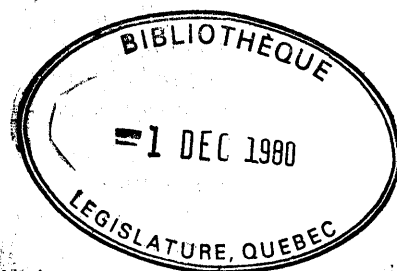


NATIONAL ASSEMBLY OF QUÉBEC

Bill 6

An Act to Amend the Forestry Credit Act



First reading
Second reading
Third reading

M. YVES BÉRUBÉ

Minister of Energy and Resources

EXPLANATORY NOTES

The main purpose of this bill is to specify and widen the borrowing powers of the Office du crédit agricole du Québec with regard to forestry credit, to bring them into line with the Bureau's existing powers under the Farm Credit Act.

It allows the Bureau, with the authorization of the Government and on the conditions the Government determines, to borrow, by note, bond or other security, to transfer debts arising from the loans it grants, as security for its borrowings, or to sell such debts.

The bill prescribes the purposes for which the proceeds of such borrowings or sales are to be used and it also provides for the guaranteeing of such borrowings by the Government.

The bill also provides for the allocation of the sums collected by the Bureau as principal and interest on its loans for the purpose of repaying the borrowings it has made and paying the interest on them. It specifies how the funds at the disposal of the Bureau under the Forestry Credit Act are to be invested until needed.

Further, the bill authorizes the Minister of Finance to pay to the Bureau the sums required to make up the difference between the interest payable on its borrowings and the interest collected on its loans, certain losses in capital and interest and certain expenses charged to the working fund.

Finally, the bill enables the Government to establish by regulation the terms and conditions of sharing the cost of forestry loans between the Bureau and the borrower.

Bill 6

An Act to amend the Forestry Credit Act

HER MAJESTY, with the advice and consent of the National Assembly of Québec, enacts as follows:

1. Section 6 of the Forestry Credit Act (R.S.Q., c. C-78) is amended by adding the following paragraphs:

“In respect of the loans contemplated in sections 2 and 3 granted pursuant to an application received by the Bureau on or after 1 December 1980, the rate of interest on the loans contemplated in section 2 and that on the loans contemplated in section 3 are determined according to the methods prescribed by regulation. These rates must be adjusted during the period of the loans, at such times and according to the norms established by regulation.

The Bureau may reduce the rate of interest applicable under the second paragraph in respect both of loans contemplated in section 2 and of those contemplated in section 3, to such extent, for such period and on such conditions as are determined by regulation.”

2. Section 16 of the said act is replaced by the following section:

“16. The Bureau may repay to the borrower an amount equal to interest at five per cent on the principal of any loan contracted under this subdivision before (*insert here the date of the coming into force of section 2 of Bill 6 of 1980*).

The Bureau may contribute to the payment of the interest on every loan contracted from that date under this subdivision to such extent, for such period, according to such terms and conditions and at such payment intervals as are prescribed by regulation.

The principal amount to which repayment of interest provided in the first two paragraphs apply is limited for the same borrower

to the amount of \$25 000 or, as the case may be, \$100 000 provided in section 13, excepting debts devolved to the borrower by succession.”

3. Section 43 of the said act is amended by adding, after paragraph *k*, the following paragraphs:

“(l) for the purposes of the second paragraph of section 6, establish the methods of determining rates of interest on loans, and the times and norms of adjustment of the rates;

“(m) determine the extent, period and conditions of reduction of interest rates applicable under the second paragraph of section 6;

“(n) determine the extent, period, terms and conditions, and payment intervals of the contribution contemplated in section 16.”

4. Section 46 of the said act is replaced by the following sections:

“46. The Bureau may, with the prior authorization of the Government, contract borrowings by notes, bonds or other securities for such amounts, at such rates of interest and on such other conditions as may be fixed by the Government.

“46.1 The Bureau may guarantee execution of the obligations arising from the borrowings contemplated in section 46 by the transfer of the whole or a part of the debts owing to it on loans granted under sections 2 and 3.

