

Businesses Loans Act and the Farm Improvement Loans Act, and put them under the umbrella of the Farm Credit Corporation?

• (1610)

It would seem a government guarantee to other lending institutions is a conflict in one way because we would be in direct competition with the Farm Credit Corporation. What does the member think about the idea of consolidation and removal of duplication?

Mr. Collins: Mr. Speaker, with regard to the questions posed and with regard to FIMCLA we must remember the bill would increase the cap from \$1.5 billion to \$3 billion. We have to maintain that and keep it as the essence of the drive.

We have to review all government agencies, farm credit and the entire agricultural scene. With that in mind, I am sure the agriculture minister is looking at all available options.

However, in relation to Bill C-75, I would not want us to delay very important action on behalf of the agricultural community.

Mr. Kerpan: Mr. Speaker, I would just like to clarify for my hon. colleague that my criticism is not against increasing the limit to \$3 billion. I understand the need and necessity for it. My only concern was that we were using band-aid measures and we could do far more to improve the situation if we opened it up and looked at the whole picture.

Mr. Collins: Mr. Speaker, I listened rather intently to the hon. member. In his speech he expressed some concern about the capping provision. It is very important.

Since the member has an agricultural background, I take very seriously his thoughts about the whole business of our running government, certainly in the agricultural sector.

[*Translation*]

Mr. Jean Landry (Lotbinière, BQ): Mr. Speaker, I rise today to speak on Bill C-75, an act to amend the Farm Improvement and Marketing Cooperatives Loans Act.

I believe I am going to please the government by saying that its plan to increase loan guarantees to \$3 billion is an excellent one. However, if it thinks the criticisms will be coming after the compliments, it is quite right. Let us first turn to the positive aspects. In fact, the change is only raising the guarantee ceiling for loans made by financial institutions, to keep up with the demand.

According to data provided by the Department of Agriculture and Agrifood, the program is very efficient since its cost is very low. It costs \$1.5 million a year, which reflects losses due to loan default. We are talking about 1 per cent of guaranteed

loans as a whole. This means that with a \$3 billion ceiling, the annual cost should rise to \$3 millions, which is quite acceptable.

We are not against logic. According to data also obtained from Agriculture and Agrifood Canada, in 1994-1995, more than 17 000 loans were made under the Farm Improvement and Marketing Cooperatives Loans Act, for a total of \$475 million. The total value of guaranteed loans is getting close to the \$1.5 billion limit.

The demand and the service provided fully justify the increase in the guarantee limit. We are not against this measure, which allows farms to have access to development funds without the government having to give grants, which come right out of taxpayers' pockets.

However, a dose of constructive criticism will be good for this government which does not realize, or chooses to ignore, that overlap costs money to the taxpayers, who are already over-taxed, and that it could be avoided.

• (1615)

In fact, this measure perpetuates the overlaps between the federal government department, the Farm Credit Association and Quebec. Through the Société du financement agricole, Quebec provides the same services as its federal counterpart. Yes, more overlap. In one ear and out the other. The population got the message, and most importantly, understood it. Overlap.

And regarding the case that we are discussing today, we should specify that there is an overlap not only in activities, but also in the way things are done. Loan guarantees have their place, but they increase the debt load of businesses. Everybody recognizes the importance of evaluating a business's potential and its market before offering more loans. Too heavy a debt load makes a business unable to compete. That is why we maintain that Quebec is in the best position to identify which sectors of its economy are experiencing growth and to establish policies regarding access to credit.

Obviously, these policies are geared to the development strategies elaborated in collaboration with the sector. In its latest annual report, the Société du financement agricole du Québec points out that it creates and develops new programs in collaboration with representatives of the financial and farming sectors. Quebec has established a tradition of consultation on farming issues with the États généraux du monde rural in 1991; the consultation committees which were formed during the Trois-Rivières Summit in 1992 following the consensus reached on the priorities for the agri-food sector's development in Quebec; and lastly, the Trois-Rivières Summit itself.

Quebec has the expertise required to take the program under its wing, of course, with the corresponding transfer of funding. The federal government would save a department desperately in need of saving a great amount of money. Was the Department of