

R.S.Q., chapter C-79

An Act to promote special credit to agricultural producers during critical periods

*Chapter C-79 is replaced by the Act respecting farm financing (chapter F-1.2). (1987, c. 86, s. 153).*

Interpretation:

1. In this act, unless the context indicates a different meaning, the following expressions and words mean or designate:

“agriculture”;

(a) “agriculture”: cultivation of the soil to sell its produce or the raising of livestock for sale or for sale of their produce;

“designated production”;

(b) “designated production”: agricultural production or a particular phase of agricultural production designated as such in the order in council decreeing a critical period for purposes of the application of this act;

“designated area”;

(c) “designated area”: any part of the agricultural land of Québec designated as such in the order in council decreeing a critical period for the purposes of the application of this act;

“critical period”;

(d) “critical period”: the period concomitant with or consecutive to a natural disaster which creates an emergency situation for a certain number of producers, the period during which an unforeseen and uncontrollable collapse in the selling prices of a designated production seriously

affects a large number of producers or the period during which the discontinuance of a designated production in a designated area due to causes out of the control of the producers seriously affects some of them and that the Government acknowledges as such for the time that it indicates; the orders in council indicating the beginning and end of a period must be published in the Gazette officielle du Québec;

“natural disaster”;

(e) “natural disaster”: major damage caused by certain elements or disturbances in nature, such as:

(i) droughts, hurricanes, tornadoes, violent winds, earthquakes, landslides, electrical storms, excessive rains, floods, hail, frost, sleet and heavy snowstorms;

(ii) uncontrollable fire of any origin;

(iii) an insect plague beyond normal control seriously affecting a designated production; and

(iv) plant and animal diseases, when their spread reaches epidemic proportions and seriously affects a designated production;

“certificate”;

(f) “certificate”: a certificate issued by the Bureau under section 2 authorizing a producer to contract a loan with a lender;

“issue date of a certificate”;

(g) “issue date of a certificate”: the date shown on the certificate;

“producer”;

(h) “producer”: a person directly engaged on his own behalf in agriculture or in a designated production;

“loan”;

(i) “loan”: a loan contracted by a producer from a lender in accordance with this act, the regulations and, as the case may be, the certificate;

“lender”;

(j) “lender”: a bank within the meaning of the Bank Act (Statutes of Canada) or the Québec Savings Banks Act (Statutes of Canada) and a savings and credit union governed by the Savings and Credit Unions Act (chapter C-4);

“Bureau”;

(k) “Bureau”: the Office du crédit agricole du Québec;

“regulation”.

(l) “regulation”: a regulation made under this act.

1972, c. 39, s. 1; 1977, c. 5, s. 14; 1978, c. 47, s. 1.

Loans authorized.

2. During a critical period and within the additional delay which may be fixed by regulation:

(a) a lender may make, under this act, a loan to a producer who needs it; or

(b) where the prior authorization of the Bureau is prescribed by regulation, it may, by certificate, authorize such producer to contract a loan with a lender.

1972, c. 39, s. 2.

Purpose of loan.

3. Loans made under this act are intended to enable the producer to meet expenses considered essential to pursue the activities inherent in his operation or to make up the difference between the prices he receives for produce of a designated production and their production cost.

Purposes of loan.

In the case of the discontinuance contemplated in paragraph d of section 1 concerning a designated production, the loans granted under this act are intended to enable the producer to meet the expenses inherent in the carrying out of a programme of conversion of agricultural operations in accordance with the regulations as well as his essential living expenses, according to the limits provided in the regulations and as long as the new production he undertakes does not enable him to provide for them.

1972, c. 39, s. 3; 1978, c. 47, s. 2.

Content of certificate.

4. A certificate issued under paragraph b of section 2 must state the maximum amount and the maximum duration of the loan which a producer may contract within the limits determined by regulation and determine, if need be, the use of the proceeds of the loan and the security to be furnished by the producer to the lender.

1972, c. 39, s. 4.

Conditions of loans.

