ISSN 0713—9632

First Session — Thirty-Third Legislature

of the

Legislative Assembly of Manitoba

STANDING COMMITTEE

on

AGRICULTURE

35 Elizabeth II

Chairman
Mr. C. Baker
Constituency of Lac du Bonnet

MG-8048

VOL. XXXIV No. 1 - 8:00 p.m., MONDAY, 8 SEPTEMBER, 1986.

Printed by the Office of the Queens Printer, Province of Manitoba

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Third Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ASHTON, Steve	Thompson	NDP
BAKER, Clarence	Lac du Bonnet	NDP
BIRT, Charles T.	Fort Garry	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, Hon. John M.	Gimli	NDP
CARSTAIRS, Sharon	River Heights	LIBERAL
CONNERY, Edward J.	Portage la Prairie	PC
COWAN, Hon. Jay	Churchill	NDP
CUMMINGS, J. Glen	Ste. Rose	PC
DERKACH, Len	Roblin-Russell	PC
DESJARDINS, Hon. Laurent L.	St. Boniface	NDP
DOER, Hon. Gary	Concordia	NDP
DOLIN, Marty	Kildonan	NDP
DOWNEY, James E.	Arthur	PC
DRIEDGER, Albert	Emerson	PC
DUCHARME, Gerry	Riel	PC
ENNS, Harry J.	Lakeside	PC
ERNST, Jim	Charleswood	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
FILMON, Gary	Tuxedo	PC
FINDLAY, Glen M.	Virden	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Hon. Harry M.	The Pas	NDP
HARAPIAK, Hon. Leonard E.	Swan River	NDP
HARPER, Hon. Elijah	Rupertsland	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
LECUYER, Hon. Gérard	Radisson	NDP
MACKLING, Q.C., Hon. Al	St. James	NDP
MALOWAY, Jim	Elmwood	NDP
MANNESS, Clayton	Morris	PC
McCRAE, James C.	Brandon West	PC
MERCIER, Q.C., G.M.J. (Gerry)	St. Norbert	PC
MITCHELSON, Bonnie	River East	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte L.	Gladstone	PC
ORCHARD, Donald W.	Pembina	PC
PANKRATZ, Helmut	La Verendrye	PC
PARASIUK, Hon. Wilson	Transcona	NDP
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Hon. Myrna A.	Wolseley	NDP
PLOHMAN, Hon. John	Dauphin	NDP
ROCAN, C. Denis	Turtle Mountain	PC
ROCH, Gilles (Gil)	Springfield	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Q.C., Hon. Victor	Rossmere	NDP
SCOTT, Don	Inkster	NDP
SMITH, Harvey	Ellice	NDP
SMITH, Hon. Muriel	Osborne	NDP
STORIE, Hon. Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
WALDING, D. James	St. Vital	NDP
WASYLYCIA-LEIS, Hon. Judy	St. Johns	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON AGRICULTURE
Monday, 8 September, 1986

TIME — 8:00 p.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. C. Baker (Lac du Bonnet)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Bucklaschuk, Harapiak (The Pas), Harapiak (Swan River), Plohman, Schroeder and Uruski

Messrs. Baker, Cummings, Findlay, Mrs. Oleson and Mr. Pankratz

APPEARING: Mr. Jack Penner, President, Keystone Agricultural Producers

Mr. Roy Cusitar, United Grain Growers Ltd.

Mr. Bob Munroe, Manitoba Cattle Producers' Association

Mr. Rick Armitage, Land Exchange Ltd.

Mr. Sam Schellenberg, Vice-President, Manitoba Chamber of Commerce

Mr. Gary Parks, Realtor's Land Institute of Manitoba

MATTERS UNDER DISCUSSION:

Bill No. 4 - The Family Farm Protection Act; Loi sur la protection des exploitations agricoles familiales;

Bill No. 22 - An Act to amend The Agricultural Credit Corporation Act; Loi modifiant la Loi sur la Société du crédit agricole.

* * * *

DEPUTY CLERK, Ms. B. Bosiak: Committee come to order, please.

Before the committee can proceed, it must elect a chairperson. Are there any nominations?

Mr. Schroeder.

HON. V. SCHROEDER: Clarence Baker.

DEPUTY CLERK: Mr. Baker has been nominated. Are there any further nominations?

Seeing none, Mr. Baker, will you please take the chair?

MR. CHAIRMAN: Thank you. I'm not sure that I should thank you in fact. Maybe I'd be better off sitting there, too.

Do you have an opening statement to make, Mr. Minister?

The Honourable Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, we have Bill 4 and Bill 22 and there's a list of people and organizations who wish to present briefs on the two. My critic, a member of the Opposition, the Member for Virden, indicated there are a number of people who are from out of town.

It has been customary that members of the committee agree to hearing the out-of-Winnipeg briefs first and then proceed to those within the city. If that's agreed to, we can, in fact, go through - I gather it's been indicated which briefs are from out of town and we could start with those who are from out of town.

MR. CHAIRMAN: Yes. Anybody else?

The Member for Virden.

MR. J. DOWNEY: Or, Mr. Chairman, they may not be able to be here tomorrow.

MR. CHAIRMAN: Again, the committee will probably try to accommodate them as well.

MR. J. DOWNEY: Yes.

MR. CHAIRMAN: First of all, is there anybody here who has to go home tonight, out of town?

MR. J. DOWNEY: We all have to go home.

MR. CHAIRMAN: I take it that Jack Penner, Bob Munroe, Rick Armitage, Gary Parks and Sam Schellenberg are from out of town. It's the wish of the committee then that we take the out-of-towners first.

HON. B. URUSKI: Maybe, Mr. Chairman, we could find out whether there are any other presenters on Bill 4 or Bill 22 in addition to those on the list presently. Maybe you could go through the list and read it out in case anyone else . . .

MR. CHAIRMAN: Okay. Jack Penner, representing Keystone Agricultural Producers; Graham Dixson, Canadian Bankers Association; Bob Munroe, Manitoba Cattle Producers' Association; Rick Armitage, Land Exchange Ltd.; William Halabura, Agricultural Research Management and Consultants Ltd.; Sam Schellenberg, Vice-President, Manitoba Chamber of Commerce; Mal Anderson, Credit Union Central of Manitoba; Gary Parks, Realtor's Land Institute of Manitoba.

Are there any other people who would like to make a presentation? -(Interjection)- he's not here.

HON. B. URUSKI: He indicated he would not be presenting.

MR. CHAIRMAN: Is there anybody else besides the gentlemen that I read off? If not, then I guess we could get the hearing under way by asking Jack Penner to come up and make his presentation.

MR. J. PENNER: Thank you, Mr. Chairman. I find it rather interesting that all of you are able to sit down and listen to my presentation and I have to do all the work up here and stand, and I guess there's a reason for it. If I get tired, then I'll sit down.

Mr. Chairman, members of the committee, those of us appearing today as representatives of the farming community in Manitoba appreciate having this opportunity to express to you a number of views and recommendations relative to legislation intended to address the farm financial crisis generally, and Bill 4, The Family Farm Protection Act, more specifically.

I want to point out at this time that as indicated on the cover page of this submission, this brief presentation of views is being made jointly by Keystone Agricultural Producers, Manitoba Pool Elevators and United Grain Growers.

I am Jack Penner, President of the Keystone Ag Producers and with me today is Roy Cusitar, the Vice-President of UGG, and Charlie Swanson will be here a few minutes later. He was delayed for a little while, from Manitoba Pool Elevators. Also present are a number of other representatives and staff members from our various organizations who we, with your permission, will call on a little later to assist in response to questions that I may not be able to answer.

For the information of those members of the committee less familiar with it, the Keystone Agricultural Producers, more commonly known to its members and others as the KAP, is Manitoba's relatively new (established in June, 1984) principal general farm policy organization. As such, it endeavours to represent its members, close to 3,700 in numbers, of individual farm unit members from 12 membership districts across the province, and 14 agricultural commodity and rurally oriented "group" members, and the list is attached to the back, on matters of general interest and concern to the farming community.

Manitoba Pool Elevators Ltd. and the United Grain Growers Ltd., of course, require much less introduction, being Manitoba's major farmer-owned grain handling cooperatives representing a major portion of the grain producers in this province.

We should perhaps indicate that while the KAP has been somewhat more deeply involved in the debate on legislation intended to address the farm financial crisis, officials of Manitoba Pool and UGG have also met with government officials and held discussions within their respective organizations regarding this area of concern. The submission presented to you today was prepared in consultation with Manitoba Pool and UGG officials, and the views expressed in here are supported by them.

In any event, we are sure members of the committee will understand readily that what has become known as the farm financial crisis and any measures taken to address it are of major significance to the constituents of our organizations, and why, as a result, they have received a great deal of attention in recent months.

Following the introduction of Bill 4 by the Honourable Minister Uruski on June 6, 1986 for Second Reading by the Legislative Assembly, the executive of the KAP, having discussed the proposed legislation extensively, agreed to give it qualified support, expressing agreement with those aspects of the bill which were consistent with its existing policies and questioning others which give rise to concern.

In its initial statement concerning Bill 4, the KAP expressed appreciation of the fact that the Minister and Provincial Government had undertaken some initiative in this regard in light of the absence of federal legislation, despite repeated promises by the Federal Minister to have legislation which would deal effectively with the farm financial crisis in place by December of 1985.

On June 12, the Honourable Minister John Wise did introduce Bill C-117, the Farm Debt Review Act, into Parliament. However, there was a considerable amount of doubt at the time as to whether or not the proposed legislation would be adopted by Parliament before the quickly approaching summer recess scheduled for June 27, 1986.

In responding initially to Bill 4, the KAP indicated that in a comprehensive statement on farm credit provisions, developed and adopted in February 1985, it had expressed support for a strengthening of farm debt review or advisory panels in attempting to assist producers experiencing financial difficulty. At that time, the KAP also expressed its belief that provision should be made for some form of debt deferment in instances where financially pressed farm units appeared to have a realistic possibility of reaching viability within a reasonable but specific time period, but indicated it would not favour the adoption of provincial legislation providing for debt moratoriums.

With the adoption of the Farm Debt Review Act before the end of the Parliamentary Session at the end of June, the debate within the farm community, relative to legislation intended to deal with farmers' financial difficulties, resolved itself into a question of federal versus provincial legislation. In the course of its participation in this debate, the KAP has indicated clearly and repeatedly that its primary concern is the availability of a fair and consistent process under which farmers and their families, facing the highly distressing possibility of losing their livelihood and their homes, would have access to meaningful resources dedicated to assisting them in being aware of their rights, assessing their alternatives, and hopefully negotiating arrangements which would permit them to continue with their chosen way of life.

The KAP observed that both the Farm Debt Review Act and The Family Farm Protection Act offer those types of assists through the establishment of mediation boards and processes, and advisory panels or committees to assist farm debtors in negotiating alternate arrangements with their creditors, and issued a public statement indicating that it could not totally endorse or totally reject either piece of legislation on this basis.

It is true, of course, that the Farm Debt Review Act will make provisions for mediation processes strictly on a voluntary basis while Bill 4 would involve the judicial system, obliging all parties to participate in the process established under its provisions. Our organizations continue to believe that the important objective is to get the job done regardless of whose legislation is employed or in what combination.

Throughout the debate the KAP has indicated clearly its belief that it is quite valid and desirable for financially pressed farmers and their creditors to negotiate alternate arrangements which may allow them to continue their productive efforts and eventually meet their obligations. Our organizations do contend, however, that such adjustments to contracts should result only through agreement between debtors and creditors, and have expressed opposition repeatedly to the possibility of court-ordered debt adjustments.

We believe it to be unfortunate that the provincial Minister's expression of his personal opinion that federal legislation should make provision for court-ordered adjustments of farmers' debts, in combination with the drafting of certain sections of Bill 4, have raised concerns in the minds of many that The Family Farm Protection Act would make provision for judges to write-down farm debts. Such provisions could, of course, have very serious negative implications with respect to the future cost and availability of short- and long-term credit for farmers.

Our organizations believe that many of those institutions currently providing credit to farmers in Manitoba have endeavoured genuinely to be flexible and helpful in attempting to make adjustments aimed at allowing financially pressed farmers to continue in their productive endeavours. However, while it is only to be expected that lenders would oppose vigorously any measures which they might view as being unwarranted intrusions into the relationships between them and their creditors, we find it reprehensible that some lenders, in expressing their opposition, particularly to Bill 4, have chosen the tack of attempting to frighten their farm customers with thinly veiled threats ranging from higher credit costs to outright abandonment of the farm lending field.

We have found such actions to be somewhat puzzling in light of the fact that similar legislation governing foreclosures on farm land has existed in Saskatchewan since December 1984, with representatives of the same lenders there suggesting that the process has, in some cases, actually enhanced their ability to negotiate alternate arrangements with farm customers, and have not, as might have been expected, abandoned the farm lending business in that province.

We have found it equally puzzling as to why other participants in the debate, supposedly concerned about the financial plight of farmers, appear to be in opposition to measures which might shift the farm debt protection scale a degree or so in favour of farmers. The question is asked why governments would take action which could jeopardize future credit availability for the total farming community to protect the interests of so few. From our perspective, this question is very valid and must be taken fully into account in whatever actions may be taken. However, we do believe, as well, that some measures aimed at assuring fair treatment to farm families facing severe financial difficulty are warranted.

Having said all this, we would like to turn our attention specifically to the matter of the disposition of Bill 4. Our organization believes that there would be little sense in creating a situation in which there were two sets of mediation boards and farmer advisory panels, one federal and one provincial, each attempting to do the same job for the same people.

With these thoughts in mind, our organization believes that the mechanisms and processes provided for in the Farm Debt Review Act, involving voluntary participation in mediation efforts, should be given a fair trial and would urge the Provincial Government to make a sincere effort in seeking arrangements whereby it could assist in making the federal program do its intended job.

In making this recommendation, however, we are not suggesting that Bill 4 should be withdrawn or abandoned, as has been recommended in some quarters, but rather held in abeyance in an amended form against the possibility that the provisions established under the Farm Debt Review Act prove to be ineffective.

This could be accomplished by having an amended Bill 4 adopted by the Legislature, but only partially proclaimed. The Provincial Government could proclaim that portion of the act providing for a provincial mediation board, giving it authority to employ and administer funds earmarked in the most recent provincial budget to facilitate the establishment of agreements between farmers and their creditors on alternate financial arrangements.

This might well include provisions of certain guarantees to creditors for further risks undertaken in situations where it is recommended that a producer be given an extended period in which to attempt to achieve viability. We would go so far as to suggest that a judgment as to the effectiveness of the process under The Farm Debt Review Act should be made as early as the end of June, 1987, and certainly not later than the end of the calendar year.

Our organizations would strongly recommend that a number of modifications be made to Bill 4. Firstly, in light of the ongoing debate as to whether or not those sections of Bill 4 relating to foreclosures involving farm machinery and equipment, and livestock could be made effectively based on constitutional grounds, and the resulting confusion which could ensue, we believe any sections pertaining to those types of assets should be deleted from the proposed legislation altogether.

Secondly, in order to allay related concerns, we believe section 9(8) and 25(9) of the bill should then be amended in such a way as to make it very clear that beyond granting or postponing leave for foreclosure action, options available to presiding judges would pertain to procedures only, and would not include ability to order contract adjustments in the absence of agreement between debtor and creditor.

Our organizations also continue to experience some reservations concerning legislative provisions which would empower the provincial Cabinet to declare general foreclosure moratorium, particularly for unspecified periods of time. We would urge that the legislation be amended to specify clearly that those provisions would be acted upon only after adequate consultation and general agreement with farm leaders and opposition parties.

In conclusion, we wish to reiterate that our primary concern in this area is that appropriate measures be taken to ensure that farm families facing extreme financial difficulty, and perhaps foreclosures and bankruptcy, be treated with fairness and sensitivity. In making this statement, we are not suggesting that any and all producers can be maintained in farming, only those whose abilities and attitudes exhibit the potential for viability.

In addition, we believe that anyone, debtor or creditor, attempting to take undue advantage of whatever provisions may be put in place, should be dealt with appropriately and summarily.

An important consideration in this entire area of concern is that the effectiveness of whatever mechanisms are put in place in assisting those for whom they are intended, will depend largely on the quality of people put in place to operate them.

Also, in an endeavour to maintain a proper perspective in this entire discussion, we believe it is necessary to remind ourselves that while a great deal of attention has been dedicated in recent months to consideration of measures intended to assist farm families in immediate financial crisis situations, there remains to be dealt with the much larger and ongoing problem of inadequate incomes being faced generally by all farmers, owing to low commodity prices and ever-increasing input costs.

We would like to say that our organizations have appreciated having had excellent cooperation from senior policy personnel and the Legislative Counsel responsible for the preparation of Bill 4, and from the Minister himself, in providing clarifications relative to the proposed legislation embodied in Bill 4.

We thank you for this opportunity to express our views and for your anticipated sincere consideration of the recommendations we have put forward.

Respectfully submitted on behalf of The Keystone Agricultural Producers Inc., Manitoba Pool Elevators Ltd., and United Grain Growers Ltd.

MR. CHAIRMAN: Excuse me, just before we get into the questioning, we have a bit of sound trouble. I wonder if we could just take a short recess please. Just be patient for a few moments.

The Minister of Agriculture.

HON. B. URUSKI: Thank you, Mr. Penner. I want to thank you for the in-depth brief which I believe coincides to earlier statements that you've made in terms of - and I'd like to verify it because you've made statements dealing with the strengthening of the role of the mediation boards as being in support of that, as well as the establishment of the mediation board and peer advisory panels, and of course the use of the courts to be guided by the reports of the mediation board. Is that generally . . . You hold the same position today as you did when you made those earlier comments?

MR. J. PENNER: Yes, I think I could say so, although the indication referring to the courts was made in a somewhat different forum as we are today, and it was, as you will note, that the position paper on finance that we've put forward a while back indicated fairly clearly that we recommended the establishment of these kinds of review boards with access to the federal courts. It was made basically in reference to the federal situation.

HON. B. URUSKI: In your June 11th release regarding Bill 4, you indicated and I quote from your brief, "The KAP's Executive is hopeful that judges involved in any realization hearings would rely heavily on reports prepared by the proposed Manitoba mediation board in making orders under the new legislation." That's where I'm quoting from because that was your news release on Bill 4 and I just wanted to make sure that you're still holding that position.

MR. J. PENNER: That position hasn't changed.

HON. B. URUSKI: Okay. On page 6 in your brief, you indicated concern about or that you're puzzled as to participants who appear to be in opposition of measures which might shift farm debt protection scale a degree or two or so in favour of farmer. In terms of the protection to farmers in serious financial trouble, you've looked at Bill C-117 and our own act. Which piece of legislation do you see as being more effective in terms of the scale and protection of farmers?