The Bureau may, with the written consent of the lender given at the time the borrowing was done or subsequently, substitute for any debt thus transferred any other debt arising from a loan granted under sections 2 and 3.

“46.2 Notwithstanding any general law or special act to the contrary, municipal and school corporations may invest their sinking-funds by acquiring bonds issued by the Bureau.

The bonds are securities allowable as investments under article 981o of the Civil Code, sections 243 to 274 of the Act respecting insurance (R.S.Q., c. A-32) and section 8 of the Trust Companies Act (R.S.Q., c. C-41).

[“46.3 The Government may, on such conditions as it may determine,

(a) guarantee payment of the capital and interest of any borrowing made by the Bureau and the execution of any obligation of the Bureau;

(b) authorize the Minister of Finance to advance to the Bureau any amount deemed necessary for the application of this act, at such rate of interest, for such period of time and on such other conditions as are determined by the Government.

The sums that the Government may be called upon to pay in virtue of the guarantees or to advance to the Bureau are taken out of the consolidated revenue fund.]]

“46.4 The sums collected by the Bureau as interest on its loans are applied, as the interest on its borrowings becomes due, first, to the payment of the interest payable on borrowings contracted under section 46, and, secondly, to the payment of the interest payable on the advances made by the Minister of Finance under section 46.3.

The sums collected by the Bureau as repayment on its loans are applied as follows and in the following order of priority:

(a) the repayment of capital borrowed under section 46, as such repayment becomes due;

(b) the establishment, as the case may be, of a sinking-fund and other reserves related to borrowings contracted under section 46;

(c) the repayment of advances made by the Minister of Finance under section 46.3, when such repayment becomes due or, if there is no due date, as often as determined by the Minister of Finance.

“46.5 The funds that the Bureau has at its disposal under this act are deposited, until they are used, in a chartered bank, an institution registered with the Régie de l'assurance-dépôts du Québec or in securities issued or guaranteed by the Government of Canada or the Government of a province of Canada.

The interest collected on such investments and any surplus over and above the maximum amount of the working fund are paid into the consolidated revenue fund within ninety days of the end of each fiscal year of the Bureau.

“46.6 The Bureau may, with the prior authorization of the Government, and at the price and on the conditions the Government determines, sell the whole or a part of its debts arising from loans granted under sections 2 and 3.

The Bureau may, with the written consent of the purchaser given at the time the sale is made or subsequently, substitute for any debt thus sold any other debt arising from a loan granted under section 2 or 3.

“46.7 The Bureau is not bound by articles 1571 to 1571c, 1572 or 2127 of the Civil Code with regard to the transfer of a debt contemplated in section 46.1 or the sale of a debt contemplated in section 46.6.

The Government shall, however, fix the conditions respecting the method of service of such transfer or sale.

“46.8 The proceeds from the borrowings or sales made by the Bureau under sections 46, 46.3 or 46.6, as the case may be, must be used to make the loans the Bureau is authorized to grant under sections 2 and 3 or to repay any borrowing already contracted under section 46 or 46.3.”

[[5. Section 47 of the said act is replaced by the following section:

“47. The Minister of Finance may at the request of the Bureau pay to it, out of the consolidated revenue fund, the sums required to make up for each fiscal year of the Bureau,

(a) the difference between the amount of interest payable by the Bureau on borrowings contracted under sections 46 and 46.3 and the amount paid as interest by borrowers from or debtors of the Bureau;

(b) any loss in principal and interest sustained by the Bureau on its loans and of which repayment is not insured under the Act respecting farm-loan insurance and forestry-loan insurance (1978, c. 49);

(c) any expense charged to the Bureau’s working fund, not recuperated by the realization of the guarantees and of which repayment is not insured under the Act respecting farm-loan insurance and forestry-loan insurance.”]]

6. This act comes into force on the day of its sanction, except sections 1 to 3, which will come into force on the date to be fixed by proclamation of the Government.