

financial institutions which depend on the insurance department.

A number of other amendments are also proposed, Mr. Speaker. Some result from the earlier amendments or they are purely formal. To be more specific, some amendments are rather related to the substance. From this point of view, it is advisable to recall the amendment which would bring from 12 to 18 the maximum number of members in the board of directors of an association. However, the directors representing credit unions should form the majority of the board.

The present law does not include any provision allowing a central credit bank of a province to disaffiliate from the Canadian Co-operative Credit Association and to escape the Co-operative Credit Associations Act. Provisions are presented which will from now on allow disaffiliation when the minister is convinced that the interests of the federal association and of its members are protected. One of the other amendments proposed relates to the acceptance of the association's auditors and would allow the members of an association to dismiss an auditor and to appoint another one. In the case of dismissal, the superintendent of insurance should be advised.

Presently the law forbids a provincial central bank under the Co-operative Credit Associations Act to accept deposits from another province or to grant loans outside the province where it has been established. We propose to cancel this prohibition in order to give more flexibility to provincial central banks.

Other proposed amendments would enable the members of the Canadian Co-operative Credit Association to vote by proxy, to use the amortized value in the evaluation of federal and provincial government bonds and to give the board of directors of an association more latitude in determining the net annual profits which should be affected to the reserve for unforeseen events.

Allow me to remind you that the changes proposed in this bill were requested by representatives of the federal association and of the affiliated provincial associations. They were also studied as a whole, in an official way, with the provincial authorities, with which close relations should be maintained so that the provision concerning the lender of last resort that I have just described, is applied satisfactorily. They have expressed their interest and their desire to co-operate.

The government is aware of the expansion and of the growing financial strength of the credit movement and of its past and future contributions to the economic development of our country. An obvious indication of its strength and of its importance is the fact that the total assets of local credit unions amounted to more than \$7 billion at the end of 1972.

Mr. Speaker, I am convinced that all hon. members will want to deal quickly with this bill which fulfils the requests made by the co-operatives and credit managers concerned.

[English]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the Parliamentary Secretary to the Minister of Finance (Mr. Comtois) has pretty well read what I have in my notes on what I consider to be the ambit of this bill. I

### *Co-operative Credit Associations Act*

suggest it covers many things and is not a simple or uncomplicated bill. It has many clauses which touch upon a great number of the activities on the financial side of co-operative societies. It does not merely deal with producer co-operatives but, rather, with the Co-operative Credit Associations Act.

I have been struck over a period of years by what seems to be a full-cycle turning of the wheel. The origin of co-operative credit associations, federations and the national association resulted from the need of people with rather limited means who wanted to help one another by lending money for business or residential purposes, and gradually they grew.

• (1520)

Three years ago we established a co-operative mortgage association that differs very little from a standard mortgage operation. We know from that that there are documents which a credit union or any one of its organizations signs with one of its members as a result of a lending transaction. This differs little from the standard type of mortgage with a mortgage company, insurance company or bank. We know that many co-operative credit associations actually carry out banking functions. They are the heart and core of what we call the credit banks, ce sont les Caisses Populaires. They are under another name in other provinces. There is one major difference. No longer are they small organizations. There are rumours to the effect that one co-operative organization actually controls one of the chartered banks in this country. There is a difference as a result of the changes under the Income Tax Act. These co-operatives do not pay any income tax.

There is a reference to the granting of powers of investment to these co-operative credit associations similar to those under the Canadian and Foreign Insurance Companies Act. They are going down the same road. However, again they are not taxed. They do not pay any income tax and yet a mutual insurance company owned by the policy holders, which in effect is a co-operative but comes under the Canadian and Foreign Insurance Companies Act, is taxed. Personally, I should like to see what the lines of demarcation and conditions in respect of these organizations are. Is it right, for instance, to say that a co-operative organization in the field of insurance or investment similar to a mutual insurance company should be taxed because it is a standard insurance company, and that the other ought not to be taxed under the Income Tax Act?

It was the proud boast of those who supported the changes in Bill C-259 that there should be equity among taxpayers. I have just shown where there is great disparity among taxpayers. I should like to see developed, as a result of the amendments under Bill C-259, what has been the expansion of the co-operative giants in certain fields, particularly in western Canada, so that we may know whether that has been for the good of the public.

At the time of the revisions to the Bank Act in 1966 it was my contention, which I have repeated, that our Bank Act, being restricted only to the one type of bank, the chartered banks, does an actual disservice to the country and that the Canadian Bank Act should cover every institution that carries out a banking function. If any organization, whether a co-operative, mutual, public or private