MR. J. PENNER: We think, as we have indicated in our brief, that Bill 117, the federal bill should be given a fair chance to prove itself as we have indicated. If it doesn't, however, if it isn't effective in addressing the situation, then of course Bill 4 should be fully enacted and we state the time lines under which we would make those recommendations in our brief, which is of course June of next year and no later than the end of the year where that evaluation should take place.

HON. B. URUSKI: Just in that vein, were you consulted about the establishment or the drafting and/or discussion on Bill C-117? The debate centred around consultation, didn't it?

MR. J. PENNER: I think we've had some discussions with federal officials on the establishment of that process but on the bill specifically, no, we have not been consulted.

HON. B. URUSKI: I guess, in terms of the setting up of the federal process, with the process being totally voluntary and there being no funds to assist in negotiating of realization or rescheduling of debts, do you believe that there should be monies put forward by the Federal Government to the review process, if your position is to allow Bill C-117 to go ahead?

MR. J. PENNER: We're indicating in our presentation here that we might well in this province, and we're speaking for Manitoba farmers, and they can see the area that we are concerned in, we believe if the Provincial Government would probably use the funds indicated within the budget, that we might well use those funds initially to start the process in this province and that might be part and parcel of resolving the whole overall situation.

HON. B. URUSKI: Would you oppose a working agreement if the province were able to establish one with the Federal Government whereby the procedures of the two boards were such that one could in fact, for example, under provincial legislation, the board would deal with land foreclosures and the federal one would deal with farmers' insolvency procedures dealing with other assets. Would you be opposed to that kind of arrangement in terms of the working of both bills if two boards were in fact set up, as I understand is the case in Saskatchewan?

MR. J. PENNER: It would largely depend on the kind of arrangements that would be required to accomplish it that way, but that's something we've had absolutely no discussions on within our organization. Neither have the other two organizations that are being represented here today, so it's really a question that would be fairly hard to answer at this time.

HON. B. URUSKI: In the release and in your brief, you comment as well on some representatives of lending institutions using, I guess what I would call scare tactics, to the farm community. Are you in fact referring to any particular institution in this case?

MR. J. PENNER: No, I think we've heard from some lending institutions, some individuals, I should say, within that realm or within those groups, that credit might be curtailed or it might become more expensive and those kinds of things. We thought that was a bit unfortunate, that those kinds of things were being discussed at that time, especially when we didn't know what the final outcome of the bill would be.

HON. B. URUSKI: Mr. Chairman, I'd like to indicate that in terms of your suggested amendments that you make note of on Pages 8 and 9, there will be amendments brought forward dealing with the role of the courts and the judges, which pertain to their involvement dealing with the procedural legislation that it is and not with any intent to be in a position to order write-downs or any means.

The only remedy would be in terms of the procedures allowed under the act and we will consider your comments dealing with the other sections, dealing with farm machinery equipment and livestock. You should be aware that there are at least other opinions in terms of suggested opinions, that there may be provincial jurisdiction in those areas. That whole aspect has never been tested and it may be an option that the province may wish to - and I say this - to have it referred as a referral to the courts to see whether or not there may be some jurisdiction because the federal legislation is, as well, procedural legislation. But those parts will not be proclaimed, dealing with farm machinery, equipment and livestock.

I thank you for your suggestion dealing with the consultation and general agreement dealing with moratoria. As you know, I've made the statement publicly that it is our intention that before any suggested moratoria be implemented under the act for a specific period of time, because it would be for a specific period of time, I intend to undertake, either through this committee or through some other forum, consultation with the farm community, and I'd like to thank you for your brief.

MR. CHAIRMAN: Would anybody else like to question Mr. Penner?

The Member for Virden.

MR. G. FINDLAY: Thank you, Mr. Chairman.

Certainly I would like to thank Jack, the Keystone, the Pool and UGG for coming forward. We've had a lot of discussion on this bill over the last number of weeks and there's no doubt in my mind that everybody's concern, both in the Legislature and outside the Legislature, is to maintain as many viable farmers as is conceivable in the future. Certainly the future's a very unknown situation and every piece of news we get over the last few months is always negative from our grain farmers' point of view.

Certainly, Jack, I would like to ask you what you perceive as the real problem out in agriculture today.

MR. J. PENNER: I think we all know the answer to that one, and that's inadequate income and too high on the other side of the ledger. Our expenses are too high and our income's too low. Most people know that.

MR. G. FINDLAY: Do you see this bill as addressing that issue?

MR. J. PENNER: No, we don't.

MR. G. FINDLAY: Have you done any analysis to determine how many people it may facilitate in terms of staying on the farm?

MR. J. PENNER: We believe that the process established in the federal, as well as the provincial bill, will help negotiate and alleviate the stress on those individuals that are in the kind of dilemma that we're talking about here today. I think both pieces of legislation address that and that's been one of our recommendations, that those kinds of processes be established to help those individuals who are in financial distress, negotiate themselves either out of it, or to help them ask for assistance to either become viable in the long term, or ease themselves out of agriculture. I think this process would help that.

MR. G. FINDLAY: Now, the mediation process is certainly the major vehicle of either bill in terms of finding a solution to the immediate financial problems. Have you any idea to what extent mediation has been going on between creditor and farmer, between lender and farmer over the last, say, couple of years?

MR. J. PENNER: Well, I personally have not experienced it and therefore I'm no expert in that area. I wouldn't want to really comment on it, because of my lack of knowledge in that area.

MR. G. FINDLAY: Would anybody else in your group like to comment on the ongoing process?

MR. CHAIRMAN: Mr. Cusitar.

MR. R. CUSITAR: Thank you.

I guess I could go to Saskatchewan and look at what's happened in there the last couple of years. They've dealt with up toward 800 different cases. Several of those - I think about half of them - were settled out of court or were just disposed of in other ways, but solutions apparently came about in about half the cases. About half of them were kept in agriculture, and the other half left I think with some honour and with some sense of security. There didn't seem to be any problems with the mediation. It was acceptable by the people who had to leave, who remained in agriculture as well, by the financial institutions who were involved on the other side.

MR. G. FINDLAY: Just while you're up, you say about half were resolved without the utilization of the court. Are you saying that the other half did involve the court in a final settlement?

MR. R. CUSITAR: In most cases, yes, where they did go, the judge or whoever was presiding over it used the decisions by the mediating boards as their final decision. I don't think any law enforcement person, judge, used anything but accepted what was mediated by the board.

MR. G. FINDLAY: So what you're saying, the involvement of court changed no decisions of the mediation board.

MR. R. CUSITAR: That's correct.

MR. G. FINDLAY: Okay, thank you.

MR. CHAIRMAN: Any other questions of Mr. Penner.

MR. G. FINDLAY: Yes, I do.

MR. CHAIRMAN: Mr. Penner.

MR. J. PENNER: Could I just add something to what Mr. Cusitar said. I think, to be fair in this whole process, the financial institutions in many cases have come a long way, and they've done so very quietly and very privately and they have no choice to do any other way. They have no choice. I don't think they can publicize those hearings, but there have been instances when there has been some doubt as to whether the right process has taken place or whether enough has been done or enough heard on both sides. For that reason, we have recommended this process.

MR. G. FINDLAY: There certainly has been lots of talk about effect of availability of credit and cost of credit. Certainly, your organization must have done some study on whether that may be true and to what extent that impact will affect the farm community.

MR. J. PENNER: Well really, you can do a lot of studies in this day and age, but the reality of the situation is such that credit has been tightening up regardless, and it would have tightened up. There is no doubt in my mind, when you have the kind of decreases in commodity prices that we're facing today and the increase in expenses just keep on going, there's no doubt in my mind that credit is going to be harder to come by. For that reason, it's fairly hard to weigh for us to what extent this kind of legislation or the Saskatchewan experience or the federal legislation would have impacted that. I'm sure it's only the financial institutions that would be able to answer that one correctly or would be able to put exactly in numbers what that would have cost.

MR. G. FINDLAY: I'll talk about your suggested deletions from the bill in a minute, but one of the ones that I notice you didn't make mention of is any reduction in the time frame that the mediation board has available to it. Why I'm asking that is because, in light of what I just asked, I would say that, if the mediation board and the involvement of the court process drags on and on for several months and gets the person into the next growing season or the next productive cycle, whatever he's involved in in farming, his availability to credit while the mediation's going on, I'm sure, is going to be difficult to come by.

I wonder if you'd given any thought in Bill 4 to tightening up the time frame between the mediation board, the court, the hearing and the adjournment of the hearing before a final decision is arrived at.

MR. J. PENNER: Well no, we really have had no further discussion than what we've previously had with yourself and some other people on that issue, but the federal bill indicates fairly clearly what the time lines are going to be. In our brief, we recommend that we use the federal process and, if that of course doesn't adequately serve, then we go to the provincial process, which I think is a bit more involved. But no, other than that, we've had no discussions on it.

MR. G. FINDLAY: Well, I would just ask a little further then, I appreciate that you're suggesting the federal bill is sufficient for this period in time, but you're also saying that Bill 4 should be passed and held for future use if deemed necessary. So, we have to address the issue of whether the time frame in the federal bill is the way you want it, or you want it as loose and as open as it is in the provincial bill at this point in time.

MR. J. PENNER: Well, I guess our position has been, on the provincial one, if it's necessary to enact it within a year or given a year and if it's necessary to enact it, then it might well be necessary to use a bit of a longer process to determine whether the resolution within a given situation is required.

MR. G. FINDLAY: Okay.
In your deletions, you were talking about deleting those portions dealing with livestock and equipment and deleting those portions dealing with the potential of debt write-down in terms of the judges' decisions. If I look through the bill here, I think I can come up with it. There's a third section that allows the same thing. You mention 9(8) and 25(9). What about Section 13(5)?

MR. J. PENNER: We're presuming that the Minister . . .

MR. G. FINDLAY: I'm sorry, 13(9). That's dealing with equipment, which is the same issue: "(c) issue any such other order as the Judge considers appropriate." All three are stating the same thing. Why did you pick just two instead of three?

MR. J. PENNER: We're hoping that the Minister will follow our recommendations and delete machinery and livestock and therefore will not require that section to be amended or changed.

MR. G. FINDLAY: But in the event that he doesn't delete those sections, would you ask that Section 13(9) fit into the same category?

MR. J. PENNER: Then I guess it would only follow that you automatically conform the whole Bill to that sort of recommendation, yes.

MR. G. FINDLAY: Thank you.
Can you see the federal legislation working with, I believe they're to have nine board members and, if I'm

not mistaken, the province has been asked to appoint two, and because they have two appointees on the board there is no need for two boards in the province and that the funds being put forward by the province could be utilized by the federal board when there is two provincial appointees on it.

MR. J. PENNER: Basically, we recommend another process though in our brief, and that is to establish the provincial board and designate the funds as they see in that direction, certainly.

MR. G. FINDLAY: Your recommendation, as I recall it, is two separate boards in the province.

MR. J. PENNER: That's right.

MR. G. FINDLAY: But could you see the two being dovetailed as I said?

MR. J. PENNER: Well, I think we're somewhat relieved to see that there was some cooperation between the federal and provincial, in that the Provincial Government designated some board members, although, in our view, it really didn't matter who designated them. We are quite confident that those people that have been appointed or will be appointed to the process will have the difficulty of the farm community at heart. Regardless of what their affiliations of the past have been, they will deal with the situation as required.

So, therefore, it might well be that initially you start with the one, but I think, to be fair to the whole process, and if you're going to ask the Provincial Government to inject funds into the process, it would only be fair to have a committee or a board established that would have some say into the direction of those funds flowing.

MR. G. FINDLAY: Okay. What I'm trying to get at is that the people who are going to have all the facts and have analyzed, it is going to be the board set up by the federal because that's the one that you're suggesting is in operation. Then another board has to be in place so that the persons making application or whatever, the whole process all over again, it's a repetition of effort a lot of the time . . .

MR. J. PENNER: No, that's not what we're saying. We're saying that the provincial board would have a partial responsibility, and that would be to designate those funds indicated in the budget as to how they should be allocated. That's what we are suggesting.

MR. G. FINDLAY: In the federal bill, I recall you making some mention of some support for the Rural Transition Program. Do you see it as serving a need in terms of the farmers of Manitoba?

MR. J. PENNER: I certainly do, and so does our organization. It's something that I think has long been overdue. I think there is a time period when some of us in the agricultural community realize that we can no longer exist, whether it's through our own doing or some other people's doing. There are instances, and there has been absolutely no assistance available up to now to reestablish or help reestablish or to reeducate that sector of the farm community. I think, for that reason, we're quite pleased that sort of program was announced, yes.

MR. G. FINDLAY: I think that's consistent with your earlier statement that not everybody can be saved. The Minister has made that statement that not everybody can be saved. And we all know it. Certainly, that's an avenue to get them into another line of productive life if that's the last resort that has to be followed.

In terms of your position on the moratorium, I'm not all that clear from what you've said just what you want done with that moratorium component of the legislation, considering that you don't want Bill 4 enacted. Do you want it left in the present bill in its present form?

MR. J. PENNER: Well, as we have indicated previously, we are not in favour of the moratorium process. However, in discussions with the Minister previously, we've had indication that he is also insisting that it remain part of the bill. For that reason, we're recommending the process that we are recommending, that there be agreement; first of all, discussion and agreement within the farm community with farm leaders and also from the Opposition. There might well be a time when we want to look at that sort of process and when we might all need it. I'm not sure. Hopefully, it will never come to that, but there might well be a time that process might be required.

MR. G. FINDLAY: Should that moratorium in the present bill have a sunset clause associated with it like that in the Saskatchewan legislation?

MR. J. PENNER: It's certainly something that we have discussed, yes.

MR. G. FINDLAY: What's your feeling on it?

MR. J. PENNER: I think our general feeling within our organization would be that it would be beneficial to have a sunset clause in it, yes.

MR. G. FINDLAY: What time frame would you suggest?

MR. J. PENNER: We have not had any discussion as to what length of period that would be. I have some personal opinions but I'm not going to voice them.

MR. G. FINDLAY: What kind of discussion would you consider necessary if that was to be the way the moratorium was to be proclaimed? What round of discussion, or how would you like to see the farm leaders and the public at large involved in it?

MR. J. PENNER: Well, I think a process similar to this one, whereby the farm community was allowed to have input into the decision-making process, would certainly be advantageous, unless there are others that might want to add something to that, but that would be quite adequate, I think, as far as we are concerned.

MR. G. FINDLAY: Can you see any merit to leaving the moratorium part out of the present bill and then bringing it in as a special bill at the time of that round of meetings - go through this exact process at the time that is deemed necessary that a moratorium should be struck?

MR. J. PENNER: Well, that might be a consideration that one would want to make. As I've indicated before, our organization has not supported the general principles of a general moratorium, and still don't; but we also recognize that if there has to be legislation with moratorium provisions, if there could be included in that same bill, then, provisions for that discussion and agreement, and I think that's very important, that there be agreement reached prior to the imposition of a general moratorium. Then we would have less difficulty with it than we do now.

MR. G. FINDLAY: Do you know why the federal legislation did not incorporate moratorium?

MR. J. PENNER: No, I don't.

MR. G. FINDLAY: Okay.

MR. CHAIRMAN: Anybody else who wishes to question Mr. Penner?

The Honourable Member for Ste. Rose.

MR. G. CUMMINGS: Mr. Chairman, I was wondering if Mr. Penner would give us his opinion of the effects of having the bill passed but not declared and particularly the effect of the moratorium clause.

MR. J. PENNER: Well, first of all, if we're going to find out what the federal process is going to do, I think we need some time to evaluate it. For that reason, I think we recommended that the bill be passed but not enacted in its entirety. We see very little difficulty with having the bill passed and not enacted. However, should we a year from now see that the federal process wasn't adequate, it could very quickly then be enacted; and if there was no need for it, then, of course, it wouldn't be required and it wouldn't need to be enacted.

MR. G. CUMMINGS: I wonder if the Keystone has had any discussions about or has any idea of how quickly a piece of legislation that has passed but not declared can in fact be put in place.

MR. J. PENNER: I would imagine it wouldn't take very long. Hopefully, it wouldn't take very long if it's necessary, if it's needed to be.

MR. G. CUMMINGS: So that is the reason. I wonder if you have a specific opinion then - and I think it is a fact that a bill can be declared very quickly - whether or not the fact that it is there waiting to be declared will have virtually the same effect as it being fully enacted.

MR. J. PENNER: In that case, we would all save ourselves a bunch of money, wouldn't we?

MR. G. CUMMINGS: By saying that we would save a bunch of money, you mean the . . .

MR. J. PENNER: Well, you wouldn't have to go through the judicial process or put the whole committee in place and all that.

MR. G. CUMMINGS: Well, I'm still puzzled by Mr. Penner's answer in this case. If I could be more precise, then, will the effect of the moratorium being there and not being declared not be precisely the same as it being declared, in the actual fact of what will follow?

MR. J. PENNER: I'm not quite sure whether I still quite understand what you're getting at. If you could be a bit more specific, I would appreciate that.

MR. G. CUMMINGS: I'm not trying to take any surreptitious route. What I'm trying to determine is if KAP has given any consideration to the effect of its recommendation that the bill be carried through but not declared; if CAP has considered the results of that situation beyond the fact that it would be there to be declared; whether or not KAP has had any discussion along the lines of the question I just asked, which is the effect on lending institutions, the effect on borrowers, knowing that the legislation could be very quickly brought into place.

MR. J. PENNER: I know what the honourable member is getting at and I think we have indicated very clearly that there needs to be agreement prior to enacting that legislation. However, we've also spelled out fairly clearly in our recommendations the process under which the provincial legislation would be brought into place. In other words, we are recommending that the federal legislation be tried for a minimum of at least six months or a maximum of a year. If that doesn't suffice, then of course we have that discussion on the possibility of introducing the provincial bill but I think we indicate very clearly that there must be agreement from the farm community, as well as the Opposition, prior to putting in place that portion of the bill that would be objectionable, in other words, the moratorium aspect of the bill.

MR. G. CUMMINGS: Then if I could interpret your answer, you're saying that if there is a mechanism clearly delineated as to the steps that would be taken prior to the moratorium or Bill 4 in its entirety being declared, it is part and parcel of your recommendation that a clearly delineated set of steps and circumstances be gone through prior to the final declaration of this bill?

MR. J. PENNER: That certainly would be preferable, yes.

MR. CHAIRMAN: Any other questions? The Member for Virden again.

MR. G. FINDLAY: Just another question on that same line, Jack. Would you be in favour of a designated committee being struck prior to the passing of the bill with the affected people, the people to be affected by a moratorium, being appointed to the board, like farm leaders, politicians, government side and Opposition, plus credit institutions, plus credit unions and assorted? Should that committee be struck now that makes that decision?

MR. J. PENNER: I think it's our opinion that we need not necessarily appoint or put in place a committee right now. I think we have indicated fairly clearly that there needs to be that discussion within the farm community, as well as with Opposition members, before you proceed. I think we stand by that.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Thank you, Mr. Chairman.

