I would now like to talk to you about interest rates. I think that interest rates are reasonable and favourable to farmers. The maximum interest rate that lenders can set is the prime rate plus 1 per cent in the case of variable rates. Or, if you prefer, the variable rate is equal to the prime rate plus 1 per cent, so it changes like the tide. If interest rates go up, the interest rate paid by farmers on loans guaranteed under this act will go up as well. Conversely, if interest rates go down, the interest rate paid by farmers will also go down.

However, if the farmer wants a fixed rate for five years, the rate will be the prime rate at the time he negotiates his loan plus 2.25 per cent. But it must not go beyond a fixed five year period. According to the statistics I am quoting to you, in 1991, some 683 rural lenders such as caisses populaires and credit unions were accredited as lenders under this act.

As you know, Mr. Speaker, caisses populaires were treated inequitably in the past, because the caisse populaire network plays an extremely important role in Quebec. Often, it was less profitable for the large banks to do business in rural areas, so they withdrew to the major centres. They left rural communities to the caisses populaires, making it difficult for our farmers to borrow money since the caisses populaires were not even accredited.

How could the central government, with its so-called respect for institutions, have the nerve not to accredit the caisses populaires? Only large banks had this privilege, because, as we know full well, the caisses populaires never make financial contributions to political parties, be it the Bloc Quebecois or any other political party.

You see, since they were not major contributors to election funds, they were simply relegated to that kind of loan. It is a disgrace. Fortunately, staunch nationalists such as the Parti Quebecois members, whose courage I must salute, pressed and reasoned the the federal government into recognizing credit unions as lenders for the purpose of this loan guarantee.

While accounting for 25 per cent of the total Canadian population, Quebec is only the third largest user of loans guaranteed by the federal government at seemingly interesting interest rates under this act. Why do Quebec farmers not use this window? Because it is not well known at all. So, with your permission, I will try to describe it as briefly and simply as possible.

First of all, I must tell you that this act does not apply to anyone who wants to start a farm business. If you want to buy a farm with a view to eventually becoming an independent farmer, this act is not for you; you have to go either to the Farm Credit Corporation, which is a federal institution, or to the Société du financement agricole, which is a Quebec institution.

• (1525)

The bill before us this afternoon is for farmers who wish to make improvements, expand their facilities, buy out a neighbour, those who want to build extensions, for example an addition to a hog house, build a road across their farm to get to the wood at the other end of the property, install an electric generator in a hog house or refinance and consolidate all their debts in a single loan. That is what this kind of loan is for. It could also be used to buy cattle, install a new grain silo or buy the neighbour's silo to move it to your land. As you know, the cost of building a manure pit or buying tractors, rotary mowers or combine-harvesters is always on the rise.

Of course, the government is not guaranteeing loans of less than $2,000. As you know, in 1995, we cannot afford to create paperwork costing more than the benefit provided. There is also an upper limit. For farmers, the maximum is $250,000, while in the case of agricultural co-operatives, it is $3 million.

Some purchases are not eligible, such as short term goods. Under Bill C-75, piglets weighing 35 or 45 pounds would not be eligible because such a purchase is for a short term of about five or six months. Consequently, it would not be eligible. The same is true in the case of repairs to the family home on the farm. Such an expense would not be eligible. Nor would the purchase of quotas. A dairy producer interested in buying a quota to generate a more substantial income would not qualify.

So, under that bill, a farmer can borrow up to $250,000 and an agricultural co-operative up to $3 million. The loan guarantee must cover the maximum of 80 per cent of the loan. We cannot guarantee more than 80 per cent of the assets bought. In the case of a farm expansion, the maximum period provided to repay the loan is 15 years, while it is 10 years for any other product or good. It goes without saying that, if the product bought will only last four years, the maximum period provided to repay the loan will not be 10 years but four.

Let us now look at payments. Payments could be made on a monthly basis, but at least one payment would have to be made each year. If someone says: "I only want to pay every two years", that would not be possible under this bill, since a minimal payment is required every year.

I have already addressed the issue of interest rates, so I will recap briefly. If you talk about the variable interest rate, the floating rate, that is the prime rate plus 1 per cent. If you choose the fixed rate, that is a lot more costly. A fixed rate is only good for 5 years and is equal to the prime rate plus 2.25 per cent.

Finally, I would like to take a minute or so to talk about the registration fee and the administration charge.