Act to promote long term farm credit by private institutions and also of the balance of the relative share of the borrower in any such loan obtained, or of which he has assumed payment, jointly with another person. This section provides for a similar mode of computation when a loan is obtained or, as the case may be, when the payment of the balance of a loan is assumed by joint borrowers or by natural persons considered as an agricultural operations partnership.*

4. Section 14a of the said act, enacted by section 6 of chapter 34 of the statutes of 1975, is amended by inserting after the word “act” in the last line, the words “and to pay on every date of maturity the sums due in principal on any loan contracted by the Office in accordance with section 8”. R.S. c. 108, s. 14a, am.

5. Section 14b of the said act, enacted by section 6 of chapter 34 of the statutes of 1975, is amended by inserting after the word “borrowed” in the seventh line, the words “by the Office from lenders other than the Ministre des finances as well as those borrowed”. Id., s. 14b, am.

6. Section 15a of the said act, enacted by section 11 of chapter 41 of the statutes of 1969, replaced by section 4 of chapter 32 of the statutes of 1972 and amended by section 8 of chapter 34 of the statutes of 1975, is replaced by the following: Id., s. 15a, replaced.

“15a. The Office, in determining the constituents of a loan granted by it which bear interest payable to it at the rate fixed by regulation, shall compute, as if a part of that loan, Determination of interest-bearing principal.

(a) in the case of a loan granted to a farmer or an aspiring-farmer: the balance owing from the borrower on any loan obtained under this act or under the Act to promote long term farm credit by private institutions which has been granted to him or of which he has assumed payment, and the balance of his relative share in any loan obtained under this act or the Act to promote long term farm credit by private institutions which has been granted to him jointly with any other person or of which he has assumed payment jointly with any other person;

(b) in the case of a loan granted to an agricultural operations corporation, cooperative or partnership: the balance owing from the borrower on any loan obtained under this act or the Act to promote long term farm credit by private institutions, which has been granted to it or of which it has assumed payment;

(c) in the case of a loan granted to joint borrowers or to natural persons considered as an agricultural operations partnership under paragraph g of section 1: the balance owing from them jointly on any loan obtained under this act or the Act to promote long term farm credit by private institutions, which has been granted to them or of which they have assumed payment, the balance owing from each of them on any loan obtained under this act or the Act to promote long term farm credit by private institutions, which has been granted to each of them or of which each of them has assumed payment, and the balance of their relative share in any loan granted under this act or the Act to promote long term farm credit by private institutions obtained by each of them jointly

Sec. 7. Section 7 is for concordance with the Act respecting farm-loan insurance and forestry-loan insurance (Bill 11).

Sec. 8. Section 8 is for concordance with the Act to promote long term farm credit by private institutions.

Sec. 9. Section 9 is for concordance with section 1 of this bill and with the Act to promote long term farm credit by private institutions.

with any other person or of which each of them has assumed payment jointly with any other person.

Where a person, with the authorization of the Office, assumes, personally, or jointly with any other person, the payment of the balance of a loan, the first paragraph applies *mutatis mutandis* in determining the constituents of the said balance which bear interest at the rate fixed by regulation.” Provisions applicable.

7. Section 18*b* of the said act, enacted by section 11 of chapter 34 of the statutes of 1975, is amended by inserting, after the word “it” in the seventh line of the first paragraph, the words “or the purposes of the Act respecting farm-loan insurance and forestry-loan insurance (1978, chapter *insert here the chapter number of Bill 11*).” R.S., c. 108, s. 18*b*, am.

8. Section 19 of the said act, amended by section 12 of chapter 41 of the statutes of 1969, replaced by section 7 of chapter 32 of the statutes of 1972 and amended by section 12 of chapter 34 of the statutes of 1975, is again amended: Id., s. 19, am.

(a) by replacing the words “which the Bureau already holds” in the eighth and ninth lines of the first paragraph by the words “held by the Office under this act or by a lender under the Act to promote long term farm credit by private institutions,”;

(b) by replacing the words “towards the Bureau” in the eighth and ninth lines of the second paragraph by the words “either towards the Office under this act or towards a lender under the Act to promote long term farm credit by private institutions”.

9. Section 20*a* of the said act, enacted by section 14 of chapter 41 of the statutes of 1969, replaced by section 8 of chapter 32 of the statutes of 1972 and amended by section 13 of chapter 34 of the statutes of 1975, is replaced by the following section: Id., s. 20*a*, replaced.

“20*a*. The total amount owing under this act and the Act to promote long term farm credit by private institutions from a borrower or from a person who assumes or has assumed the payment of a loan must in no case exceed \$250,000 in principal in the case of a farmer or an aspiring-farmer and \$450,000 in principal in the case of an agricultural operations corporation, an agricultural operations cooperative, an agricultural operations partnership or joint borrowers, except with respect to debts which devolve to them by succession or which they have contracted for the acquisition of a property of which the Office has disposed under paragraph *c* of section 8 of this act or under paragraph *g* or paragraph *h* of section 23 of the Act to promote long term farm credit by private institutions.” Maximum amount owing from borrower.

Sec. 10. Section 10 provides for the payment of expenses incurred for the application of the act.

To establish the amount of \$250,000 mentioned in the preceding paragraph, account shall be taken of Computation of maximum amount.

(a) the balance owing personally from a farmer or an aspiring-farmer on any loan previously obtained or of which he has assumed payment under either of the aforementioned acts; and

(b) his relative share in the balance of every similar loan previously obtained jointly with any other person or of which he has assumed payment jointly with any other person.

To establish the amount of \$450,000 mentioned in the first paragraph, in the case of an agricultural operations corporation, an agricultural operations cooperative or an agricultural operations partnership, account shall be taken of the balance owing from it on any loan previously obtained or of which it has assumed payment under either of the aforementioned acts. Id., for agricultural operations corporation, etc.

To establish the amount of \$450,000 mentioned in the first paragraph, in the case of joint borrowers or natural persons considered as an agricultural operations partnership under paragraph g of section 1, account shall be taken of Id., for joint borrowers, etc.

(a) the balance owing from them on any loan previously obtained or of which they have assumed payment under either of the aforementioned acts;

(b) the balance owing from each of them on every similar loan previously obtained by him personally or of which he has assumed payment personally; and

(c) the relative share in the balance owing on every similar loan obtained by each of them jointly with any other person or of which he has assumed payment jointly with any other person.

The total amount owing under this act and the Act to promote long term farm credit by private institutions from a borrower on any loan secured by pledge of agricultural property or from a person who assumes or has assumed payment of such loan must in no case exceed \$100,000 in principal in the case of a farmer or an aspiring-farmer, or \$200,000 in principal in the case of an agricultural operations corporation, an agricultural operations cooperative, an agricultural operations partnership or joint borrowers, except with respect to debts which devolve to them by succession. Maximum amount owing on loan secured by pledge.

The second, third or fourth paragraph, as the case may be, applies *mutatis mutandis* to establish the amount of \$100,000 or \$200,000, as the case may be, referred to in the fifth paragraph." Provisions applicable.

[[10. The expenses incurred for the application of this act during the fiscal year 1978/1979 are paid out of the consolidated revenue fund.]] Expenses incurred.