Mr. Penner, I just have a couple of brief questions. Are you aware that in - I appreciate the point that you make that with the federal legislation now in place, it would appear that it would be a fair opportunity to give it a year's trial - are you aware that this same title or this same bill was on the Order Paper in 1985 and allowed to drop without any legislation following it?

MR. J. PENNER: No, I wasn't aware of that.

MR. J. DOWNEY: You point out in your brief that inadequate income is the major overall problem and I tend to agree with you and your organizations. It has been said by many people, and you could probably help as a businessman and an individual who provides services or product to other individuals; putting you in the environment where you are going to do business with someone, you are to write a contract with that individual, striking terms of the contract and if there is legislation in place that the party you are doing business with has recourse to go to the courts and break that contract, would you in fact charge more for the service or could you perceive that more charges would be applied to the user of that service than without legislation or operating in that environment?

MR. J. PENNER: I should clarify it to the member that I've been in business for a number of years and I'm not sure whether we've ever in that context charged more, but certainly we were a lot more careful in who we extended credit to. That's certainly something that I think could be expected and can be expected.

MR. J. DOWNEY: Have you ever operated in the environment where someone could change the rules on you, such as the legislation that is being proprosed now?

MR. J. PENNER: Yes, I think I borrowed money where somebody could change the interest rates on me quite at will.

MR. J. DOWNEY: The question I'm asking, though, in provision of a service to someone else where they could come and break the contract which you signed with them?

MR. J. PENNER: No.

MR. J. DOWNEY: Mr. Chairman, I appreciate the comments dealing with interest rates because that truly is part of the reason for the problem that we're in. Would it not have more meaning to have this legislation when in fact the interest rates were at the 20 percent, rather than the 10 percent that they're at today?

MR. J. PENNER: Who's to say? It might have been easier to pay 20 percent two or three years ago than it might be to pay 10 percent next year with the increases in commodity prices that we're incurring right now. I don't know about other people's farms, but I know what the cash flow situation is like on our farm today and it's not the best of situations that we're incurring right now, I can tell you that.

MR. J. DOWNEY: Particularly when it's unable to move grain through the Lakehead at this particular time.

MR. J. PENNER: That's right.

MR. J. DOWNEY: Mr. Chairman, I just want to go back to he cost. Has he heard, or is there any information coming from his farm organizations or people he talks to or groups that he's talked to, that it in fact could increase the cost of doing business? I note you said that it would in fact restrict credit, could restrict credit to some farm customers. Do you perceive it as an increase in the cost to them?

MR. J. PENNER: I really cannot personally - and this is a personal assessment of the thing - I really cannot see why it should increase the cost because the general cost of doing business need not necessarily increase, especially if you follow the procedure that we're recommending, that there be some money put in place in the process to pick up that interim period where the contacts are put in limbo. I really can't see why there should be an increase in costs incurred at that time. However, I think there could be and probably will be a general decrease in money borrowed because of the caution that will be exercised and will be exercised regardless because of the cash flow shortage situation that we're incurring.

MR. J. DOWNEY: What assurance have you been given that there's going to be some money put in place as you are recommending?

MR. J. PENNER: Well, I think there was an indication in the Budget there. There was a sum of money indicated that might be used for specifically those kinds of situations.

MR. J. DOWNEY: Mr. Chairman, it is indicated, though, in the bill that we're debating at this particular time. Was he given any direct assurances from the Minister? I note there was consultation taking place.

MR. J. PENNER: We are making these recommendations.

MR. J. DOWNEY: I see, okay, but you weren't given any assurances? Okay.

MR. CHAIRMAN: Any other member like to question this - the Member for Portage.

MR. E. CONNERY: Yes, just to make very sure KAP is opposed to the moratoriums?

MR. J. PENNER: We have been and still are opposed to general moratoriums unless there is agreement from the farm community, as well as from the Opposition, before an imposition of a general moratorium.

Might I clarify, I think if there would be agreement within the farm community as well as from the opposite side of the House that it was necessary, then we might well be into a period of time that is something we would hate to think of now anyway. I mean, that's sort of an economic situation I hope does not arise.

MR. E. CONNERY: Well, Mr. Penner, through you, Mr. Chairman, our party has been accused of being against farmers and supporting the banks and, of course, this is absolute hogwash. We're primarily concerned about what is going to be in the best interests of the farmer. Of course, as I perceive if I was a lender and you as a farmer - I don't know if you're in the seed production business - but if the total package, as the Minister would have it, where everything would be under the moratoriums, would you be in favour of lending to a farmer who was somewhat shaky and if he did have a bad year, the debt could be written-down, would you be interested in selling to that farmer on credit?

MR. J. PENNER: Well, I guess when one is in business, one is always subjected to those kinds of situations once in awhile whether you like to be or not. Sometimes you have to weigh whether the guy will make an effort or won't make an effort, so I guess the financial institutions are in a similar sort of a situation and they have to assess each individual case as it comes along.

MR. E. CONNERY: Our position, or my position anyway, is that if the moratoriums were there or the threat of moratoriums - it doesn't matter if they're in place or not - if this bill is passed and it's just not enacted, the fact of a threat is there, there will be a layer of farmers who are in the shaky category and, given good times can make it, but given some bad times can't make it, do you not think that the lending institutions might then shy away if that moratorium factor is there?

MR. J. PENNER: I have no way of knowing that. Let me go one step further. However, in the business I was in, the judgments which we made were on the individual very often, and not only his ability to pay back, but very often his managerial ability and his past history had far more to do with whether we would borrow or not borrow the person money, or whether we extend credit to that person. Those persons that had however become doubtful in the past because of their actions, that sort of thing was weighed upon and I suppose that same sort of situation exists within the financial institutions and I doubt very much whether that would change too much.

MR. CHAIRMAN: Any other members? If not, thank you very much, Mr. Penner.

I guess the next one will be Bob Munroe, the Manitoba Cattle Producers' Association.

MR. B. MUNROE: Thank you, Mr. Chairman, Mr. Minister, committee members.

Cattlemen, by nature, are independent people and most have the capability of making their own decisions and living with them. In conducting business dealings with their lenders, that is the commercial banks or credit unions, that capacity to be able to handle one's own affairs has been evident and it does work well. It works well for both the borrower and the lender because the responsibilities for both business partners are well defined within the traditional contract guidelines.

This working relationship would become non-existent if The Family Farm Protection Act becomes law in Manitoba. Then a third party with tremendous powers can intervene in this now private business realm. This, if allowed to happen, will have long-term detrimental effects on all of agriculture in Manitoba. Bill 4 provides for the government to institute a blanket moratorium on all loan recovery procedures with respect to land, farm machinery and livestock, with the length of the moratorium to be decided by the government. Court authority must be sought and granted before loan recovery action can proceed.

Under these rules, who in their right mind would loan money to agriculture? Certainly a very selective process of lending would ensue. Only those farmers who were in a secure financial situation would even be considered. What about the rest? Where would the starting farmer get funds? He would find it impossible to even get started. Margin requirements between purchase price and loans available would become greater and, as far as getting operating, he might as well forget it completely.

The leveraged farmer, with Bill 4 guidelines in place, would not even be a consideration. The impact on all viable farmers who are still very much the majority would be an increase in the interest rate. This would be demanded by the banks to offset their precarious situation regarding the security of assets. This majority, due to The Family Farm Protection Act, would see all lines of credit put in severe danger.

Why should the economic well-being of the majority be jeopardized for the benefit of so few? The Economic Analysis Branch of Manitoba Agriculture, in a January 1986 release, showed that a total of 69 farm bankruptcies took place in 1985, not a bad showing for an industry which has encountered tremendous downturns in market returns, cost-price squeezes, world gluts and consumer resistance. Perhaps to lose a few producers is a healthy sign in an industry supposedly tuned to the supply and demand factor.

The Manitoba Cattle Producers' Association has attempted to show you that Bill 4 would be of little to no benefit to those few farmers in trouble, but what large problems it would create for that still viable majority.

It is felt that the Federal Debt Review Board legislation, Bill C-117, is adequate in its powers to help farmers negotiate with creditors and would be of national scope. The Manitoba Cattle Producers' Association urges the Provincial Government to work along with the Federal Government's Bill C-117.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Munroe. Who wants to start off? Are you prepared to answer some questions?

MR. B. MUNROE: Certainly.

MR. CHAIRMAN: Who wants to start off?

The Member for Virden.

MR. G. FINDLAY: Mr. Munroe, what would you perceive should be done with Bill 4, in light of your support for C-117?

MR. B. MUNROE: I wish I was back on the farm, Glen. I suppose I would like to see it not go any further than it already has. I don't think that it's good legislation for agriculture. I think we've expressed our reasons in the brief.

MR. G. FINDLAY: You're saying withdraw it.

MR. B. MUNROE: That's correct, yes.

MR. G. FINDLAY: Would you suggest that the funds indicated in the budget to help distressed farmers be implemented in any way?

MR. B. MUNROE: I think those funds are necessary in agriculture for those farmers who are in financial trouble. I support debt review panels. I believe there should be a mediator in cases where a farmer is in dire financial straits and can't negotiate with his bank to see whether he has a viable industry. I believe that funds should be available to assist those few cases which they might help.

MR. G. FINDLAY: You mention in your brief all lines of credit would be put in severe danger and the bill addresses lines of credit on land, livestock and machinery, what would you see happening to a person's operating loan if Bill 4 was put in place? The bill doesn't protect the person's operating loan.

MR. B. MUNROE: It would certainly make it more difficult to get. I know I shudder for months before I go into my banker with my projected cash flow these days, because from one day to the next it could drop 20 percent, like it did this spring. I would suggest it would be much more difficult, if not impossible, for many farmers to get operating.

MR. G. FINDLAY: What would happen if a farmer had his livestock, his equipment and his land and he didn't have an operating loan? What would happen to him?

MR. B. MUNROE: I suppose he would have to sell some livestock. That's what I had to do this spring, but I believe he has to solve his own problems. He was the one who signed the contract initially and I think he should live by that contract, and if it requires selling down some - the farm did produce the livestock, therefore the production of the sale of the livestock should operate the farm, if at all possible.

MR. G. FINDLAY: You mentioned that there would be little or no benefit to those farmers in trouble, but large problems would be created for the still viable majority. What proportion of farmers do you see as being adversely affected by Bill 4?

MR. B. MUNROE: I would guesstimate probably about 75 percent.

MR. CHAIRMAN: Any other questions?

MR. G. FINDLAY: Yes. Do you see any semblance with this bill and what happened in the 1930's?

MR. B. MUNROE: I didn't get in the first of the 1930's, despite the snow on the roof, Glen, and the latter part of the Thirties I don't remember very well because I wasn't very old. But from reading up on what happened and trying to look into the future there is a semblance, but the conditions are entirely different. I don't believe in the Thirties that the international effect was the same, and I suppose I'm thinking back to the major victory the cattlemen had recently with their European countervail on European beef. We did get it stopped from coming in and that is a different ball game than our forefathers had, and I'm not well versed enough on the Thirties to compare the two situations.

MR. G. FINDLAY: You mentioned you're in support of mediation boards. Are you in support of any form of imposed debt write-down?

MR. B. MUNROE: No, I'm not.

MR. G. FINDLAY: Are you in any favour of any form of moratorium being imposed. In other words, a change in the contract after it's written?

MR. B. MUNROE: Absolutely not.

MR. G. FINDLAY: Thank you.

MR. CHAIRMAN: The Member for Ste. Rose.

MR. G. CUMMINGS: Yes, Mr. Chairman, I would like to ask if there's any form of debt reveiw panels or any additional strength that could be given to them, that cattle producers or that Mr. Munroe have spoken of, would be prepared to accept, if attached to that there were provincial funds to guarantee loans or possibly help refinance long-term debt?

MR. B. MUNROE: I would think that would fall under the jurisdiction of our Minister of Agriculture, the Department of Agriculture and MACC. If funds are made available, that would be the proper route for them to go. I don't think they should be allocated through a debt review panel.

I think a debt review panel, in my mind, is one that would get the two sides together and see if they can come to a common position on repayment or continuation.

MR. G. CUMMINGS: Then following on that, would you be of the opinion that if the debt review panel, after having made a recommendation, that their recommendations should then be forwarded to a department, i.e., the MACC of the government, whereby there could be recommendations made for any relief or assistance that might be made available? Is that what you're suggesting?

MR. B. MUNROE: If there had been funds allocated by the Minister of Agriculture for that purpose, then that would be the place for the recommendation to go. If there are no funds recommended for that, then obviously it would be not much point in sending it to them.

MR. G. CUMMINGS: Any other members wish to question Mr. Munroe?
The Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, Bob in your brief, you indicated - and I think in answer to a question placed by Mr. Findlay - that one of the major factors for the cutback in credit or reduction in credit has been the reduction in farm incomes. Is that an accurate reflection of what you had said earlier?

MR. B. MUNROE: Yes, it's one of the reasons for the reduction.

HON. B. URUSKI: In your brief, you indicated that perhaps to lose a few producers, dealing with your comments on 69 bankruptcies, is a healthy sign in an industry. Would you say it's a healthy sign in the industry to lose hundreds of others who are leaving without declaring bankruptcy?

MR. B. MUNROE: The economic times and the times of this country right now, Mr. Minister, have a lot more to do with deciding who farms and who doesn't than the farmers or the government or anybody else, but I'm from the old school. I believe if I signed for a contract and I signed for a loan, that is my business and that is my obligation to repay. It is not the taxpayers' obligation to repay my debt. If it means I go out of business - and it very well may - then so be it.

MR. CHAIRMAN: Anybody else wish to ask questions?
The Member for Virden.

MR. G. FINDLAY: Bob, in the eyes of your organization, how have the credit institutions performed in terms of lending money to your members - I'm thinking of the credit unions, the banks, MACC, FCC - all the different vehicles or different avenues in which they get funds. How have the organizations performed in your eyes?

MR. B. MUNROE: I would say better than we expected. I have my complaints against the bank, as I'm sure we all have. I don't like these little service charges being tacked on for every time they scratch their ear or anything else. But I would have to - even though it may go against my basic nature to agree with the fact that the banks have, in all honesty and integrity, tried to assist their customers to the very end of their ability to do so. I respect the banks for that portion of their business. I think they've been very, very to deal with.

MR. G. FINDLAY: Would you put the credit unions in the same . . .

MR. B. MUNROE: Having never dealt with a credit union personally, my own personal business I couldn't say, but the members of our association that deal with them with have no undue problems with them. In fact, I believe that the credit unions are out looking for business in the farm community.

MR. G. FINDLAY: Have you or any of your members known of any threats by any of those institutions relative to this bill?

MR. B. MUNROE: I'm sorry, I didn't get that.

MR. G. FINDLAY: Have you or members of your organization experienced threats from organizations relative to the passing of this bill - in other words, if credit would be more expensive or less available? Have you had any of those threats in any of your communities from bankers or credit union managers?

MR. B. MUNROE: No, I don't think we need to. I think when we went to borrow money out last April, that we found it difficult enough to assume for our own selves that it was going to get tougher.

MR. CHAIRMAN: Any other members wish to question?
The Minister of Agriculture.

HON. B. URUSKI: Yes, Mr. Chairman. Bob, you indicated that you're opposed to any moratorium legislation.

MR. B. MUNROE: Yes, I did.

HON. B. URUSKI: Members of this House made a statement and I want to read it to you and ask you if you agree with that statement and it refers to moratorium: "It offers no more protection to the farmer than the mediation process, because the creditor can still apply to the court for leave and continue the realization proceedings against those farmers considered to be in a hopeless situation." I'm assuming that you would disagree with that statement or do you agree with that statement, as it pertains to our legislation?

MR. B. MUNROE: Are you referring, Mr. Minister, that that refers to the moratorium?

HON. B. URUSKI: Right.

MR. B. MUNROE: I remain opposed to a moratorium of a legitimate contract.

HON. B. URUSKI: So then you would disagree with that position?

MR. B. MUNROE: If that's what that position states.

HON. B. URUSKI: I should tell you that position happens to be the spokesperson for the Conservative Party, speaking on . . .

MR. B. MUNROE: I've disagreed with them before too, Mr. Minister.

MR. CHAIRMAN: The Member for Virden.

MR. G. FINDLAY: Since the Minister has brought that up, just for the record, the statement was in light of - since the moratorium - there can be exemptions to the moratorium. There's obviously no need to have the moratorium in because any mediation board can do the work. Would you agree with that statement?

MR. B. MUNROE: Certainly, I've already stated that I'm against moratoriums and in support of the mediation board.

MR. CHAIRMAN: Any other members?

HON. B. URUSKI: Bob, did I hear you correctly . . . (inaudible) . . . (recording equipment breakdown) . . . the operating loans' lines of credit in terms of provisions dealing with the bill that might be necessary or any other provisions.

MR. B. MUNROE: I don't think I said that, no.

HON. B. URUSKI: No, you really don't want the government involved in agricultural lending or credit.

MR. B. MUNROE: No, I didn't say that. I said that if there was money allocated for assistance to farmers in trouble, that the place to apply to would be the MACC or the FCC or where the Minister, who in this case is yourself, of Agriculture, would allocate those funds to be applied to.

HON. B. URUSKI: Okay, but you also said that you're from the old school and said that if I go into business, I have the right - and I may be paraphrasing - to go bankrupt.

MR. B. MUNROE: That's right.

HON. B. URUSKI: Now why would you then expect, given your argument, that the government should then come in, and at what stage should the government come in and bail you out?

MR. B. MUNROE: Because I'm not standing here, Mr. Minister, as Bob Munroe. I'm standing here as a representative of the cattle producers and we consist of more people than just like myself, so I have to speak for them as well.

MR. CHAIRMAN: Mr. Cummings, did you want to ask a question?

MR. G. CUMMINGS: On a point of order, Mr. Chairman. The reply that Mr. Uruski was referring to was given in response to a question that was hypothetical about what would the direction take for those funds, and it is not in good taste for the Minister to put words in Mr. Munroe's mouth.

MR. CHAIRMAN: I think Mr. Munroe is strong enough not to have anybody put words in his mouth.

MR. B. MUNROE: For sure, I can . . .

MR. CHAIRMAN: And if he does, they'll come out pretty damn fast.

The Minister of Agriculture.

HON. B. URUSKI: Right on, Bob.

Well, Mr. Chairman, just to point out to members that no member appearing before the committee, if he does not desire to answer a question, is obliged to do so in terms of the bill. I've known Mr. Munroe long enough that he can handle himself very well at the podium.

MR. CHAIRMAN: The Member for La Verendrye, did he want to ask a question? He had his hand up. No, okay.

Does anybody else want to ask a question?

Thank you very much, Mr. Munroe, for giving your time in coming to talk to us.

Mr. Rick Armitage, Land Exchange Limited. Go ahead, Mr. Armitage, proceed.