5. Loans granted without prior issue of a certificate shall not exceed the maximum amount provided by regulation or exceed the maximum period for reimbursement fixed therein. The regulations shall also determine, if need be, the use of the proceeds of the loans and the security to be furnished by the producer to obtain such loans.

1972, c. 39, s. 5.

Guarantee by the Government.

6. The Government guarantees to the lender repayment of any loss in principal and interest resulting from a loan and the expenses allowable by regulation incurred to obtain payment in principal and interest of such loans.

Applicability.

The guarantee contemplated in the first paragraph applies only to loans contracted before 1 August 1978.

Guarantee by the Fonds.

The Fonds d'assurance-prêts agricoles et forestiers established under the Act respecting farm-loan insurance and forestry-loan insurance (chapter A-29.1) guarantees to the lender, in conformity with that act, the repayment of losses in principal and interest resulting from loans contracted from 1 August 1978, and of the expenses allowable by regulation under the said act that are incurred to claim or obtain the payment thereof.

Subrogation.

The Bureau is subrogated in the rights of the lender to whom repayment is made under this section up to the amount so repaid.

1972, c. 39, s. 6; 1977, c. 5, s. 14; 1978, c. 49, s. 39.

Interest rate.

7. The interest rate on any loan granted by the lenders shall be the current rate charged by them in the ordinary course of their operations, unless the Government fixes by regulation a maximum interest rate.

1972, c. 39, s. 7.

Contribution.

8. The Government may contribute to the payment of interest on a loan. Such contribution, if any, is provided for by regulation which shall determine the extent, duration and terms and conditions of application.

1972, c. 39, s. 8; 1977, c. 5, s. 14.

Repayment.

9. Repayment of a loan shall be made within the delay and according to the terms and conditions agreed between the producer and the lender, within the limits established by regulation.

Repayment.

No producer is bound to repay any amount on the capital of a loan during the period determined by regulation.

1972, c. 39, s. 9.

Application.

10. No application for a loan shall be acceptable unless it reaches the lender before the expiry of the critical period. The Bureau must be seized of an application for a certificate within the same delay.

Delay.

Every loan must be made within the delay provided by regulation.

1972, c. 39, s. 10.

Conditions of guarantee.

11. A producer may benefit from the guarantee provided in the first paragraph of section 6 or, as the case may be, from the guarantee contemplated in the third paragraph of the said section for several loans on condition that the total principal amount of such loans never exceeds the maximum determined in the certificate or the regulations, as the case may be.

1972, c. 39, s. 11; 1978, c. 49, s. 40.

Advance repayment.

12. Notwithstanding any inconsistent provision, the producer shall always have the right to repay in advance all or part of the principal of his loan.

1972, c. 39, s. 12.

Cancellation.

13. The repayment of a loan or the balance of a loan by the contracting of a new loan by the same producer shall cancel, with respect to that new loan, the right to the guarantee of the Government provided for in the first paragraph of section 6 or, as the case may be, to the guarantee contemplated in the third paragraph of the said section.

Cancellation.

The transfer of a loan to a third person shall also cancel the right to the guarantee of the Government or, as the case may be, to the guarantee contemplated in the said section, unless such transfer is made within the limitations provided by regulation.

1972, c. 39, s. 13; 1977, c. 5, s. 14; 1978, c. 49, s. 41.

Cancellation.

14. The Bureau may refuse or cancel the guarantee on a loan contemplated in section 6 if the lender fails to comply with this act, the regulations or the certificate.

1972, c. 39, s. 14.

Offence and penalty.

15. A producer or any person knowingly making a false declaration to obtain a certificate or loan or to have one obtained, is guilty of an offence and is liable, on summary proceeding, in addition to payment of the costs, to a fine of not more than \$1 000.

Provisions to apply.

Part II of the Summary Convictions Act (chapter P-15) applies to the proceedings instituted under this section.

1972, c. 39, s. 15.

False declaration.

16. A producer who, to obtain a certificate, knowingly makes a false declaration shall repay the Bureau for the expenses incurred in consequence of the issue of such certificate.

New loan contracted.

If that producer contracts a loan, he shall moreover lose the benefit of the term. He shall also repay the Government the amounts disbursed by it in consequence of the loan. The producer shall not subsequently obtain any other certificate.

