

*Farm Improvement Loans Act*

**Mr. Olson:** Mr. Chairman I do not think any useful purpose could be served by making public statements in or outside the house regarding the exploratory inquiries that have been made of the people involved. I think this might make the situation more difficult. We should not speculate about things that have taken place up to this point. When the provisions of the bill are available we can make a decision about the maximum rate.

Let me point out to hon. members opposite that the maximum rate is not a matter for negotiation although it is a matter for discussion. One can become confused about the connotation of these two words in this context. I think in the final analysis the governor in council will decide what the maximum rate will be on loans which the government will guarantee.

The only purpose of this legislation, as I explained the other night, is to guarantee loans and lower the interest rates below commercial or competitive rates which now exist. Otherwise there would be no purpose. We are keenly aware that this is the purpose.

**Mr. Burton:** Mr. Chairman, I was somewhat surprised by the minister's statement that there had been no consultation with financial institutions other than banks.

**Mr. Olson:** I did not say that.

**Mr. Burton:** I gathered from his remarks that there have been some discussions, but if I understood him correctly there have been no discussions with officials of credit unions.

**Mr. Olson:** That is not what I said at all.

**Mr. Burton:** I understood that there have been no discussions with trust or loan companies which may eventually become involved in lending under this legislation. Because our discussion has taken this turn I intend to make some remarks about subclause 1 of clause 1.

The purpose of this subclause is to redefine the term "bank" as it is used in the act. It has the effect of qualifying other institutions under the provisions which guarantee loans to farmers. This paragraph provides that all chartered banks are qualified under the Farm Improvement Loans Act. Provision is made in subsequent paragraphs to include credit unions, *caisse populaires* and other co-operative credit societies, as well as trust companies and loan companies.

These companies must be designated under the provisions of this measure by the minister. I am aware of a financial institution which would fall within this category; yet none of the officials of this institution have received information about this bill. This institution's employees are experienced in the lending field, and are interested in receiving information. I forwarded them a copy of this bill.

Paragraphs (ii) and (iii) set out the other institutions which may qualify for inclusion under the provisions of this bill. As I understand the wording, the minister is to be given the discretion to decide which institutions will be included. There is some justification for this because of the nature of some of these institutions and because of what is involved. It seems to me that this leaves the minister in a rather vulnerable position. He has absolutely no criteria to follow in deciding which institutions should qualify. He must use his own judgment, which I have no doubt is as good as the judgment of anyone else. It would be useful if the minister had some legislative guidance in making these decisions as to which institutions should be designated or qualified under this measure. This would provide some protection.

Let me ask the minister what policy is to be followed when making loans. Are there to be any basic criteria as to what institutions may qualify? The institutions which make these loans will be making them for the purpose of farm improvement, and as long as they meet some criteria there will be no difficulty about the guarantee. Without some criteria there will be very mixed-up situations. Various institutions qualified under the provisions may well be following different policies. There will not be any co-ordinated or integrated approach in respect of farm credit affairs. This could lead to very serious problems.

I have consulted the managers of several financial institutions which have been engaged in lending money for the purpose of farm improvement without the provisions of any government guarantee. Some of these people are well qualified from a managerial point of view and have competent employees. This is the type of institution we should have in mind when deciding the criteria or provisions under which they may qualify.

We must look at the broad implications of this measure. Will the minister consider these financial institutions very carefully before including them within the provisions of this bill? Is there going to be any co-ordination or