MR. R. ARMITAGE: Mr. Chairman, committee members, in review of the proposed Bill 4, it is the opinion of this individual and his Land Exchange Ltd. associates, Bill 4 has a number of flaws.

1. A mediation board process and court involvement would take far too much time and cause an increase in accumulated interest and a decrease in the insolvent vendors equity status.
2. The Manitoba taxpayer at this time has enough of a financial burden to bear without having to shoulder another expense for a bill which, in my estimation, is only a ploy by the Pawley administration to make the blue collar worker and the unions see the administration as fulfilling an election promise and supplying aid to the farmer when, realistically, the proposed bill will only result in financial hardship to more flowable farm operations.
3. The Federal Government has recently introduced Bill C-117, a bill that makes an attempt at protecting the interest of both parties. So, in our opinion, Bill 4 is unnecessary and repetitious.
4. In the event Bill 4 passes as proposed, we feel it will help a small minority for a short term, but the end result will be financial hardship not only for the majority of farmers but also to the industries and their employees involved in the manufacturing of agricultural products.

In closing, we advise the Pawley administration to review their past track record in agricultural decisions - an example of that would be the Beef Stabilization Program - and decide to allow more informed systems to deal with problems this bill proposes there may be.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you.

Questions?

The Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, one doesn't have to take too long to decipher where Mr. Armitage comes from in terms of the bill; but I wanted to ask him one question dealing with the past track record in agricultural decisions.

Does he view an infusion of some $60 million into the agricultural industry as being unnecessary in terms of supporting farm incomes?

MR. R. ARMITAGE: I view the Beef Stabilization Program as a program that was set up to aid the farmers that joined it. In the short period of time it's been in effect, they've gone to somewhere between $6,000 to $8,000 in debt per individual who has joined.

HON. B. URUSKI: Well, are you then saying the infusion of that capital into the farm community was not a good investment? Am I getting you right, because that's basically what I'm reading. I just want to make sure that I understand what you're saying.

MR. R. ARMITAGE: It appears it wasn't a good investment.

HON. B. URUSKI: Okay.

MR. CHAIRMAN: Any other questions?
The Member for Virden.

MR. G. FINDLAY: Rick, in No. 4, you referred to the end result will be financial hardship for the farm community if Bill 4 is passed. What do you mean by financial hardship?

MR. R. ARMITAGE: It's my feeling, and my Land associates, that if lenders have no way to recover any losses, they're either going to cease lending or have to increase the interest rates to cushion any shortfall there possibly could be.

MR. G. FINDLAY: Do you see this effect occurring to a large number of farmers or a significant percentage of farmers?

MR. R. ARMITAGE: I would think somewhere between 45 percent to 70 percent.

MR. G. FINDLAY: What impact do you think this bill will have on the relationship between farmers and those agribusiness people that they deal with?

MR. R. ARMITAGE: It's been our past experience that the agribusiness people and the farmers and the lenders have solved their own problems in the past, I would say, to a degree of 98 percent. Again, it's been my personal experience that whenever there has been a problem, usually it's when the communication lines cease to exist between the lender and the vendor.

MR. G. FINDLAY: Can you see a situation developing where somebody takes security for let's say a fertilizer debt or a chemical debt, he takes security on a piece of land if this bill is in place, is that a safe piece of security?

MR. R. ARMITAGE: I wouldn't say it was. I can't find anywhere in the bill where it gives a secured lender any recourse.

MR. CHAIRMAN: Any other questioners? Thank you very much.

The next out-of-town is Mr. Sam Schellenberg, Vice-President, Manitoba Chamber of Commerce.

MR. S. SCHELLENBERG: Thank you, Mr. Chairman.

Mr. Minister, ladies and gentlemen, the Manitoba Chamber of Commerce, through its agriculture committee, is watching developments in the agricultural industry with some concern. Like you, we are aware of the problems and seeking solutions - solutions that would provide support to the individual farm operators who are facing a serious struggle, for the agribusiness sector which is facing major setbacks, and for the business community in general which will feel the dollar impact.

The Minister of Agriculture, Mr. Uruski, has been an outspoken advocate for increased assistance to the farming community and we commend him for his initiative most recently at the Federal-Provincial Agriculture Ministers Conference in Victoria.

The Family Farm Protection Act, which is being reviewed by this committee, was drafted by the province in seeking to address the problems in the farming community and it does so, but in part only. In discussions with our committee members, and with members in the farming community at large, there is positive response to the review boards and the peer advisory panels proposed by Bill 4, but there is definite concern expressed about some of the additional powers which this bill would give the government and/or the courts. In most areas of rural Manitoba, we pride ourselves in being able to settle our business arrangements without resorting to the courts and we would like to keep it that way. This applies to both the agricultural industry and the business community.

There are aspects of this bill which are commendable, but the extent to which it intrudes into the normal relationship between the farmer and his banking and credit arrangements raises real cause for concern. In the interests of our members in both the agricultural and business communities, we must express our strong opposition to any legislation that will make court-ordered debt adjustment a possibility. I might add that in taking this position, we are in fact taking a similar position to that of Keystone Agricultural Producers who state, and I quote, "Debt or contract adjustments should result only from agreement between farmers and their creditors." The moratorium provisions found in Bill 4 will not contribute to an improved working relationship between the financial community and the agricultural industry. In fact, it is our opinion it will accomplish quite the opposite.

Farm operators in our committee stated that this spring, although the banks and the credit unions were checking their operating requirements more closely, they were able to negotiate mutually-acceptable arrangements. They were able to negotiate - and I think this is very important - the level of, and the amount of security that would be required. If this bill passes unamended, this will no longer be possible. We can state without any hesitation that the financial institutions and the suppliers of equipment and services will "bank the fires" and proceed extremely cautiously. The atmosphere of cooperation which the agricultural industry desperately needs won't be there.

The cooperation we are talking about is needed between the financial institutions, the industry, and government - or more correctly, we should perhaps state governments. The Federal Government has just passed Bill C-117, The Farm Debt Review Act, which is their attempt to facilitate arrangements between farm debtors and their creditors and will also create debt review boards.

The number of mediation, peer advisory and debt review boards and committees will become not only confusing but counter-productive. As we stated earlier, there is a definite role for a "mediation board," but we would strongly recommend that as in some other areas of agriculture, the province and the Federal Government reach an agreement on this matter and establish a joint board or, failing that, arrange to have one board hear all cases.

The Manitoba Chamber of Commerce feels strongly that there must be a fair and consistent process to assist farm operators facing foreclosures. To the extent that Bill 4 seeks to address this problem, it has our full support. In making court-imposed solutions and debt moratorium a possibility, this legislation will be counter-productive and only serve to further weaken the limited financial resources available to the agricultural industry. We know that this is not the intention of this legislation or this government. Your record of support to agriculture in the past speaks for itself.

When all is said and done, it is extremely important to remember that this is not a "made in Manitoba" problem we are trying to deal with; indeed, it isn't "made in Canada." As Grant Devine, the Premier, and Minister of Agriculture for Saskatchewan recently stated, and I quote: "The problems in the grain industry have to be solved, in the long run, by international agreements. There is a need for multilateral trade negotiations to address those issues on a worldwide basis."

Bill 4 will not solve our problems in the agricultural industry. At best, with the changes that we have recommended, it will help to facilitate an improved working relationship and the level of cooperation between the industry, the banks and suppliers of credit and services, and the two levels of government. We suggest that we make those changes and agree to work together towards long-run solutions.

Thank you.

MR. CHAIRMAN: Thank you very much. Any questions of Sam?

The Member for Virden.

MR. G. FINDLAY: Just to get straight what you mean by the last sentence, "let's make those changes," the changes you're referring to is to remove any relationship to court-imposed debt write-downs?

MR. S. SCHELLENBERG: And the moratorium.

MR. G. FINDLAY: And moratoriums. You would want to see those portions of the bill totally removed.

MR. S. SCHELLENBERG: Yes, we would.

MR. G. FINDLAY: What about the sections of livestock and equipment on which the Government of Manitoba doesn't have power?

MR. S. SCHELLENBERG: Well, we feel, I think in this particular case, that the bill should be amended. I think with the mediation boards in place and with amendments in the bill to facilitate better communication, then, in fact, I think we can facilitate the problems and establish better communication with those farmers and their creditors and their suppliers of credit. In that case, we're talking about machinery dealers or chemical dealers or what have you. We're asking for that mediation then to take place with the whole gambit of debtors, so to speak, or creditors.

MR. G. FINDLAY: Some previous presenters have recommended that C-117 be enacted in the province. I presume that they're thinking in terms of having a national equality in terms of all farmers across the country being treated under the same legislation as part of maybe a national agricultural strategy.

Would you be in favour of supporting that the federal bill be the bill that's in place in Manitoba for the time being?

MR. S. SCHELLENBERG: I don't think we would necessarily take strong exception to it. On the other hand, I would like to state that there are always regional differences when it comes to our situation. I think there is a role the province has to play in this as long as, in fact, they can cooperate with the Federal Government in this particular case, and as long as we're talking about one mediation board, if that is the route we're going to take, I think we can deal with it.

MR. G. FINDLAY: One mediation board under which legislation?

MR. S. SCHELLENBERG: What we are suggesting is that in agriculture there are many other examples of excellent cooperation between both levels of government. What we're suggesting is, look guys, get together on this one too, please, and let's have one board. We don't really care how you do it, but only one, please. It just gets much too confusing and much too bureaucratic the way it's looking right now.

MR. G. FINDLAY: And the mediation board to operate strictly as a board to attempt to negotiate settlements between creditor and lender?

MR. S. SCHELLENBERG: Ideally to facilitate communication, yes, in the broadest context.

MR. G. FINDLAY: Are you aware of to what extent mediation has been going on privately between creditor and lender?

MR. S. SCHELLENBERG: We feel there has been a fair amount of it going on and I think very often quite successfully, and we're not questioning that, but I think you're also aware of cases that have certainly come to public light where there has been a considerable degree of rancour, one could state, in the negotiations. I think, from time to time, there is a role that could be played in facilitating communication if you had a board that could be appealed to.

MR. G. FINDLAY: Certainly, we're all in favour of that approach if we can arrive at a system of getting there.

Do you believe that all farmers can be saved?

MR. S. SCHELLENBERG: No, I think that a farmer is a businessperson just like a businessperson in any other sector and, unfortunately, none of us have any guarantees. It would be nice if we did.

MR. G. FINDLAY: Do you have any idea what proportion of farmers who would be in a severe financial difficulty would fall under either the federal or the provincial bill within the next year?

MR. S. SCHELLENBERG: No, I think we've had all kinds of statistics and figures tossed around. I know there's a percentage of my committee who feel that it could be around the 10 percent mark in the Province of Manitoba. I think it's somewhat dangerous to speculate on that in view of the proliferation of figures that have been tossed back and forth.

MR. G. FINDLAY: Do you have any idea what proportion of farmers might be somewhat negatively affected because the relationship of the contracts that have been signed in the past are now in jeopardy? I'm saying what number of farmers will be negatively impacted if the bill is passed in its present form?

MR. S. SCHELLENBERG: Well, if the bill is passed in its present form, there will be quite a few people who will be very, very nervous about it. I think, then, let's use the 10 percent figure. The 10 percent that it is meant to assist is going to be at the cost of at least another 50 percent in my opinion. That's the 50 percent that are dicey and I think we'd like to avoid that. We want to keep those relationships as positive as possible.

MR. G. FINDLAY: Could you expand on that a little bit? How do you see them as being negatively impacted upon?

MR. S. SCHELLENBERG: Well, I think, as we expressed in the paper, that there will be concerns not only on the part of the banks, there will be concerns on the part of any other suppliers of credit. By that, I mean the co-op agent who sells you your fuel, the Simplot fertilizer dealer if that's who you're doing business with, or Esso, etc., etc, etc. I think that whenever your security in your opinion as a supplier is being put into question, obviously, you're going to take a very, very close look at what the situation is all about.

MR. G. FINDLAY: In the farm community many years ago, a lot of farmers obtained their credit really from their suppliers. Over the years, the suppliers kept saying go to the bank for your credit; I'll supply you with the product; you pay me cash. But in recent years, there's been some supplier credit still available, 30 days, 60 days, maybe a bit longer.

Can you see that credit being available from the suppliers being more limited with legislation like Bill 4?

MR. S. SCHELLENBERG: I think so, but I think that one would also have to hasten to add that credit is becoming more limited in any event in view of the general agricultural situation. I can speak to that from personal experience for that matter. They're taking a very close look at you.

But I think the point that we made in this paper, when it comes to the credit situation as it now stands, I think there are an awful lot of farmers who would rather not mortgage everything that they own to the hilt in order to get their operating credit.

I think this year again, at least to a certain extent, if you were a reasonably good business manager, able to negotiate not only the amount of money you needed but what the banks or the creditors, whoever they happen to be, the borrowers, wanted for security, I think that if we had debt moratorium legislation hanging over our heads, that level of negotiation would obviously no longer be possible. In fact, they would go for the maximum when it came to security at all times. I'm not just talking about banks; I'm talking about most suppliers of credit.

MR. G. FINDLAY: Okay, with Bill 4, then, there are two scenarios relative to the debt moratorium hanging over our heads. One is if the bill goes through as it is and then portions of it are proclaimed, and the other is that it's put through and no portions of it are proclaimed but it's still sitting there.

Do you see the fact that there's still the provision of moratorium is passed in the bill and sitting, so-called, on the shelf as being a black cloud over the credit institutions and the availability of credit to farmers?

MR. S. SCHELLENBERG: Let me be quite open about this. We would prefer to see it removed.

I would agree with Jack that when we get to the point where that is needed, we're going to be in fairly black circumstances in my opinion and I think, at that point, it may have to be looked at again, but I think that should be a separate issue.

At the present time, I think one has to go forward. I think the intent . . . (inaudible) . . . (recording equipment breakdown) . . . right now, and I think that certain aspects of this bill in fact can do just that, but as long as there is any threat of moratorium hanging over the heads of the suppliers of credit, it's going to, in our opinion, create more of a problem than a solution.

MR. G. FINDLAY: Certainly, I agree with you. There are good portions of the bill and the mediation panels and boards and so on that we agree with fully. Our proposal has been that those portions be passed but the moratorium portion be taken out and in the future, or whatever, two or three years down the road, if there seems to be a need for a moratorium portion to this bill, that it could be put through as a separate bill and the whole debate take place at that time through this process right here.

Would you see that as being a feasible way of having the moratorium sort of set aside for the time being and brought in in the future if it was deemed necessary; take the black cloud out now and if it's needed in the future, we could deal with it then?

MR. S. SCHELLENBERG: Well, as our paper stated, we would like to see the moratorium aspects removed from this bill and it would certainly be our hope that we would never have to discuss it. It'll be a very black day, as I've said earlier, when we do have to discuss it seriously. I think, obviously, the government in power at the time has the ability and certainly has the mandate to bring forward legislation of that kind.

MR. CHAIRMAN: Any other questioners?
The Member for Portage.

MR. E. CONNERY: Yes, Mr. Chairman.
Mr. Schellenberg, in the second last paragraph, in light of the assistance that Alberta, I think in this last budget was $595 million, and in Saskatchewan where they're giving, I think it was operating loans of $25 an acre at 6 percent, your comment, your record of support to agriculture speaks for itself.
Were you being facetious or were you being sincere, and if you were sincere, could you explain where their record is that good?

MR. S. SCHELLENBERG: Well, I think, Mr. Connery, that in Albera there were obviously election motives for that size of support and it would be very nice if we could afford that in Manitoba, but I think it's going to come out of your pocket and mine no matter how you look at it. So one has to be a little realistic. I would expect that the same comment would have to pass as far as Saskatchewan is concerned. I think that if we, as taxpayers, feel that is a level of support to the industry that we can afford, more power to us. I think perhaps that there are other ways that assistance can be given to this industry and those would probably be preferable, but that's a decision that you would have to make.

MR. E. CONNERY: I'd just like you to tell us what areas you think they've done well in.

MR. S. SCHELLENBERG: I think that when you look at our last paragraph and when we state that this is a solution that has to be settled through multilateral trade negotiations and at the international level, and when we were complimenting Mr. Uruski on the initiatives which he took at the most recent conference, I think that any level of pressure which the Provincial Government of Manitoba, either the party in power or the Opposition for that matter, any level of lobbying, any level of pressure which you can put into place that will see us get to that table successfully and more quickly will certainly help to solve this particular problem. I think it was a general term.

MR. E. CONNERY: Mr. Chairman, I think Mr. Schellenberg has answered the question that, as a province, we are looking to the feds to bail us out rather than take some positive approaches ourselves. So, thank you.

MR. CHAIRMAN: Any other questions for Mr. Schellenberg?
The Minister of Agriculture.

HON. B. URUSKI: Mr. Schellenberg, you indicated in your remarks that there would be a problem with trade creditors and farm equipment dealers.
Are you aware that neither of those two categories, in terms of conditional sales contracts and their farm equipment or trade credit, is actually covered by the act?

MR. S. SCHELLENBERG: No, I think my comments were directed more into the general term of things. I think there are difficulties there already and I think that was the comment I made at that time.

HON. B. URUSKI: You recognize that they're not covered by the legislation.
I am assuming that you completely disagree with those comments of the Winnipeg Chamber of Commerce of last fall where they said that Canadian farmers should get no further aid from the Federal Government at the Regina Annual Conference of the Chambers of Commerce in Canada when they indicated that farmers in trouble shouldn't get any more help from the Federal Government. You remember those . . .

MR. S. SCHELLENBERG: I understand there was some question as to the wording of that particular motion and there has been some considerable discussion as to the position that was taken.

HON. B. URUSKI: In your remarks, there are two areas, just so that I understand you correctly, and that deals with the possibility of court ordered debt adjustment. If those provisions, in terms of some interpretation that might go along those lines, was removed, would that remove a fairly major concern on your part?

MR. S. SCHELLENBERG: Depending on how it was done, yes. I think we'd want to have another look at it, but that's the only comment I could make at this point.

HON. B. URUSKI: Well, can I ask you maybe a bit more specifically. If, in fact, the remedies available to a farmer or, in other words, the court could only allow procedural remedies and not financial remedies, would that meet your opposition?
In other words, the procedural remedies mean that if there isn't bargaining, get back to the table or let the bargaining go on.

MR. S. SCHELLENBERG: I think, in fairness, we'd want to have a look at what those procedurals would then entail and what kind of time spans we are talking about, etc., etc. There are costs, you know, no matter how you look at this, to either party in this particular case and we'd have to have a look.

HON. B. URUSKI: Yes, okay. And, of course, dealing with the moratorium provisions, you're indicating total opposition to any type of a suggestion regardless of what length of time of the possibility of moratorium?

MR. S. SCHELLENBERG: Yes, precisely. We would like to see that out of the bill.

