

*Farm Improvement Loans Act*

branches for a federal government guarantee for this type of loan. Indeed, I do not think they would appreciate our trying to apply the rules to them that we apply to private financial institutions. I do not think the question arises at all that they would even want this kind of thing. If hon. gentlemen opposite know that the Alberta provincial treasury would like the federal government to guarantee their operations and inspect their books, according to what the hon. member for Crowfoot says, I would point out that they have never drawn that to our attention.

**Mr. Horner:** Is the minister saying that if they did make application they would qualify? Is this the interpretation that I can put on his remarks? He is saying they never have. I do not believe every credit union has applied.

**Mr. Olson:** That is right.

**Mr. Horner:** The treasury branches in Alberta are completely independent of the Alberta treasury. Their books and their book-keeping are separate. The minister shakes his head but I am certain they do not operate out of the same treasury. If they did apply would they qualify?

**Mr. Olson:** Mr. Chairman, there is no doubt in my mind that the treasury branch service in Alberta does in fact operate a very good and useful service in those areas where it has branches, but for the hon. member to say they operate completely independent of the treasury just is not so. This is the only legal status on which they can provide that service, that they are in fact an extension of the treasury. Otherwise they would need a bank charter and they have not got one. I know that and I know that they know it.

The question of whether or not we offer to guarantee loans that are made by the treasury branches just does not come up because I do not think they are going to apply. I do not think they would want to be designated and subjected to the regulations that would qualify them for designation. The hon. member has mentioned that all credit unions did not apply. That is true but some of them from time to time have expressed interest, particularly in student loans. We are prepared to offer this service whether or not all of them accept it. There have been times in the past when credit unions have indicated a desire to lend money under the Farm Improvement Loans Act, but probably they have not done so recently considering the 5 per cent interest rate. That is why we need these amendments

so that we can get not only the banks back into this business but also all other financial institutions that have experience in dealing with farm credit requirements.

**Mr. Horner:** Has there been any discussion between the minister or the Department of Finance and the head of the Alberta government treasury branches with regard to the feasibility of their coming under this legislation?

**Mr. Olson:** Not recently.

**Mr. Horner:** Then the minister is not very interested in one of the major banking institutions in Alberta. I would say without a shadow of doubt that the treasury branches in Alberta have served a real purpose. They offer real competition to the chartered banks. They have done a tremendously good job in providing loans for farm machinery without a guarantee. For the past 23 years the chartered banks have had a guarantee but in fact the treasury branches have moved in and, to use the word in its polite sense, have even stolen business from the chartered banks.

● (5:20 p.m.)

If discussions were carried on with the treasury branches I do not believe for one minute that they would not express an interest in a guarantee. I am very disappointed that the Minister of Agriculture has not prodded the Minister of Finance or his deputies to look at the feasibility of allowing greater competition in the banking field in the province of Alberta. I might add, that there has been plenty of competition with respect to loans for home builders and city developments. Farmers have recently taken advantage of the Industrial Development Bank, since its operations have been made available to them. The treasury branches were opened in the smaller communities where the farming industry does most of its borrowing. I am making this point. I can only say again that the Minister of Agriculture has not prodded the financial department of his government into attempting to make working arrangements with the treasury branches in Alberta.

**Mr. Olson:** I am sure the hon. member really does not altogether mean what he has said. Why would the federal government have guaranteed provincial government loans? We are trying to induce private institutions into providing this credit for farmers. My hon. friend knows very well that for a long period of time the treasury branches were, in fact,