

THIRD SESSION
THIRTY-FIRST LEGISLATURE

ASSEMBLÉE NATIONALE DU QUÉBEC

Bill 14

**An Act to amend the Act to promote
credit to farm producers**

First reading

Second reading

Third reading

M. JEAN GARON
Ministre de l'agriculture



L'ÉDITEUR OFFICIEL DU QUÉBEC

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EXPLANATORY NOTE

The main object of this bill is to increase the maximum amount of a loan which may be granted under the act. It provides that the authorization of the Office du crédit agricole du Québec must be obtained for the granting of such a loan in the cases and within the limits fixed by regulation. It widens the purposes of the loans which may be granted under the act, to allow, among other things, that the loans may be used to defray all current expenses relating to the farming operations of the borrower and, in the cases, on the conditions and within the limits provided by regulation, to defray the expenses relating to his wages or living expenses. The bill further enables the repayment, by means of a new loan, of the balance owing on a previous loan granted in the form of an opening of credit.

Sec. 1. Section 1 of the bill increases from \$50,000 to \$100,000 the maximum total amount of a loan a bank or a credit union may grant to a borrower under the act. It provides that the same borrower may obtain more than one loan, provided that the amount of the last loan added to the balance owing on a loan already granted never exceeds the maximum stated above.

Sec. 2. Section 2 provides that in the cases established by regulation, the authorization of the Office du crédit agricole du Québec, instead of its mere advice, must be obtained previously to the granting of a loan.

Sec. 3. Section 3 determines for the purposes of section 1 of the bill, the mode of computing the total amount owing from a borrower, depending on whether the case is that of a farmer or an aspiring farmer, of joint borrowers or of undivided owners considered as one farmer.

Bill 14

An Act to amend the Act to promote
credit to farm producers

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

1. Section 3*a* of the Act to promote credit to farm producers ^{1972, c. 38,}
(1972, chapter 38), enacted by section 3 of chapter 33 of the statutes ^{s. 3*a*, am.}
of 1974, is amended:

(*a*) by replacing the amount "\$50,000" in the last line of the
first paragraph by the amount "\$100,000";

(*b*) by adding after the second paragraph the following:

"Subject to the second paragraph, one and the same borrower ^{More than}
may obtain more than one loan, provided that the amount of the ^{one loan.}
last loan obtained by him, added to the balance owing in principal,
by succession or otherwise, on a loan previously obtained and deter-
mined as provided in section 3*c*, never exceeds a maximum of
\$100,000."

2. Section 3*b* of the said act, enacted by section 3 of chapter 33 ^{1972, c. 38,}
of the statutes of 1974, is amended: ^{s. 3*b*, am.}

(*a*) by replacing the words "advice of the Bureau" in the second
and third lines by the words "authorization of the Office";

(*b*) by adding at the end the following paragraph:

"The authorization required for the purposes of the first para- ^{Designated}
graph is given by any person designated therefor by the Office." ^{person.}

3. Section 3*c* of the said act, enacted by section 3 of chapter ^{1972, c. 38,}
33 of the statutes of 1974, is replaced by the following: ^{s. 3*c*, am.}

"3*c*. The total amount owing from a borrower under this act ^{Maximum}
must at no time exceed \$100,000 in principal, except in respect ^{amount}
^{owing from}
^{a borrower.}

Sec. 4. Section 4 widens the purposes of the loans which may be granted under the act, to allow among other things that the loans may be used to defray all current expenses relating to the farming operations of the borrower and, in the cases, on the conditions and within the limits provided by regulation, to defray the expenses relating to his wages or living expenses. This section further enables the repayment, by means of a new loan, of the balance owing on a previous loan granted in the form of an opening of credit.

of debts devolving to him by succession subsequently to the last loan contracted by him that he has not fully repaid.

To establish such amount of \$100,000 in the case of a borrower Farmer, who is a farmer or an aspiring farmer, account shall be taken of ^{aspiring farmer.}

(a) the balance owing from him personally on every loan he has obtained or of which he has assumed payment; and

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

To establish the amount of \$100,000 mentioned in the first paragraph, in the case of joint borrowers or undivided owners ^{Joint borrowers, undivided owners.} considered as one farmer, account shall be taken of

(a) the balance owing from them on every loan they have already obtained in that capacity or of which they have assumed payment;

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

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

For the purposes of this section, the amount of a credit opening, ^{Credit opening.} as long as it remains available, is deemed to be owing from the borrower even if it exceeds the balance payable on any amount advanced under that opening."