HON. B. URUSKI: You've heard the presentation made by Keystone Agricultural Producers where they indicated that prior to any moratorium being imposed that there should be consultation with the farm community. Would you support such a move?

MR. S. SCHELLENBERG: I think we'd have a much greater degree of nervousness with the speed and the rapidity with which it could implemented. I think that by having it removed at this point, we, in fact, and you, in fact, are guaranteeing not only to the farming community but also to our bankers and our creditors in general. That is something that obviously can be discussed at a later time and can come up at any time, but right now it's not hanging over our heads. We feel that its remaining there, no matter under what conditions, would in fact, to use Mr. Connery's term, be a black cloud that could affect relationships.

MR. CHAIRMAN: Any other questions?
The Member for Virden.

MR. G. FINDLAY: If the amount of credit became more limited in the agricultural community, what impact do you see it having on the Manitoba economy as a whole?

MR. S. SCHELLENBERG: That's something that's very, very hard to comment on really. I think, to be quite precise, your guess is probably as good as mine, not positive.

MR. G. FINDLAY: In the mediation process which you support, do you have any reservations about the unlimited time that process can take in the present the way the bill is drafted?

MR. S. SCHELLENBERG: Well, I think that whenever you're looking at a situation like this, the quicker a problem like this can be resolved, the better it is for both parties. When you're looking at the farm operator, for example, he's dealing with a defined timetable as well, and so are his creditors probably in all likelihood; so I think that to make that period as short and as productive as possible is obviously in everybody's interest.

MR. G. FINDLAY: Would you recommend that it be shortened up and be enacted in a specified period of time?

MR. S. SCHELLENBERG: If that is possible. I think what very often you have is you have the act and then you have the regulations attached thereto and I certainly think it should be regulated, let's put it that way.

MR. G. FINDLAY: Would you recommend that in the regulations the time frame be clearly spelled out of how long each portion of the process can take place?

HON. B. URUSKI: Mr. Chairman, just on that point, I want to get clarification there because that seems to be a discussion in terms of length of time.
Would you consider the fullest length of time being 120 days, 30 for the application and 90 for the panel review, in terms of the pressures that both the farm family are in, and the like, and the time for the panel to do its work as an inordinate length of time for the review process?

MR. S. SCHELLENBERG: You know, you're in farming as well as some of the rest of us here, and I think when the 120 days takes place would obviously be a real factor even on the part of the farm family. In our committee, we have not discussed that in any great length, and I think probably it should have more discussion before I react to it, but I do think I'd have some concern with 120 days. It's a long time.

HON. B. URUSKI: So then, you'd have concerns with the federal legislation as well.

MR. S. SCHELLENBERG: Well, as far as the time factors are concerned, when they're used to the maximum, yes.

MR. CHAIRMAN: Any other questioners? If not, thank you very much, Mr. Schellenberg.
Mr. Gary Parks, Farm and Land Institute of Manitoba.

MR. G. PARKS: Mr. Chairman, and committee members. I am here to speak to you regarding the pending legislation on behalf of the members of the Realtor's Farm and Land Institute of Manitoba of which I am president. Our members are all involved in the business of real estate as it relates to farm land, and it is our concern that this bill will only serve to make things worse for an already beleaguered farm and agricultural economy. In the long term, it may go so far as to reduce or eliminate many farmers, as well as the independent business people who depend on the farmer's business for their livelihood.

Our reasons for these concerns are as follows:

1. Under the present federal legislation, Bill C-117, creditors and debtors are provided with a comprehensive vehicle through which to ensure fair and equitable treatment of outstanding debts and payments. The intent of the legislation, as I understand it, and its working implementation, is to ensure that no acts of foreclosure take place prematurely, and that everyone involved is satisfied as to the state of viability that the farm can show. This is only good business, and farming is a business as everyone has come to realize in the last five years. In every case, there are two sides to the story and the law presently in place allows both parties to express their points of view and to resolve the situation in the best manner available under the circumstances.

2. The proposed legislation, Bill 4, goes beyond what can be deemed reasonable and equitable treatment for all involved, as it provides for the implementation of a debt moratorium, under which the creditor may be unable to recoup their security, or take any other action to satisfy their debt without court approval. This is restrictive and discriminating as it requires the good, viable, well-managed operator to pay his debts and allows the other debt-ridden, over-leveraged operator to have his debts frozen or set aside, at the discretion of a review panel.

It only stands to reason that all lending institutions, farm suppliers, equipment dealers, or anyone else who has the occasion to extend credit to farmers will be far less willing to do so and, if credit is extended, the parameters of the guidelines will be severely curtailed to reflect the increased risk of non-recovery under the situation created by a debt moratorium. This will go so far as to affect the recourse available to retiring farmers who choose to provide a purchaser with a mortgage on his own property. The equity of the farm land has already been depleted for these retiring farmers by the restrictions of The Farm Land Protection Act which eliminates some potential Canadian buyers for some of this farm land, another poorly-conceived idea.

It should not surprise anyone, if this legislation is adopted, to find out when the debts presently in existence are placed in a moratorium, that it will be highly unlikely that farmers will be able to obtain sufficient operating loans to seed or harvest crops, or pay other bills associated with their operation. As soon as that happens, the inability to pay bills will have a domino effect on many small local business people and agricultural suppliers in the rural area, and you will find a severe and possibly irreversible trend in the whole provincial economy. Although Manitobans like to feel we are diversified in our work force, the pertinent fact remains that if agriculture is unhealthy, then all facets of the work force in business will suffer with labour lay-offs and business shutdowns. Obviously, none of this will do any of us any good, and it is inconceivable to understand how the government could expect anyone to provide credit if they are not guaranteed recovery of their money.

It has been proven time and time again that economies all over the world will cycle through good times and bad, provided governments do not take extreme measures to affect the circumstances or the market. In Manitoba's case, we can affect such a minute portion of the world market or the agricultural economy, that we are far better to attempt to improve our sales and cash flow for goods produced than to restrict private business. It appears to us that the present government tends to forget that farmers and independent business are what generate a large part of the province's income, and without the opportunity and ability for them to operate at a profit, the workers of this province will be out of a job.

In conclusion, I suggest that it does not appear that the government is sincerely concerned with the state of agriculture or its associated businesses, but is very concerned with securing the urban labour vote, by attempting to display to the blue-collar workers that, as a socially-aware party, they are trying to help the family farm and fight the corporate giant. It's time we woke up and accept the fact that the family farm as it is portrayed in the good old days is no longer in existence, and the type of jaundiced approach to petty politics that has spawned Bill 4 will only result in further damage to the people who need improvements and who are doing their best to stay in business.

A number of areas which I feel require changes or improvements are:

a) MACC - this agency needs a complete review to determine why they are not able to process loan applications in less than 120-160 days and why the personnel are very hesitant to provide funds for the purchase of land.
b) Fertilizer and Chemicals - an investigation is needed to find out why the price of these products has remained so high while the cost of oil has fallen so drastically.
c) The Farm Land Protection Act - this needs to be modified to allow the sale by any farmer to a Canadian citizen, provided the land is remaining in agricultural production. This will at least open up some market in which the retiring farmer can hope to sell when the time comes.
d) Develop a working relationship with the Federal Government to obtain better prices and new markets for agricultural goods and products. Money will have to be spent on informing the product on the cost of food and what the farmer really gets.

There are a multitude of other items which also require attention, but I will only add in closing that, for the sake of all rural business, you should forget about Bill 4 and get on with some positive activities to stimulate our economy and not stifle it.

Thank you.

MR. CHAIRMAN: Any questions, any members - the Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, could I ask Mr. Parks, in his brief he indicates on the bottom of Page 1, "It requires a good viable managed operator to pay his debts and allows the other debt-ridden to have his debts frozen or set aside." Could Mr. Parks indicate what part of the legislation gives the province those kinds of powers?

MR. G. PARKS: If you base this legislation on the same type of thinking that brought the debt moratorium into place after the Thirties, then it created hardships rather than cured them. As far as we're concerned, the people in the rural area - and I include farmers when I say people in the rural area - are simply not interested in having debts set aside or frozen or anything to do with the moratorium, Mr. Minister, and I say that in all sincerity. People are the same, as Mr. Munroe has already stated, we made the deal, we'll pay our bills and that's the end of it. We don't want anybody else saying well, Joe Blow down the road here, he's got himself in over his head, so we're going to write off a bunch of his debt or freeze it, or set it aside.

But, Bill, you're a real good farmer, so we'll expect you to pay your bills.

HON. B. URUSKI: Well, just to ensure it, you're not pointing to any specific provisions of the act?

MR. G. PARKS: No, I'm not. I'm saying debt moratorium in general.

HON. B. URUSKI: Okay, are you aware that financial institutions have already indicated that they're prepared to set aside and have done so and write-down, in many instances, farmers debts if they can see some viability rather than losing their entire portfolio or their loans made or equity in a farm base, that they already have done that in many instances, what you are arguing against now?

MR. G. PARKS: No, I'm not arguing against it. That's their private business and how they choose to do their business is up to them, and how I do my business is up to me.

HON. B. URUSKI: Okay.

In your brief, you indicate that this bill would, in fact, reduce and/or eliminate many farmers as well as independent businesspeople who depend on farmers' business for their livelihood, and I'm certainly concerned. Would you be concerned if, in fact, we may lose anywhere from 10 percent to 20 percent of our farmers in Western Canada on the basis of federal and provincial statistics of farmers in trouble. Would that be a concern to you?

MR. G. PARKS: I'm sure it would be a concern to everybody, but I think the way to resolve it is to start to get more cash income for the farmers rather than try to do this.

HON. B. URUSKI: If you indicate -(Interjection)- Well, I'd like to hear the gentleman's views and let him put his views on, because there's no doubt that he has a concern for the number of farmers there, because it would affect his business and I think he stated that . . .

MR. G. PARKS: I'm also a farmer; I'm not only a businessman.

HON. B. URUSKI: . . . very clearly.

You've also read Bill C-117, I'm assuming, have looked at it, or have you not?

MR. G. PARKS: Yes, I have.

HON. B. URUSKI: Can you answer me how Bill C-117 can ensure a fair and equitable treatment for all totally on the willingness of creditors to go to the bargaining table and negotiate.

MR. G. PARKS: I think that's the first indication it would be fair and equitable; if it wasn't going to be fair and equitable, they wouldn't agree to go in the first place.

Now, if it's on a voluntary basis, I would then assume, and I'm sure anyone else would assume that if you're going to a review panel or a mediation board on a voluntary basis, you're going there to do the best you can and, really, I've had no indication over the past few years that the lending institutions or any other business person hasn't been fair and equitable with the farmers.

HON. B. URUSKI: What would make both parties fair and equitable, if they don't have to come before the panel? Let's say I'm the banker and I don't like how you've been handling your affairs with me, and the process is there and you've applied to go before the panel, and I'm saying, Mr. Parks, you aren't worth 10 cents; I don't want to deal with you.

What will make me go before the panel and bargain with you? What is there in Bill C-117?

MR. G. PARKS: What makes it any more fair for it to be compulsory for people to go there? It doesn't make it any more fair if you pass it as compulsory legislation for them to go to the review panel.

MR. CHAIRMAN: The Member for Virden.

MR. G. FINDLAY: Mr. Chairman, I would like to ask Mr. Parks what he would like to see done with Bill 4.

MR. G. PARKS: I stated in the last sentence, forget about it.

MR. G. FINDLAY: Remove it and drop it.

MR. G. PARKS: That's right, completely.

MR. G. FINDLAY: Would you support Bill C-117, the federal legislation, if indeed . . .

MR. G. PARKS: Yes, and if it needs to be amended I'm sure there will be enough reaction across Canada. There's far larger numbers than we have in Manitoba. It'll be amended if it needs to be.

MR. G. FINDLAY: Just in light of the Minister's previous comments, if Bill 4 was put in as it's presently written and the threat was there to make people negotiate, to paraphrase what the Minister was saying, to me it would create a situation where, when the two parties come to the table initially, they're both going to bring in very extreme positions because they know that there's a threat there and they're trying to negotiate from a point of strength. What do you think of that?

MR. G. PARKS: I would believe that's entirely possible, yes. I don't think that the threat should be there. No one puts good transactions or good deals together under a threat. You do it if it's amiable to both parties and, otherwise, unless there's a benefit for both parties and both parties can feel comfortable, you never get a good agreement.

MR. G. FINDLAY: You're not in favour of any moratorium. Are you in favour of any court ordered write-downs of debt?

MR. G. PARKS: No, I'm not. I've been in the position where I've had to pay my bills and I expect everybody else to pay theirs.

MR. G. FINDLAY: What proportion of farmers would you see as being adversely affected by Bill 4 as it's presently written?

MR. G. PARKS: I would say, if you take adversely affected in the general term of its definition, that probably all of agriculture will be adversely affected if Bill 4 is passed, some to more of a degree than others, but I do believe that it will have an effect on not only the agricultural economy; I believe it will have an effect on rural business economy as well.

MR. G. FINDLAY: How do you see farmers being specifically affected, negatively, by the bill?

MR. G. PARKS: I think if the bill is passed in its present form that, similar to what Mr. Munroe has stated and a number of other speakers have stated, if you were a farmer and you went in to obtain, whether it's funding to purchase additional property or an operating loan or whatever, you're going to be scrutinized much more closely than ever before. You may have been the best fellow there ever was but simply under the terms and conditions that this bill sets forward, those people who you expect to get credit from - and I don't only put the lending institutions in this, I put everyone who extends credit to the farm community in it - are going to have a much harder look at it and with respect to what Jack said, each person has to do their business the way they feel best for them.

I do know that, in that instance, you look after No. 1 first. You don't go throwing your money out all over, unless you're the government.

MR. G. FINDLAY: When a person is applying for a mortgage on a piece of property, usually an appraisal is done and money is granted at a certain percentage of that appraised value. I think credit institutions have been using a figure around 75 percent in the past. How do you see that figure being affected?

MR. G. PARKS: I believe that figure will come down. I believe the figure, the debt-equity ratio, will be less than it is or has been in the past. In fact, it's less now.

MR. G. FINDLAY: How much less now?

MR. G. PARKS: Ten percent less.

MR. G. FINDLAY: You're saying, around 65 percent?

MR. G. PARKS: Yes, that's correct.

MR. G. FINDLAY: Where can you see that going to, if the bill is passed in its present form?

MR. G. PARKS: I can't say an exact number but I would think, from a personal point of view, if I were expected to loan money or take a mortgage on an agreement for sale or a mortgage back on a piece of property, it's only good business practice that you expect a higher return for a higher risk. I would not risk as much under this legislation as I would have in the past. I would expect a much larger down payment or more equity put into it or something, so that my risk was much smaller.

If the purchaser or the borrower wants to have the same interest rates as he had before, then he's going to have to come up with a lot more money, as far as I would be concerned.

MR. G. FINDLAY: What will happen with the amount of land changing hands, under Bill 4 as it's presently drafted?

MR. G. PARKS: I don't know if it will affect the amount of land changing hands. The people who will be purchasing the land will certainly have to be in a much higher equity position to be able to qualify, I would think, or the interest rates will have to go up to offset the risk that these people have here, because if there's a threat of a debt moratorium, who would loan money on a mortgage, whether a private individual or a lending institution?

MR. G. FINDLAY: What can you see this doing to the price of land?

MR. G. PARKS: Land is a commodity like anything else. It goes with supply and demand and if there's a lower demand, then the price will either have to come down or the commodity won't trade. It doesn't matter whether you're trading in rapeseed, flaxseed or land, it's a commodity on the open market and provided the open market is allowed to go up and down and go through its cycles, it always recycles again, but as soon as there's interference put into it, it offsets it and it starts to make an imbalance in the market and that does not work.

MR. G. FINDLAY: Thank you.

MR. CHAIRMAN: Any other questioners?
The Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, Mr. Parks indicated the only difficulty that you saw is government handing out money and botching it up, that that's one of the surest ways government really . . .

MR. G. PARKS: No, you're paraphrasing what I said again, similar to what you did with Mr. Munroe. That isn't what I said.

HON. B. URUSKI: Can you then tell me what you did say?

MR. G. PARKS: I said that as far as I'm concerned, the government should start to spend some money in generating larger incomes for farmers on the sale of the agricultural goods, not to be coming in the back door and trying to create a cure for a problem. You see, it's like the tail wagging the dog. Let's get up at the front of the dog and start to feed it so that there's some income there and the people can start to pay their bills.

HON. B. URUSKI: You indicated that the government, really generally has botched up the problem in terms of handing money out. I'm wondering, you made a proposal as part of your recommendations to reduce the process of applications in MACC down below 120 days, which I have no disagreement with, but you're saying then, are you, and I just want to make sure that there's no problem of moving it through very quickly, as far as you're concerned - the money, I'm talking about.

MR. G. PARKS: If you're talking about MACC specifically, I'd like to see them have the money put through in 30 days and as far as going back to your first statement, that I say the government's botched it up, you're still putting words in my mouth. I didn't say that.

MR. CHAIRMAN: Any other questioners?

HON. B. URUSKI: You indicate a great concern about the moratorium legislation. Can you tell me what is your concern, specifically, about the moratorium?

MR. G. PARKS: About moratorium?

HON. B. URUSKI: Yes.

MR. G. PARKS: If an indepedent body, a third party becomes involved in the business of two private individuals, whether those private individuals are companies or people, there's a chance that the security cannot be recovered, that the lender puts forth. Then to me and every other business person, that is a concern because if I were going to loan you money and I knew that there was a chance I wasn't going to get it back, you wouldn't get any from me, to be quite blunt.

HON. B. URUSKI: Is there any provision that you saw in the bill that does prevent a creditor from being prevented to realize on his security, in terms of moratorium, as a right?

MR. G. PARKS: If the debt moratorium is put in, you can't put anything about it at that point.

HON. B. URUSKI: Are you aware of the provisions of the act that there are exemptions around the moratorium, that the right of repossession is not excluded?

MR. G. PARKS: The problem is, Mr. Minister, that if you are going to make a bill that you're going to create exemptions for, why don't you just leave the bill out in the first place?

MR. CHAIRMAN: Anything else? Any other questioners?

If not, thank you very much, Mr. Parks.

I have a presentation presented, and it's from the Western Fertilizer and Chemical Dealers Association. What would be the preference of the committee, to have it distributed or to have it included in the transcript?

MR. G. FINDLAY: I would say it should be included in the transcript.

MR. CHAIRMAN: Should we have a motion to that effect?

MR. G. FINDLAY: I will move that it be put in the transcript.

MR. CHAIRMAN: Agreed? (Agreed)

I guess we have all of the out-of-towners now, so this would bring up Mr. Jack McDonald of the Canadian Bankers' Association.

Proceed, please.

MR. J. McDONALD: Thank you, Mr. Chairman, and ladies and gentlemen.

I am pleased to be here this evening on behalf of the Manitoba Committee of the CBA to speak to our brief and hope that I can answer your questions when I'm finished.