False declaration.

A producer who, to obtain a loan not requiring the previous issuing of a certificate, knowingly makes a false declaration shall repay the lender for the expenses incurred in consequence of such loan. That producer shall not subsequently obtain any other loan.

1972, c. 39, s. 16; 1977, c. 5, s. 14.

Forfeiture of benefit.

17. A producer who uses all or part of the proceeds of a loan for purposes other than those for which it has been obtained shall of right forfeit the benefit of the term. He shall also repay to the Government the amounts it disbursed in consequence of the loan.

1972, c. 39, s. 17; 1977, c. 5, s. 14.

Repayment to Bureau.

18. When the Government contributes to payment of the interest under section 8, the producer contemplated in sections 16 and 17, in addition to forfeiting the benefit of that contribution, must repay the Bureau the amounts he has received.

1972, c. 39, s. 18; 1977, c. 5, s. 14.

Default.

19. A producer whose default entails repayment by the Government or, as the case may be, by the Fonds d'assurance-prêts agricoles et forestiers of a loss from a loan contracted under this act shall not obtain any other loan under paragraph a of section 2 without the previous consent of the Bureau.

1972, c. 39, s. 19; 1977, c. 5, s. 14; 1978, c. 49, s. 42.

Regulations.

20. The Government may make regulations to:

(a) fix the maximum amount, the terms and conditions of repayment and the other conditions applying to the loans;

(b) define any expression used in sections 1, 2 and 3;

(c) determine the cases where a certificate must be issued under paragraph b of section 2, the form of that certificate and the conditions it must contain;

(d) determine the kind of security that may be required by the lender;

(e) determine the final date before which a loan must be contracted;

(f) fix, if need be, the maximum rate of interest contemplated in section 7;

(g) prescribe payment by the Government of part of the interest on a loan and determine the extent and duration of that contribution and the conditions of payment;

(h) determine the conditions applicable to the lender to obtain repayment of the losses and expenses contemplated in section 6;

(i) prescribe the documents and information to be supplied by a producer who applies for a certificate or loan or has obtained a loan;

(j) fix the period during which a producer is not bound to repay any amount on the principal of a loan;

(k) define the programme of conversion of operations contemplated in section 3 and establish the conditions of its carrying out;

(l) fix, for the purposes of the second paragraph of section 3, the limits to the living expenses for the payment of which a loan may be made;

(m) prescribe any further measure he considers proper of the carrying out of this act.

Coming into force.

These regulations shall come into force on the date of their publication in the Gazette officielle du Québec or on any later date fixed therein.

1972, c. 39, s. 20; 1977, c. 5, s. 14; 1978, c. 47, s. 3.

#### Agreements.

21. The Minister of Agriculture, Fisheries and Food may, with the authorization of the Government, make any agreement with any government or body and with any person or association to facilitate the carrying out of this Act.

#### Powers.

The Minister has the powers required to carry out such agreements.

1972, c. 39, s. 21; 1973, c. 22, s. 22; 1979, c. 77, s. 21.

#### Amounts payable.

22. The amounts payable in consequence of the guarantee provided for in the first paragraph of section 6 shall be paid out of the consolidated revenue fund.

1972, c. 39, s. 25 ( part); 1978, c. 49, s. 43.

#### Carrying out of act.

23. The Bureau is entrusted with the application of this act.

1972, c. 39, s. 26.

24. (This section ceased to have effect on 17 April 1987).

1982, c. 21, s. 1; U. K., 1982, c. 11, Sch. B, Part I, s. 33.

## REPEAL SCHEDULE

In accordance with section 17 of the Act respecting the consolidation of the statutes (chapter R-3), chapter 39 of the statutes of 1972, in force on 31 December 1977, is repealed, except sections 23, 24, 25 ( part) and 27, effective from the coming into force of chapter C-79 of the Revised Statutes.

## UPDATING CONCERNING THIS CHAPTER:

1 JUNE 1979

1 NOVEMBER 1980

1 JULY 1982

1 SEPTEMBER 1987