4. Section 5 of the said act, amended by section 5 of chapter 1972, c. 38, 33 of the statutes of 1974 and by section 35 of the Act respecting ^{s. 5, am.} farm-loan insurance and forestry-loan insurance (1978, *insert here the chapter number of Bill 11*), is again amended:

(a) by replacing the words "expenses relating to the production of crops, namely:" in the first and second lines of paragraph 1 by the words "operating expenses relating to the production of crops, and particularly, but without restricting the generality of the foregoing:";

(b) by striking out subparagraph *g* of paragraph 1;

(c) by replacing the words "expenses relating to the raising of livestock, namely:" in the first and second lines of paragraph 3 by the words "operating expenses relating to the raising of livestock, and particularly, but without restricting the generality of the foregoing:";

(d) by adding after paragraph 4 the following paragraph:

“(5) to defray, in the cases, on the conditions or within the limits provided for by regulation, the expenses relating to the wages or living expenses:

- (a) of the borrower when he is a farmer or an aspiring farmer;
- (b) of any shareholder, any producer, whether a shareholder or a member, or any partner of the borrower, whose principal occupation is operating the farm qualifying the borrower for the loan, where the borrower is an agricultural operations corporation, an agricultural operations cooperative or an agricultural operations partnership;

(c) of any farm operator whose principal occupation is the operation of the farm qualifying the borrower for the loan, where that loan is contracted by joint borrowers or several natural persons being the undivided owners of a farm;

(6) to defray all other expenses related to the farming operations of the borrower, and particularly, but without restricting the generality of the foregoing:

(a) assessments payable under the Act respecting farm income stabilization insurance (1975, chapter 41);

(b) expenses for the maintenance of farm equipment and buildings;

(c) the purchase of fuel, oil, grease, tires and all other materials necessary for the operation of tractors, trucks and other vehicles used for the farming operations of the borrower;

(d) expenses for the transportation of farm products;

(e) the rent or the annual rent for a farm of which the borrower is the lessee or the emphyteutic lessee;

(f) municipal and school taxes as well as all other real estate taxes;

(g) premiums or assessments for fire insurance, loan-life insurance or public liability insurance;

(h) heating expenses for farm buildings;

(i) the purchase of bags or other containers used in production or marketing;

(j) salaries payable to any person other than the persons mentioned in paragraph 5;

(7) to repay, in the cases and on the conditions provided by regulation, the balance owing in principal under the terms and conditions of a loan granted in the form of an opening of credit.”

5. Section 13 of the said act, amended by section 10 of 1972, c. 38, chapter 33 of the statutes of 1974 and by section 36 of chapter s. 13, am.

Sec. 6. Section 6 adds regulatory powers for purposes of concordance with the preceding sections of the bill.

Sec. 7. Section 7 provides for the payment of the expenses incurred for the application of the act.

(insert here the chapter number of Bill 11) of the statutes of 1978, is again amended by adding at the end the following paragraph:

“The first paragraph does not apply in respect of a loan con- Provisions
tracted for the purpose contemplated in paragraph 7 of section 5.” not to
apply.

6. Section 17 of the said act, replaced by section 13 of chapter 1972, c. 38,
33 of the statutes of 1974, is amended: s. 17, am.

(a) by replacing the words “advice of the Bureau” in the fourth line of subparagraph *d* of the first paragraph by the words “authorization of the Office”;

(b) by replacing subparagraph *f* of the first paragraph by the following subparagraphs:

“(f) establish in which cases and on which conditions or within which limits the expenses contemplated in paragraph 5 of section 5 may be paid out of the proceeds of the loan;

“(g) determine in which cases and on which conditions a loan may be granted to repay the balance owing on a loan granted in the form of an opening of credit;

“(h) determine the expenses of which repayment is guaranteed under section 4 and the conditions to be fulfilled by the lender in order to obtain repayment of the losses and expenses contemplated in the said section and enact any other necessary or useful measure for the execution and orderly administration of this act.”

[[**7.** The expenses incurred for the application of this act Incurred
during the fiscal year 1978/1979 shall be paid out of the consolidated expenses.
revenue fund.]]

8. This act will come into force on the date to be fixed by Coming
proclamation of the Government, except the provisions excluded into force.
by such proclamation, which will come into force on any later date
to be fixed by proclamation of the Government.