I would like to say that I intend to be rather blunt in our brief and I trust that it will not be seen as the so-called scare tactics which were referred to earlier.

The current economic situation facing Manitoba farmers is of concern to all Manitobans. Certainly, the world over-supply of grain and recent changes in the agricultural policies of the European Economic Community and the United States have resulted in an extremely competitive market and sharply lower prices. Not surpisingly, these lower commodity prices have had a negative impact on the financial well-being of many farmers. Unfortunately, there is no indication that there will be any real improvement in conditions in the near future.

At the same time, governments have created the perception that a large percentage of farmers are in severe financial difficulties. This obscures the fact that bank experience shows more than 40 percent of all farmers in this province have no bank debt and of the remainder, only 5 percent, in our opinion, are experiencing severe financial difficulties at this time. This is supported by a recent survey of some 400 farmers in the province, which was commissioned by the CBA - and I might just add at this point that the reason this survey was undertaken was that the Minister indicated in the Legislature that more than 80 percent of respondents to a questionnaire supported the position that the government put forth in Bill 4.

Managers, bank managers, agrologists and other senior staff in our organizations did not have that same view in their discussions with farmers and it was felt important for us to better understand the views generally. So this survey indicates one-third of the farmers in the province were completely debt free at some time during the past year and only 8.5 percent considered themselves in severe financial difficulty.

As a whole then, the farm sector in Manitoba still remains quite strong at this time and we expect, barring further serious deterioration income in 1987 and 1988, that the majority of farmers with debt will manage their way through present difficulties.

But what about those farmers who are experiencing difficulty? The banking industry has been engaged for some time in voluntarily extending support and assistance to farmers. The nature of this support and assistance has included the following:

1. debt restructuring and consolidation;
2. deferment of principal and interest payments;
3. capitalization of interest;
4. interest rate concessions;
5. setting aside of debt where appropriate;
6. Small Business Development Bonds - and I believe the total probably in this province sits at roughly $40 million in that area;
7. continued support with government guarantees;
8. quit claim and lease back of property;
9. participation in numerous farm management programs both individually and in cooperation with the Manitoba Department of Agriculture and the University of Manitoba;
10. provision of advisory services through in-house agrologists, and I believe at the moment we have something like 12 agrologists who are full-time in the farm sector;
11. provision of computerized record keeping systems;
12. provision of computerized statement programs for farmers' use;
13. provision of regular newsletters, financial

bulletins and information services to assist farm management.

We think these are all positive steps which to date have been provided by the banks in an effort to give as much tangible support as possible to farmers. Unfortunately, Bill 4 does not provide farmers with the same positive assistance. The general thrust of Bill 4 is counter-productive to its expressed objectives and is therefore unacceptable.

It is the view of the CBA that a number of the clauses in Bill 4, if enacted, will not apply to banks by virtue of the fact that banking and insolvency are within the exclusive legislative jurisdiction of the Federal Government. Nevertheless, the CBA feels compelled to speak out in support of farmers and against sections of Bill 4.

In our view, the implementation of Bill 4 in its present form will not assist farmers but will, in all likelihood, worsen their situation by creating higher costs which in turn will require banks, and indeed all lenders to pass on these increased costs to farmers, thereby aggravating what is already considered to be a most difficult situation.

If Bill 4 is passed into law in its present form, a number of likely results can be expected. The approach to farm lending by all institutions will become much more cautious. Lenders will be reluctant to participate in farm lending in all but the more secure situations. The provisions for further delays in dealing with financial obligations by some debtors will necessarily affect in a negative way all arrangements for financing because lenders will have lost the freedom to be flexible without penalty.

The additional costs and risks incurred by banks as a result of the enactment of this legislation will be passed on to farmers by an increase in the rate of interest charged on farm loans. These extra costs will be borne to a large extent by the majority of farmers who are not in financial difficulty.

These effects of Bill 4 are certainly perceived by the farm community, if not by the government. The research conducted by the CBA shows that 67 percent of the farmers surveyed believe the enactment of Bill 4 will lead to more conservative lending practices on the part of lenders and raise the cost of borrowing, thereby hurting all Manitoba farmers. The situation will become evident in the spring of 1987 when farmers will be seeking operating assistance for the 1987 crop year. If lenders find themselves unable to extend assistance because of our inability to have control over our security, will the government be in a position to respond?

We trust they will not point the finger at the banking industry, suggesting it is not doing its share. In addition to the cost of programs outlined earlier, the members of the CBA will suffer losses in 1986 alone from uncollected interest on non-revenue producing agriculture loans, from loan loss experience on these loans, and the costs of carrying farm land of over $22 million. If more must be done, then it must fall on governments to do it, not on bank depositors and shareholders.

Given the circumstances and the fact that our survey indicates that, of the decided farmers, 61 percent either do not want Bill 4 or consider it unnecessary due to the enactment of the Federal Farm Debt Review Act, we hope the government can be persuaded not to proceed with Bill 4. If, however, the government still intends to proceed, we have the following comments, assuming the amendments to be introduced by the Minister do not deal with this subject matter.

Bill 4 proposes to deal with the present farm financial situation in three ways. The first is the creation of the Manitoba Mediation Board to mediate disputes between farmers and creditors. While there may well be a role for mediation or review panels, it is important that the panel members have the requisite expertise and be fully responsible for their decisions. In this respect, it is essential that the panels, if they are to be truly effective, have the authority to provide assistance by way of guarantees and/or direct loans to those farmers which they feel should be supported. We note the Federal Farm Debt Review Act is in the process of creating farm debt review boards and the relative panels in each province. The fact that there are to be two review processes will create further confusion for farmers and greater uncertainties for lenders. In fact, I believe it would make it almost impossible, given what we know today about the federal process.

Bill 4 secondly proposes a review process prior to the commencement or continuation of any action or proceeding whereby a farmer could be deprived of the ownership or use of his farm land or farm machinery and equipment. It proposes that no such action can be brought without first obtaining leave of the Court of Queen's Bench. Any such action will be delayed up to 90 days, or for such further period as the court may decide, to allow the Manitoba Mediation Board to submit a report to the Court.

The Court may allow the action to proceed or it may issue such orders as it considers appropriate. No criteria are prescribed as a basis on which a judge is to determine an application. What measure is to be applied? Will different judges apply different principles? How can inconsistencies be avoided? Judges will be able to delay the foreclosure proceedings for what could amount to an indefinite period of time. We are concerned that this in itself could be used as a means of inducing lenders to write off some portion of the debt in order to gain release from further court intervention. This will certainly result in uncertainties on the part of lenders and hence a more conservative approach to providing credit.

The third aspect of Bill 4 is the power given to the Lieutenant-Governor-in-Council to declare a moratorium on the commencement or continuation of any realization proceeding where a farmer could be deprived of the ownership or use of farm land or farm machinery and equipment or livestock. Such a moratorium would be for either a one or two-year period. But existence of a moratorium won't solve the problems of a financially troubled borrower. It may buy a little time in the hope of a turnaround in income, but in the meantime, interest continues to accrue and the debt load grows still larger. Moreover, the ability of the government to proclaim a moratorium at any time without further legislative process will create further uncertainties and a more cautious approach by farm lenders.

It is our belief that the proposals contained in Bill 4 do not meaningfully address the serious circumstances faced by some farmers. For those farmers already experiencing very serious financial difficulties, economic recovery is not likely to happen without the assistance of some form of remedial action program such as additional direct loans or loan guarantees.

There has always been a need for a secure and continuing line of credit for farmers. Section 178 of the Bank Act, which enables banks to advance monies on the security of crops or livestock or agricultural implements, was introduced for the benefit of farmers to address their need to obtain credit. Without being able to take a security interest in crops or livestock or agricultural implements, banks would be precluded from advancing loans on the security of those assets. Bill 4 undermines the current credit basis for the very farmers it professes to help.

While it is recognized that for the time being the Federal Government has refused to allow Manitoba to exercise certain federal powers over banks, there has been no indication that these sections of the bill which pertain to livestock and equipment will be removed. As long as they remain, proclaimed or not, they will create uncertainty and result in a more cautious approach to lending by financial institutions. Ladies and gentlemen, I must emphasize that point. It matters not whether the act is proclaimed or not.

The impact of Bill 4 on the availability of credit could be substantial if the experience of the debt write-down legislation in the Thirties is any indication. Under legislation known as the Farmers' Creditors Arrangement Act the courts were empowered to impose settlements on both the creditors and the farmer. This legislation resulted in a wholesale withdrawal of lenders from farm lending. The mortgage loan companies have never returned to farm mortgage lending, and farm lending by banks did not recover until the 1950's. The overall result then was a lasting and profound impact on farm lenders and there is no doubt that Bill 4 will also have a serious and lasting impact on farm credit.

It is apparent that Bill 4 proposes only to extend the loan recovery process for an indefinite period of time and provides no assistance to those farmers facing serious economic problems.

The CBA proposes the government take another course of action which will provide tangible assistance to farmers. The CBA envisages a federal-provincial project which would see cooperation rather than division between the two levels of government. More important, funding could be made available to provide support through additional financing, and/or guarantees for deserving farmers.

The Review Board process under the Federal Farm Debt Review Act is now in place, and can do much of what is being proposed under the Mediation Board section of Bill 4. The CBA proposes that the Manitoba Mediation Board be limited to deciding, by applying established criteria, whether a farmer qualifies for support and at what level.

For example, if a farmer's debt exceeds that which can be properly serviced from income today and the board is satisfied that there is good management ability; good financial information; honest and reliable business dealings; and good prospects of returning the farming unit to a viable operation within a reasonable period of time through sale of assets or a reasonable improvement of income, whether it be through prices or subsidies, a government guarantee could be considered for that portion of the debt which cannot be serviced. Through this process, the financial institutions involved could be encouraged on a voluntary basis to set aside, that is, stop the interest clock, on some portion of their loans for a specified period, say up to two years.

We recognize a qualifying farmer would probably also require new funds to finance operations for the ensuing year. Here we suggest that the government, through the Manitoba Agricultural Credit Corporation, could establish a new guarantee operating loan program guaranteeing 100 percent of principal and interest on loans to such farmers.

We note that $38 million is available under the Canada-Manitoba Subsidiary Agreement on Agri-Food Development signed in 1984. It would seem reasonable that money from both the Federal and Provincial Governments could be made available, perhaps under this program, to provide the additional support required. We note the Minister has called on the Federal Government to make funds available for these kinds of programs we have been suggesting.

To sum up, as a result of the introduction of the Federal Farm Debt Review Act, the CBA requests that Bill 4 be withdrawn or substantially amended and that serious consideration be given to negotiating a federal-provincial arrangement to help farmers in financial distress. We are prepared to cooperate fully with government officials in designing and implementing appropriate guarantee or direct loan programs. The objective would be to assist in keeping potentially viable farmers that are in financial difficulty farming.

Specifically, the CBA recommends that: debt moratorium power on land, machinery and livestock be withdrawn; the proposed judicial review process be withdrawn; an arrangement be entered into with the Government of Canada to utilize much of the provisions of the Farm Debt Review Act - the Manitoba Mediation Board legislation could be amended to ensure prior consultation with them before foreclosure action is taken if that is desired; finally, the Manitoba Mediation Board working in cooperation with the Federal Farm Debt Review Board be given the power to guarantee loans or loan set-asides and provide direct or guaranteed operating loan monies.

We believe these proposals are a significant improvement over Bill 4 and the Federal Farm Debt Review Act and would be perceived by farmers in Manitoba as positive and helpful steps in sustaining potentially viable farms in financial difficulty. In our recent survey of farmers in Manitoba, we ask which they thought would be best for farmers in the province, i.e., debt moratorium legislation, debt write-down legislation, or a loan guarantee program. Of those expressing an opinion, 67 percent favoured the guarantee program compared to 5 percent for moratorium and 13 percent for debt write-down. From all points of view, implementation of a loan guarantee program will address those specific instances of serious financial difficulty for potentially viable farmers and leave untouched the vast majority of farmers in this province with respect to availability of credit and the relative costs thereof.

CBA regrets the lack of consultation prior to the introduction of this legislation, in which event its concerns and suggestions for improvements could have been made available to the government of that time.

Since the introduction of Bill 4 in the Legislature, the CBA has offered its full resources of its members to assist in designing programs which would best meet the needs of farmers and are disappointed that to date this offer has been rejected.

If Bill 4 is proceeded with, the CBA wants it clearly understood that in its view it is an ineffective way of addressing the problems presently faced by a small percentage of farmers. It will affect the availability of credit and the cost of credit to a very large number of farmers and will not provide any real assistance to those farmers who are actually in need of help.

Finally, a summary of our survey of 400 farmers in the province is attached to this submission and it indicates that the opposition to this bill is consistent from the small farmer to the large operator and from those with debt to those without debt.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you very much. Are there any questions?

The Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, I'd like to ask Mr. McDonald, flowing from his comments dealing with the rejection of designing programs to assist the needs of farmers: Mr. McDonald, you and I spoke about the need to work towards the designation or work towards how the fund that we have established, the $6.5 million, in what way might that fund be used? Are my discussions fairly accurate up to that point?

MR. J. McDONALD: We spoke, Mr. Minister, yes, about how we might get together and discuss the bill and in what manner it could be made a bill that could help farmers.

HON. B. URUSKI: I indicated to you that the discussions would be predicated on the basis that we would look at the fund, in terms of the fund. However, and correct me if I'm wrong, the basis of your discussions was let's make the bill better and also use the money. Am I misquoting you?

MR. J. McDONALD: No, I agree.

HON. B. URUSKI: I should mention to you, we still have not defined the parameters of the bill and it's still our hope that we can sit down and discuss this but, quite frankly, as a precondition to posing amendments to the bill, it was not a precondition of mine; that the bill would stay and we would discuss the fund as it is. So you should know where I'm coming from.

MR. J. McDONALD: Yes, I understood though, Mr. Minister, in your suggestion that we get together and talk, we were to talk with your staff and that was to take place right away. But in my discussions with your staff, indications to me were that the decision had been made to go ahead and really there wasn't much point in talking.

HON. B. URUSKI: In terms of the bill, that is correct, but not on the fund. Secondly, you have argued that Bill 4 will increase your operating costs and therefore lead to a withdrawal of capital from agriculture and to an increase in interest rates. Based on your experience in Saskatchewan, can you estimate your increased costs that you are likely to occur under the process we are contemplating in Manitoba?

MR. J. McDONALD: No, not at this point, because I think until we know exactly - if the bill is introduced in its present form in full, I'm sure it will be fairly substantial. In terms of our withdrawal from farm lending, I don't think there is any doubt but what we will have to withdraw from certainly, my guess is, the bottom third of the market. If you're loaning against security and your security is in doubt, then why would you want to put the money out?

In terms of costs, though, all I can tell you is that in Saskatchewan, mention was made earlier about lending against as high as 75 percent of appraised value. I believe in Saskatchewan at this time we're down to as low as 50 percent, in view of what has happened over there. Certainly there is no question that we have increased our rates of interest on mortgage loans and on general farm loans. As to the percentage, Mr. Minister, I would hesitate to indicate that it's a half or it's 1 percent, but because it varies depending on the individual situation, it is not a general increase to everyone. In fact, I would suggest, Mr. Minister, that the end result of this could well be that you would see some of the farmers who are in excellent financial condition perhaps winding up with lower interest rates because the financial institutions, I suggest, will all be looking to lend money to the best farmers and will not be interested or too interested in those who are in difficulty.

HON. B. URUSKI: I'm trying to understand from your statistics - you indicate that between 5 percent and 8.5 percent, according to your survey, of the farmers are in financial difficulty. Why then would you exclude the bottom third of the farm community in terms of being left out of the possibility of loans?

MR. J. McDONALD: Yes, I indicated between 5 percent and 8 percent. Our indication within our own banks is that 5 percent are in severe financial difficulty. The survey of farmers themselves felt, they themselves, that there was 8.5 percent felt they were in severe financial difficulty. That's the difference in those two numbers.

In terms of why we would exclude the bottom portion is that there are a lot of other farmers who are in either moderate difficulty or some difficulty, not severe, but some difficulty and I think those are the ones that are going to have the greatest concern or we are going to be concerned to provide funds to them if we're unable to rely on security that they offer to us.

HON. B. URUSKI: In the Saskatchewan experience, and I look at some newspaper articles and I want you to correct me if the impression is wrong, I know that you oppose, as the Bankers' Association, oppose the Saskatchewan legislation, the moratorium that was put into place in Saskatchewan. However, on January 9th, comments made by Wayne Borys of the Bank of Montreal said the board has helped farmers understand their financial problems while John Murphy of your bank, the Royal Bank, said it was good to have a board that makes sure both sides are being fair. Gord Hamilton, from the Imperial Bank of Commerce, and I quote, "We actually find our relationship with the board is quite positive." Can you tell me, in view of those comments by officials of your association in Saskatchewan, can you reconcile those statements in view of what you've just told me?

MR. J. McDONALD: Yes, because we have said all along that we are not against review panels that would bring this opportunity for farmers to have an assessment of their situation and an independent look at the decision that's being made and I think, Mr. Minister, we supported the review panels that were put forth in this province a couple of years ago.

HON. B. URUSKI: But you have a moratorium situation in Saskatchewan where we have not imposed a moratorium in Manitoba, an actual moratorium being imposed. Let's look at the reality of the situation of what's happening in Saskatchewan and what is perceived to likely happen in Manitoba. Let's deal with what is in place and what may be in place.

MR. J. McDONALD: I don't think, as I've said, and we've said in our brief, that a moratorim gets to the root of the problem. The root of the problem is that the farmer cannot pay the debts that he has incurred. He cannot keep the interest up and he cannot make his principle payments. A moratorium doesn't change that. A moratorium merely delays the time frame and, in the meantime, interest costs continue to rise.

HON. B. URUSKI: Mr. McDonald, one of your association's banks has warned the public that Bill 4 will cause interest rates to increase and has sent out a brochure and made statements to that effect in the paper. Over the last decade or so, Canadian banks have made some very large loans which now are very shaky and of course, and I'll quote a writer, Peter Foster estimates that between $15 billion to $20 billion have gone to South American countries and over $4 billion have gone to Dome Petroleum. Have the costs associated with these enormous loans resulted in higher interest rates to borrowers to reduce rates for depositors and to an increase in service charges?

MR. J. McDONALD: As far as Manitoba is concerned, we operate completely independently as a province. We do not have any foreign loans; we do not have any loans to Dome Petroleum. We're operating here and I said before, the banks in this province this year alone will suffer losses in agriculture exceeding $22 million. I think that's an indication of our support for the agricultural industry, but I think this kind of legislation will mean that we will have to take another look at how far we are prepared to go. Once you get in between us and our security and how we can deal with our clients, then it changes our whole relationship between borrower and lender.

