Agriculture and Agri–food not one of the hardest hit by the last round of budget cuts?

Agriculture and Agri–Food Canada is one of those hardest hit by downsizing. It does not make sense to maintain duplication and make cuts in areas where duplication does not exist. Inspection services will now charge a fee, although we have three overlapping inspection services. Where does the money come from to pay for these services? From the private sector, which ends up paying the price of duplication.

The minister must be aware of the fact that officials who helped draft this legislation on farm improvement and marketing co–operatives loans admitted it was competing with equivalent programs in Quebec. For the benefit of those who may not be that familiar with the Société de financement agricole, I would like to comment briefly on its farm loan operations.

This is taken from the agency's latest annual report. The Société de financement agricole authorizes and guarantees loans and credit openings. Farmers can obtain guaranteed loans up to a maximum of $800,000, while the maximum for loans at reduced rates is $200,000. The interest rate for guaranteed loans is based on the residential mortgage rate offered by financial institutions. Farmers now have the option of selecting a one–year, three–year or five–year term, at a rate locked in for the duration of the term selected.

During the 1993–94 financial year, the Société de financement agricole granted 4,682 farm loans totalling $353.3 million, which represents an increase of 12 per cent in the number of loans and 39 per cent in the total amount. Out of the total number of loans, 3,305 representing $279.6 million were granted at the reduced rates provided under the financing program.

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Furthermore, the Société de financement agricole authorized the transfer of existing loans, representing another $39.5 million. The total amount of loans and transfers was $392.8 million.

In other words, Quebec already offers these services. It is in a better position to understand what is involved, thanks to a consultation model unique in North America. Agricultural partners in Quebec have given a lot of thought to sustainable regional development.

The Société de financement agricole is closer to the farmers and to the markets. It is in a better position to develop a consistent credit policy based on economic development strategies identified by the parties concerned. If Agriculture and Agri–Food Canada lets the Société administer the loan guarantees to which Quebec is entitled, duplication will no longer be an issue.

Bill C–75 may be worthwhile to farmers in the rest of Canada, but I have some reservations about the impact of this program in Quebec. Is the Canadian government going to say yes to a farmer whose loan request has just been turned down by the Société de financement agricole? If a project review was done by experts, is the federal government going to do another one? We are still stuck in the murky waters of federal duplication, lack of efficiency and interference.

Furthermore, Quebec already faces duplication through the presence of the Farm Credit Corporation, which reports to Parliament through the Minister of Agriculture. In Quebec, we have shown that the Société de financement agricole is capable of managing the loan guarantee program. The rest of Canada could benefit from the expertise of the Farm Credit Corporation, which is the largest long term lender in Canada. A document provided by the FCC itself indicates that it has the human resources and expertise required for agricultural financing.

In addition to providing traditional loans, the FCC can now finance diversification projects on the farm or value added agricultural businesses off the farm. In addition, the FCC can now administer programs and services jointly with federal agencies, provincial governments and other lenders.

Our colleagues opposite will again tell us there is no duplication. Officials have said that Agriculture and Agri–Food Canada's program was not duplicating the activities of the Farm Credit Corporation, since it did not offer the same program. We are always hearing these arguments. Once and for all, will this government not understand that these arguments do not hold water? Let us look at the thing objectively. Since the industry seems to consider the program valid, why does the Farm Credit Corporation not use its own resources to provide it?

The FCC has the capability, with a staff of over 760 people working out of six regional offices and 101 district and rural offices. The FCC loans portfolio includes some 55,000 accounts valued at $3.3 billion.

It is therefore biased, dishonest and wrong to say that there is no overlap between the activities of Agriculture and Agri–Food Canada and the Farm Credit Corporation. It has, I repeat, all it needs to offer the program elsewhere than in Quebec, where the Société de financement agricole can do the job.

The federal government talks of single window here and single window there. However, when it comes to making it operational, it is another story.

Here is the situation. The government takes a perfectly logical step.

Under the terms of the act, once the $1.5 billion limit is reached, the government is no longer obliged to guarantee loans granted by lenders. This obviously prevents new loans from being accepted under the Farm Improvement and Marketing Cooperatives Loans Act.