HON. B. URUSKI: Can I ask you, surely you're not trying to tell me that in terms of the bank's total portfolio, that a loan of $4 billion would not be considered in its entire loan portfolio as to how it does business in other sectors of the economy?

MR. J. McDONALD: I'm not responsible for the rest of the banks, Mr. Minister, I am responsible for Manitoba and I'm saying in Manitoba we operate completely independently and as a separate cost and profit centre and that's how we manage our business here.

HON. B. URUSKI: Would you, if you were the head of your bank, consider all segments of the industry in considering the bottom line of your portfolio?

MR. J. McDONALD: Obviously, Mr. Minister, I don't think we need to answer that; it's obvious, if I was, but I'm not.

HON. B. URUSKI: I think Mr. McDonald knows the point I'm trying to make and I will tell you then, if in fact you've made those loans and there may be financial instability on those loans, why would you communicate to 8,000 farmers saying that your costs are going to go up and you haven't communicated to the rest of the public on the shakiness of some of the loans that have been made elsewhere in this nation or outside.

MR. J. McDONALD: Mr. Minister, as far as the cost to the farmers are concerned, costs are based on risk assessment and the risks will rise as a result of our inability to deal with our security in a normal course. On that basis, risks go up, prices go up.

HON. B. URUSKI: Can you tell me whether the risks of lending have gone up in the last five years?

MR. J. McDONALD: Yes, they have.

HON. B. URUSKI: How have your lending practices changed in the last five years?

MR. J. McDONALD: Let me just tell you what our policy has been because yes, our risks have gone up. The farming has been good to us as banks over the years and we have tried to stay with the farm sector in difficult times. This is not the first downturn but it's been the most severe, certainly, that I have known in my banking days.

But in terms of policy, and I can only speak for our own organization, but I suggest from my discussions with my counterparts, that we're all operating in very much the same fashion. For several years now, as a result of the problems we've been facing, the farmers have been facing, we in turn, - when they're in difficulty so are we - so for several years now we've instructed our branches and our managers to give farmers every opportunity to maintain their operation. The criteria that we've established for them are basically as follows: Management ability must be capable of turning the operation around; there must be some reasonable degree of equity left so that the farmer still has financial stake in the success of the farm. There can be no evidence of fraud, and financial projections must indicate reasonable prospects of making some future loan payments. The borrower must maintain detailed financial records and provide regular information on the progress.

In those cases, we have sat down and we have completed an agreement with each of those farmers and we've carried on and supported them. In some cases, that restructuring has worked and the farmer is back, has a viable operation, either through sale of land, other assets and just better management. And others, for whatever good reasons, it has not worked; poor crops, whatever it might have been and his situation is worsened.

But if this legislation is imposed, I think it's clear that as financial institutions, we're not going to be able to go that extra mile that we have been doing for the last several years. With no control, as I've said before, over your security, it will be important to withdraw support much earlier and I would suggest a year or two years earlier than we have been doing it in the past several years.

I'm not sure that our going the extra mile is appreciated by the government. I noticed the Honourable Mr. Mackling said in the Legislature on July 11 that the banks have to exercise responsibility; they have to take care not to put people off the land and not foreclose on those people unless or until there is no other way to reorganize or find assistance for those farmers. I contend the banks have done this where the farmers have been honest in their dealings, and at the same time I think we've been responsible in proposing reasonable policy for many months to the government.

HON. B. URUSKI: Mr. Chairman, in view of your statements about the way you're handling your credit, has the approach to lending changed in terms of the criteria that you've put forward, which I would think come very close, and maybe you can comment whether they come close or very close to the criteria or factors to be considered by the Mediation Board in section 13(4) of the act dealing with what considerations ought to be taken. Is that fairly close?

MR. J. McDONALD: I'm not sure. I would have to go and review that, but in terms of the criteria, that is what we've been following. But I say again that if this kind of legislation is introduced, then we would have to back away from that policy.

HON. B. URUSKI: What policy in terms of direct lending have you been using now? Have you been using a combination of asset values and cash flow or has it been primarily asset values in terms of the conditions that you require in order to secure a loan? How has that changed over the last three, four or five years or has it changed?

MR. J. McDONALD: I think, Mr. Minister, I would be wrong to suggest that it has not changed. I believe that in the Seventies, farmers, creditors, governments, bankers, whomever, were all caught up in a pretty rosy atmosphere, so I suggest that perhaps there were times when lenders did not exercise sufficient care in ensuring cash flow. After all, inflation got us out of a lot of things in this country. I suggest that in some cases, our managers have probably changed their approach, in some instances. I don't think it was a major change. I believe the majority of our managers always looked to make sure there was cash flow to service the debt.

But as you get into a problem, as you get into a difficult situation where you had, as we did in this province, crop failures or certainly difficulties for a number of years, suddenly you have a farmer who has operating loans this year and he can't service them. Suddenly he doesn't have any inventory so what do you do? Well, I suppose we can back away and say we won't support you, but what we have done is capitalize those interests and carry them against his farmland. Eventually, with the decline in the price of grain and other commodities, he got himself in a situation where he couldn't service them. I don't know that was any fault of the banker or the farmer at the time the loan was granted, but those things happen and they have happened, and they're the tough ones that we're fighting with and dealing with right now.

HON. B. URUSKI: That's probably why governments have come in with guaranteed operating loans and the like.

MR. J. McDONALD: I suggest that is very true.

HON. B. URUSKI: Can you tell me, Mr. McDonald, have you made public representation to the Federal Government, as you and your association have told me privately, that you concur there should be a national operating loan guarantee program? Have those kinds of statements been made publicly previously, in addition to our discussions, I guess earlier this spring, and the like?

MR. J. McDONALD: Not certainly by me or our committee in Manitoba, as we have not been able to really sit down and discuss the details of this bill. We felt that at some point, if we were to reach that point, if we could arrive at a manner in which we could work together, there would be an opportunity for us to do that.

HON. B. URUSKI: I'm talking about a national operating loan guarantee program to complement what is happening in individual provinces and Manitoba as a specific; that's what I'm referring to. Calling on the Federal Government is really what I'm getting at, as all 10 provinces did in November of'84.

MR. J. McDONALD: To my knowledge, and I would have to refer perhaps to our head office, but at this point I'm not aware of a call on that but, yes, I guess the answer is it has been at a national level.

HON. B. URUSKI: At a national. Thank you very much.

MR. CHAIRMAN: Any other questions?

The Member for Virden.

MR. G. FINDLAY: Thank you, Mr. Chairman.

I see that the survey you did was done by private organizations?

MR. J. McDONALD: Yes, it was, Criterion Research.

MR. G. FINDLAY: Four hundred people or four hundred phone calls; is that how it was done?

MR. J. McDONALD: Yes, it was.

MR. G. FINDLAY: And 67 percent favoured a guarantee program and only 5 percent supported the moratorium. In the guarantee program, is the idea to target the money directly to the farmers in need?

MR. J. McDONALD: That is our proposal, yes, that it be targeted to those that specifically need it and that the committee would determine certain criteria that these people were deserving of need and could, in fact, ultimately turn their operation around.

MR. G. FINDLAY: What kind of money would be needed for such a guarantee program?

MR. J. McDONALD: I don't know at this point what the dollar total would be. I think these were discussions which we had hoped we could have with the government. We did some initial screening within our own organization and I think the amount, we felt, could be in the order of $25 million; something like that might be required. However, we also felt that in terms of risk, it would be substantially lower than that, in that obviously there would be good security held for a major portion of those loans.

MR. G. FINDLAY: I noticed in your brief you mentioned some $22 million. Is that $22 million that was written off by the banks in both uncollected interest?

MR. J. McDONALD: The cost of carrying farm land which we're holding in our portfolio at the moment and in debts written off, yes.

MR. G. FINDLAY: As part of the Loan Guarantee Program, would you be prepared to participate with the government in some sort of shared program for the Loan Guarantee Program?

MR. J. McDONALD: Well, I guess what we had proposed and what we are proposing is that for some guarantee of whatever amount a farmer is unable to service, looking at his cash flow and determining what portion can't be, that we would be prepared to consider setting aside some portion of those loans that can't be serviced for a period of time. I don't know what period of time that should be, one year, two years, and not collect interest on it. If the committee, the panel, that would be reviewing this considered that that operation could be turned around, then I don't think that's an unreasonable suggestion.

MR. G. FINDLAY: There has been a fair bit of discussion here tonight, and the Minister has mentioned it not too long ago, that the bill would be passed and only certain portions of it would ever be enacted.

What's your view of passing the entire bill and leaving a good portion of it unproclaimed for the time being?

MR. J. McDONALD: Well, I think I tried to emphasize that in my submission. I guess, firstly, the fact that this type of legislation is passed, which it overrides contracts that have been established in the normal course of business, is certainly cause for financial institutions to become cautious in their lending practices in Manitoba, and I think that applies to more than just farm land. If you can override contracts in the farm sector, I guess you can override contracts in other sectors too at any given time.

Also, this legislation requires clearance of the courts before recovery under security, and the conditions that the courts might impose, the delays that we might encounter create more uncertainty, and when you've got uncertainty you've got a more conservative approach, but debt moratorium hanging over our head, not knowing when it might be imposed, that's certainly going to be another uncertainty and there's no way that you can avoid not being more cautious.

I'm not sure if the Minister was referring to this earlier, but finally I guess while the Federal Government may not have permitted the province to exercise certain powers over banks at this time, as a result of changes that were made in 1980 and, more recently, I think Bill 20 with respect to The Executions Act of Manitoba, and the fact that financial institutions also make use of The Personal Properties Security Act, proclamation of Bill 4 at any time could create many problems with respect to the effectiveness of our security and many delays in enforcing it while the laws are sorted out.

So I guess, therefore, one must make decisions based on those possibilities and probabilities, and I believe a far more conservative or cautious approach to lending is in order. I just don't think we'll be able to go the extra mile if this kind of moratorium legislation, even if it's not proclaimed, if it's sitting there over your head, it's like having a loaded gun pointed at you and you don't know when somebody is going to pull the trigger.

MR. G. FINDLAY: So what you're saying is that the combinations you put forward for the farm community in the past will terminate once this bill is passed whether it's proclaimed or not?

MR. J. McDONALD: I believe there will be a definite change in our policy and lending practices, and I think we heard it a little bit from some of the other speakers when they said it's already happening. I mean these things don't go unnoticed by our managers out there. I can't legislate them into carrying on and granting loans that they may have granted two years ago. They read the papers, they read the articles, and certainly they understand the implications. I suggest it's already starting to happen and, obviously, if the bill goes through, proclaimed or not, policies will have to change.

MR. G. FINDLAY: In the bill, there is no method of protecting assets while any of the proceedings are going on. How do you view that?

MR. J. McDONALD: We are concerned. I guess we're very concerned today even at the federal level where 15 business days, three weeks notice, is required. A lot of things can happen in three weeks when situations are in the kind of difficulty that we would be encountering before you go to a review panel. So, yes, we have a lot of concern with respect to control of those assets.

MR. CHAIRMAN: The Member for Virden, other questions?

MR. G. FINDLAY: No, go ahead.

MR. CHAIRMAN: The Minister of Natural Resources.

HON. L. HARAPIAK: Mr. Chairman, just a couple of brief questions to Mr. McDonald.

You touched briefly on loan losses and I think you indicated that the agricultural community had really been quite a good area in which to do business. There was reference to a $22 million loss in the loan portfolio in the past year - I believe that's for the entire banking industry in Manitoba - is that currect?

MR. J. McDONALD: For the current year, yes.

HON. L. HARAPIAK: If you expressed that as a percentage of your agricultural loan portfolio, what would that translate into a percentage loss?

MR. J. McDONALD: Well, the total portfolio in Manitoba is something like $835 million and some dollars, I believe, for the banking group.

HON. L. HARAPIAK: What I was trying to get some sense for was the loan losses in your agricultural portfolio compared to your loan losses in the other sectors.

MR. J. McDONALD: In the rest of the sectors, our loan losses - and again I can't speak for my counterparts; I can speak for our own organization at this point - our non-productive loans are loans on which we're not collecting interest today and represent two-thirds of our total non-productive loans in this province. Our loan losses represent about 70 percent of our loan losses in this province.

HON. L. HARAPIAK: You're saying 70 percent of your loan losses are from your agricultural loans?

MR. J. McDONALD: Yes, of our total loan losses, agriculture represents approximately 70 percent.

HON. L. HARAPIAK: That would be a significant change from the historical pattern, would it not?

MR. J. McDONALD: It would be a significant change up until about three to four years ago, yes.

HON. L. HARAPIAK: That's what I'm trying to get at. Just another question.

In the earlier part of your presentation, you made reference to the different means by which you were trying to accommodate the loans. There was no reference there to debt write-down; but, in fact, I expect, and I think it's been stated, that there is some debt write-down occurring. Are you acknowledging that by some other wording in some of the statements that you make?

MR. J. McDONALD: No, I used the term "the setting aside of debt where appropriate," which to me has not eliminated the debt, but we are not collecting interest on it for the time being. But in terms of debt write-down, again in our own organization, I do not believe we have done any actual debt write-down.

HON. L. HARAPIAK: If you do not have any debt write-down for continuing operations where a farm operation runs into some difficulty and you may be trying to settle out an account, is there in fact then some forgiveness of indebtedness which would be the equivalent to a debt write-down?

MR. J. McDONALD: There could be. Yes, there could be a settlement in terms of arriving at a final settlement with a farmer. It may well be that we will, to enable him get on and do something else with his life or to get into another business, whatever it might be, we may well agree to take over the farm land that he might own and sell it. We may agree to forgive whatever debt is left owing. Yes, there could be something in that, I would agree, but not debt write-down for an existing account.

HON. L. HARAPIAK: What information can you give us with respect to the availability of credit, if we looked at, say the two previous years, in terms of availability of credit to agriculture? Is there a trend line developing?

MR. J. McDONALD: The total credit, I guess, and again I might have to refer to my colleagues. But in our own situation, credit has continued to rise very modestly in the last several years, very modestly, despite write-offs and losses.

HON. L. HARAPIAK: I, being a farmer myself, accept that there is an increased risk involved in the business of agriculture and lenders would share in that. But what I'm trying to get a sense for, when we have this discussion surrounding Bill 4, and some people painted it as the black cloud. It is an element of risk; I will accept that. But how would that rate in comparison to the 20 percent reduction in the price of grain?

So when you are making that assessment of your loan portfolio and you take into account all of these, would that factor of the reduction in grain prices not be much, much more significant than any impact of this legislation?

MR. J. McDONALD: Certainly it has a bearing. But I guess at this point, looking at some figures that were provided by, I guess by Agriculture Canada, as late as June, indicated that realized net income by farmers in this province in the past year was up over the previous year, and 1985 was up over'84. Certainly there's been substantial amounts that have also come into being as a result of the Western Grain Stabilization Programs, and probably, as I understand it, it will probably increase in the coming year because of the decline in . . . So there is some cushioning, I guess, in effect despite, I understand and I recognize the problem is serious and I'm not trying to minimize it. Please don't feel that I'm doing that. But there is some cushioning effect I think by some of the subsidies and that's not to say there shouldn't be more.

HON. L. HARAPIAK: The last question I had was in reference to the Saskatchewan experience where you indicated that at this time, and I'm not sure if you're talking about the banking industry generally or the Royal Bank, was financing land in Saskatchewan at 50 percent of appraised value.

MR. J. McDONALD: Yes, that's my understanding and this was done. I believe this was communicated to the Minister on July 7, where we undertook to provide information at that time on the Saskatchewan legislation.

In that letter to the Minister, we indicated that lenders in the province have decreased the amount they will advance to a maximum of 65 percent but more permanently in the 50 percent of the appraised value range.

HON. L. HARAPIAK: Would you be able to tell us how that might compare to Alberta or other jurisdictions, just for comparative purposes?

MR. J. McDONALD: No, I'm sorry I can't tell you that. I could ask. It would be the lowest in the country is the view at this point.

HON. L. HARAPIAK: By what factor or by what margin?

MR. J. McDONALD: Certainly, I don't think you'll find anywhere else that we're below 65 percent, would be probably the lowest anywhere else in the country.

HON. L. HARAPIAK: My last question was again, in terms of the first presentation that we heard tonight, and that was from the Keystone Agricultural Producers. There was a statement within that which seemed to indicate that the legislation which was put in place in Saskatchewan did not have the dire outcomes that are being predicted here for Manitoba. So I was sensing that there was a bit of disagreement between the picture that you were painting and the statement that was made by the Keystone Agricultural Producers.

MR. J. McDONALD: I can't recall that, but if that's the case, I would agree there is a difference.

MR. CHAIRMAN: Any other questions — the Minister of Agriculture.

HON. B. URUSKI: Mr. Chairman, I just looked at the back of your presentation dealing with the survey. I'm wondering whether you had as much problem as we did in terms of the definitions of the moratorium. I know when I met with Manitoba Pool Elevators Board of Directors, one of the first things that they talked about is that there was a lot of confusion dealing with people's perception of what the meaning of moratorim was.

In your survey that you did, was there an explanation as to what a moratorium was? You gave, in the back of the book you show the questions dealing with moratorium. Could you tell me how you led up to arriving at that position? Were there a number of other questions leading up to the specific question on moratorium?

MR. J. McDONALD: There are several ways in which a government can intervene to help farmers in financial distress.

HON. B. URUSKI: I'm sorry?

MR. J. McDONALD: There are several ways in which a government can intervene to help farmers in financial distress. I would like your views on some options that have been discussed from time to time. One option is debt moratorium. Debt moratorium prevents lenders from taking action to recover any assets that are taken as security. It also enables borrowers to cease principal and interest payment during the period of the moratorium. During this period, interest will continue to accrue on the loan.

That was basically the description that was provided to the individual.

HON. B. URUSKI: Were there other questions dealing with the farm credit situation before you went into the moratorium question?

MR. J. McDONALD: No, there were not.

MR. G. FINDLAY: This Bill 4 applies to land equipment and livestock but it doesn't say anything about a person's operating loan.

What will happen to a person's operating loan when he's before the mediation board, which could be a fairly lengthy process?

MR. J. McDONALD: I guess that's in our submission. We've said that the problems are going to arise in the spring next year if this bill is in force and we do not feel that because our security situation is in jeopardy that we will be able to provide additional funds. So, yes, I would suggest that operating loans are going to be in jeopardy next spring.

MR. G. FINDLAY: Operating loans may require additional security than what has been the case in the past?

MR. J. McDONALD: No, but I think you review a situation with a farmer in total in his total borrowing needs. It isn't just want he needs for operating; it's how he's going to service the existing debt and how he's going to handle his entire operation. So it isn't just a case of providing additional funds.

He may well not have been able, for example, this year, if we're unable to get grain shipments through and are unable to sell grain, he may well have a heavy inventory of grain and his operating loans that he obtained this year may well still be on the books and he'll be looking for more next year. Overriding this, that will set a moratorium or a potential moratorium and a potential, well, court involvement for us in the event we have to ultimately take action on that account. I can't see a lender wanting to put out additional monies.

MR. G. FINDLAY: You mention that a third of the farmers will be denied credit. What forms of credit are you referring to there?

MR. J. McDONALD: I guess I didn't mean it quite that way. I think that with the uncertainty regarding your security, and if you must rely on that security in an account, then you are not going to want to loan any additional money and you are probably going to want to back away from that account as soon as you can. So you are going to try to get out of any loans where there is risk involved, risk that your security will not be affected.

MR. G. FINDLAY: Then, in conclusion, you see some merit to C-117, but want complete withdrawal with Bill 4, is that sufficient?

MR. J. McDONALD: Well, the federal act is now in place and we would hope that there can be some cooperation between the two levels to have one review and not have two. I think it will be just an impossible situation to have two different review panels.

MR. CHAIRMAN: Any other questioners? If not, thank you very much, Mr. McDonald.

MR. J. McDONALD: Thank you.

MR. CHAIRMAN: Could I ask the indulgence of the committee here now? We have two members who want to make submissions yet. One is from out of town, I believe, Mr. William Halabura. Can you come back tomorrow after 10:00 a.m.? And Mr. Mal Anderson with the credit union; can you come back tomorrow after 10:00 a.m.? Is it fine with the committee if we adjourn until 10:00 a.m. tomorrow?

The Member for Sturgeon Creek.

MR. F. JOHNSTON: Mr. Chairman, could we ask the delegations if they would like to present them tonight?

MR. CHAIRMAN: What is your preference, Mr. Halabura and Mr. Anderson? . . . (answer inaudible) . . . The committee has to meet tomorrow after ten anyway, so we're going to be here if the gentlemen come back. You have the choice of whether you want to adjourn or call them out.

Committee rise.

COMMITTEE ROSE AT: 11:30 p.m.

BRIEF PRESENTED BUT NOT READ:

WESTERN FERTILIZER AND CHEMICAL DEALERS ASSOCIATION

We are pleased to be able to present to this committee our views and opinions on Bill 4, The Family Farm Act.

Although this brief is an echo of what is said before, our organization, The Western Fertilizer and Chemical Dealers Association recognizes the importance of putting our support behind the defeat of this legislation.

Representing the independant chemical and fertilizer dealers in Manitoba numbering approximately 114 individual businesses throughout Manitoba, we are unamimously opposed to this legislation and the ramifications it would cause if passed.

We have researched this bill to some extent and have talked to primarily four groups before making our position public.

Firstly, we have talked to the banks and they have told us that the lending procedures will tighten up. There is evidence that a more conservative approach has already begun which forces many farm input dealerships to provide additional credit or go out of business.

Secondly, we have talked to other farm orientated organizations and have received many different opinions on the matter. Some are opposed, such as we are, as they recognize the percussion such an act can cause. Others have claimed that, why not, it is working well in Saskatchewan. We agree it is working well in Saskatchewan, but on a closer look the difference between the two legislations and their implications to the industry are drastically different. Saskatchewan's act is very similar to the federal proposal in that a mediation board is set up to review the claims which is a maximum of a sixty-day process. Manitoba's act can tie the matter up for as long as 180 days and bring in the judicial system in the negotiations.

This type of legislation is a simple matter of changing the rules in the middle of the game through government intervention. It leaves the banks and credit union in an unfair position. The process for collecting loans would be bound up in the courts and in front of review panels, with the end result being a forced resolution to a problem by a third party.

We next talked with our members, the fertilizer and chemical dealers throughout Western Canada, who have reason to be concerned about the financial status of farmers. A lot of dealerships are also experiencing tough times and cannot afford to extend additional credit to farmers. Fertilizer and farm chemicals are the two largest input costs farmers purchase on an annual basis, these products are not easily used as security when dealerships extend credit to their customers. For this reason, dealerships rely heavily on financial institutions to provide credit to most of their customers. The Family Farm Protection bill threatens this delicate relationship between farmer, dealer and banker.

The fourth group of people we talked to were the people that would be affected by this legislation the most, the end user, the farmer. They stated that there is already major difficulties in the farm sector without introducing the additional problems of tighter credit policies towards farmers by our banking industry. With higher risk, the banks cannot help but charge more for operating capital. Farmers know this and are afraid that denial of credit or a higher interest charge on operating capital could put that next 10 percent of farmers who now can make a go of it in jeopardy.

Our analysis shows that farmers who are looking at regaining their businesses to higher profit levels are saying leave us alone.

The solution is not forcing financial institutions to tighten up at a time when they are needed the most by this legislation. If this is carried through, history could and can repeat itself in accessible credit for agriculture.

If the Government of Manitoba really wants to help the farmers in agriculture, we believe that a greater commitment to provide loan guarantees or an increased level of direct government lending is a better alternative than alienating the existing major sources of farm financing which are the banks and credit unions. In other words, we would suggest that if assistance is needed, it should be placed on the back of the taxpayers, not on the farmers.

This is our association's view, and we would suggest that most people would agree it is the logical view of farm credit problems found in this province. The legislation of Bill 4 would hinder the majority of good business farmers with good business practice. It would help only those whose poorer management practices can survive only good times.

I thank the committee for their time and stress that the entire agricultural industry has a responsibility to pull together and seek a solution to help the farmer back on his feet for the benefit of the entire provincial population.

FARM FINANCIAL ISSUES SURVEY

Study Structure

Timing: Fielded evenings of August 10 - August 15, 1986

Sample Size: 400

Sample Structure: Proportional to number of farmers in each of the five provincial agricultural regions.

Sample Qualification: Financial Decision maker of a Manitoba farming household.

FARM FINANCIAL ISSUES SURVEY

Provincial Bill 4 Review*

* Of the decided farmers, 61 percent either do not want Bill 4, or feel that the Federal legislation makes it unnecessary. The remaining 39 percent of decided farmers want Bill 4 to go ahead. Approximately 13 percent of respondents either have no stated opinion about Bill 4 or are unsure if Federal legislation makes Bill 4 unnecessary.

* In general, farm income appears to have little bearing on the opinions of the various farmers surveyed. The pattern of support or opposition to Bill 4 appears relatively consistent across all gross income categories, although farmers with gross incomes exceeding $100,000 have a somewhat greater likelihood of opposing Bill 4.

* A farmer's debt situation also does not appear to be a major factor in his or her opposition or support for Bill 4. Of the decided farmers who were debt-free in the last year, 61 percent either oppose Bill 4 or feel Federal legislation makes it unnecessary. Essentially, the same percentage (60%) of decided farmers who reported not being debt-free in the last year also either oppose Bill 4 or feel Federal legislation makes it unnecessary.

* Farmers were also asked to indicate what level of financial severity their own farm was in, and of the 135 farmers reported to be experiencing moderate or severe

---

* Excerpts from a survey conducted on behalf of the Canadian Bankers' Association. Although the survey covered several issues pertaining to farm finance in addition to the topics summarized herein, it is Criterion's opinion that the results presented in this review were not biased by the presence of other questions in the survey.

financial difficulties, 53 percent of those decided feel there is no reason to proceed with Bill 4, while 47 percent feel it should be implemented.

* With respect to farm organization affiliation, farmers who feel the Keystone Agricultural Producers best represent their points of view appear to provide some of the strongest opposition to Bill 4. Although comprising a small percentage of the overall sample, farmers who feel the National Farmers' Union best represents their viewpoint tend to be a source of support for Bill 4.

* A majority of decided farmers in each of the province's five major agricultural regions either oppose Bill 4 or feel the Federal legislation makes it unnecessary. Strongest opposition comes from the Central, Southwest and Eastern regions. The strongest support for Bill 4, among decided farmers, is found in the Northwest region and the Interlake.

* Sixty-three percent of decided farmers feel debt moratorium legislation will hinder farmers in financial difficulty, while 37 percent feel such legislation will help them. A very high percentage of decided farmers (92%) agree with the statement that debt moratorium legislation would cause lenders to cease lending to higher risk operations and generally become more conservative in their lending practices. Almost two-thirds (64%) of decided farmers feel a debt moratorium will result in higher interest costs to farmers.

* In comparing the options of debt moratorium, debt write-down, and loan guarantee programs, the majority of decided respondents (67%) favor the loan guarantee approach. Only 5 percent feel a debt moratorium is the best of these three

Table Banner Specification Questions

Farm Organization: In which of the following do you have the most confidence in terms of it representing your point of view?

Debt-Free in Last Year: At any time in the last year, has your farm been debt free?

Financial Difficulty - own situation: Would you say your farm is in severe, moderate, slight or no financial difficulty?

Farm Income: What would you say was your gross income from the sale of agricultural products in 1985?

Manitoba Farmers' Reaction to Provincial Bill 4

	TOTAL	Farm Organization: Canadian Wheat Board	National Farmers' Union	Grain Company	Manitoba Pool	Keystone Ag. Producers	Commodity Groups	Livestock Organizations
TOTAL	400	77	22	31	61	125	2	7
VER %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No, don't have Bill 4	153	26	3	17	17	55	1	3
	38.3	33.8	13.6	54.8	27.9	44.0	50.0	42.9
Bill 4, with changes, is good, but Federal Legislation makes it unnecessary	7	2	0	0	1	3	0	0
	1.8	2.6	0.0	0.0	1.6	2.4	0.0	0.0
Bill 4, as is, is good but Federal Legislation makes it unnecessary	53	13	4	3	13	14	1	1
	13.2	16.9	18.2	9.7	21.3	11.2	50.0	14.3
Proceed with Bill 4, with changes, regardless of Federal Legislation	15	0	1	0	3	7	0	0
	3.8	0.0	4.5	0.0	4.9	5.6	0.0	0.0
Proceed with Bill 4, as is, regardless of Federal Legislation	122	25	12	5	20	35	0	2
	30.5	32.5	54.5	16.1	32.8	28.0	0.0	28.6
Unsure of Bill 4, or unsure if Federal Law makes it unnecessary	50	11	2	6	7	11	0	1
	12.5	14.3	9.1	13.4	11.5	8.8	0.0	14.3

Manitoba Farmers' Reaction to Provincial Bill 4

	TOTAL	Farm Income: Less than $25,000	$25,000 to $50,000	$50,001 to $100,000	Over $100,000	Debt-free in Last Year: Yes	No
TOTAL	400	103	72	82	104	136	258
VER %	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No, don't have Bill 4	153	31	30	30	52	47	102
	38.3	30.1	41.7	36.6	50.0	34.6	39.5
Bill 4, with changes, is good, but Federal Legislation makes it unnecessary	7	2	1	2	2	2	5
	1.8	1.9	1.4	2.4	1.9	1.5	1.9
Bill 4, as is, is good but Federal Legislation makes it unnecessary	53	20	7	9	16	23	29
	13.2	19.4	9.7	11.0	15.4	16.9	11.2
Proceed with Bill 4, with changes, regardless of Federal Legislation	15	3	2	7	2	4	11
	3.8	2.9	2.8	8.5	1.9	2.9	4.3
Proceed with Bill 4, as is, regardless of Federal Legislation	122	33	28	26	22	43	78
	30.5	32.0	38.9	31.7	21.2	31.6	30.2
Unsure of Bill 4, or unsure if Federal Law makes it unnecessary	50	14	4	8	10	17	33
	12.5	13.6	5.6	9.8	9.6	12.5	12.8

Manitoba Farmers' Reaction to Provincial Bill 4

		Region					Financial Difficulty - Own Situation			
	TOTAL	South-west	North-west	Central	Inter-lake	East	Severe	Moderate	Slight	Not at all
TOTAL	400	114	66	115	52	53	34	101	93	160
VER %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
No, don't have Bill 4	153	46	23	49	19	16	11	32	43	63
	38.3	40.4	34.8	42.6	36.5	30.2	32.4	31.7	46.2	39.4
Bill 4, with changes, is good, but Federal Legislation makes it unnecessary	7	2	0	3	1	1	1	1	3	2
	1.8	1.8	0.0	2.6	1.9	1.9	2.9	1.0	3.2	1.3
Bill 4, as is, is good but Federal Legislation makes it unnecessary	53	13	8	17	6	9	9	9	10	23
	13.2	11.4	12.1	14.8	11.5	17.0	26.5	8.9	10.8	14.4
Proceed with Bill 4, with changes, regardless of Federal Legislation	15	7	4	3	0	1	0	5	5	5
	3.8	6.1	6.1	2.6	0.0	1.9	0.0	5.0	5.4	3.1
Proceed with Bill 4, as is, regardless of Federal Legislation	122	34	22	30	21	15	10	41	27	41
	30.5	29.8	33.3	26.1	40.4	28.3	29.4	40.6	29.0	25.6
Unsure of Bill 4, or unsure if Federal Law makes it unnecessary	50	12	9	13	5	11	3	13	5	26
	12.5	10.5	13.6	11.3	9.6	20.8	8.8	12.9	5.4	16.3

Criterion Research Corp.
Table: 2

Farm Financial Issues Study
Supplementary Tables
Page: 4

5A. Will debt moratorium legislation assist or hinder farmers in financial difficulty?

		Farm Income				Debt-free in Last Year	
	TOTAL	Less than $25,000	$25,000 to $50,000	$50,001 to $100,000	Over $100,000	Yes	No
TOTAL	400	103	72	82	104	136	258
VER %	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Assist	124	28	21	26	40	43	81
	31.0	27.2	29.2	31.7	38.5	31.6	31.4
Hinder	207	50	40	42	54	64	138
	51.8	48.5	55.6	51.2	51.9	47.1	53.5
Not stated	69	25	11	14	10	29	39
	17.3	24.3	15.3	17.1	9.6	21.3	15.1

Criterion Research Corp.
Table: 2

Farm Financial Issues Study
Supplementary Tables
Page: 5

5A. Will debt moratorium legislation assist or hinder farmers in financial difficulty?

		Region				
	TOTAL	South-west	North-west	Central	Inter-lake	East
TOTAL	400	114	66	115	52	53
VER %	100.0	100.0	100.0	100.0	100.0	100.0
Assist	124	35	20	44	11	14
	31.0	30.7	30.3	38.3	21.2	26.4
Hinder	207	66	30	58	26	27
	51.8	57.9	45.5	50.4	50.0	50.9
Not stated	69	13	16	13	15	12
	17.3	11.4	24.2	11.3	28.8	22.6

58. Will a debt moratorium cause lenders to cease lending to higher risk operations and generally become more conservative in their lending practices?

	TOTAL	Farm Income: Less than $25,000	$25,000 to $50,000	$50,001 to $100,000	Over $100,000	Debt-free in Last Year: Yes	No
TOTAL	400	103	72	82	104	136	258
VER %	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Yes	341	77	65	73	92	112	224
	85.3	74.8	90.3	89.0	88.5	82.4	86.8
No	31	13	3	7	7	10	20
	7.8	12.6	4.2	8.5	6.7	7.4	7.8
Not stated	28	13	4	2	5	14	14
	7.0	12.6	5.6	2.4	4.8	10.3	5.4

58. Will a debt moratorium cause lenders to cease lending to higher risk operations and generally become more conservative in their lending practices?

	TOTAL	Region: South-west	North-west	Central	Inter-lake	East
TOTAL	400	114	66	115	52	53
VER %	100.0	100.0	100.0	100.0	100.0	100.0
Yes	341	101	53	101	43	43
	85.3	88.6	80.3	87.8	82.7	81.1
No	31	7	7	8	3	6
	7.8	6.1	10.6	7.0	5.8	11.3
Not stated	28	6	6	6	6	4
	7.0	5.3	9.1	5.2	11.5	7.5

5C. Do you feel that a debt moratorium will generally result in higher interest costs, lower interest costs, or have no effect on interest costs to farmers?

	TOTAL	Farm Income: Less than $25,000	$25,000 to $50,000	$50,001 to $100,000	Over $100,000	Debt-free in Last Year: Yes	No
TOTAL	400	103	72	82	104	136	258
VER %	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Higher	225	59	36	49	63	78	143
	56.3	57.3	50.0	59.8	60.6	57.4	55.4
Lower	18	7	3	2	3	10	7
	4.5	6.8	4.2	2.4	2.9	7.4	2.7
No effect	109	23	22	23	31	27	81
	27.3	22.3	30.6	28.0	29.8	19.9	31.4
Not stated	48	14	11	8	7	21	27
	12.0	13.6	15.3	9.8	6.7	15.4	10.5

5C. Do you feel that a debt moratorium will generally result in higher interest costs, lower interest costs, or have no effect on interest costs to farmers?

	TOTAL	Region: South-west	North-west	Central	Inter-lake	East
TOTAL	400	114	66	115	52	53
VER %	100.0	100.0	100.0	100.0	100.0	100.0
Higher	225	68	32	64	33	28
	56.3	59.6	48.5	55.7	63.5	52.8
Lower	18	7	3	4	2	2
	4.5	6.1	4.5	3.5	3.8	3.8
No effect	109	27	23	37	10	12
	27.3	23.7	34.8	32.2	19.2	22.6
Not stated	48	12	8	10	7	11
	12.0	10.5	12.1	8.7	13.5	20.8

8. Which of these three options we have just discussed do you think would be better for farmers in Manitoba?

		Farm Income				Debt-free in Last Year	
	TOTAL	Less than $25,000	$25,000 to $50,000	$50,001 to $100,000	Over $100,000	Yes	No
TOTAL	400	103	72	82	104	136	258
VER %	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A debt moratorium	18	2	4	6	3	6	12
	4.5	1.9	5.6	7.3	2.9	4.4	4.7
Debt write-down legislation	51	9	11	12	16	8	43
	12.8	8.7	15.3	14.6	15.4	5.9	16.7
A loan guarantee program	257	75	39	50	72	96	157
	64.3	72.8	54.2	61.0	69.2	70.6	60.9
None of the options	56	11	11	13	11	18	36
	14.0	10.7	15.3	15.9	10.6	13.2	14.0
Not stated	18	6	7	1	2	8	10
	4.5	5.8	9.7	1.2	1.9	5.9	3.9

8. Which of these three options we have just discussed do you think would be better for farmers in Manitoba?

	TOTAL	Region: South-west	North-west	Central	Inter-lake	East
TOTAL	400	114	66	115	52	53
VER %	100.0	100.0	100.0	100.0	100.0	100.0
A debt moratorium	18	5	2	6	2	3
	4.5	4.4	3.0	5.2	3.8	5.7
Debt write-down legislation	51	19	5	14	5	8
	12.8	16.7	7.6	12.2	9.6	15.1
A loan guarantee program	257	73	39	76	36	33
	64.3	64.0	59.1	66.1	69.2	62.3
None of the options	56	14	15	13	8	6
	14.0	12.3	22.7	11.3	15.4	11.3
Not stated	18	3	5	6	1	3
	4.5	2.6	7.6	5.2	1.9	5.7