

Farm Improvement Loans Act

Mr. Olson: The hon. member for Crowfoot asked several questions that I should like to answer. He talked about the risk involved with land vis-à-vis machinery. Under this government guarantee there is no risk on either type of loan because the money is guaranteed by the federal government.

Mr. Korchinski: The minister was not very clear about that.

Mr. Olson: Risk is not a factor. The only factor is time. The hon. member raised a point about money lent over a long term bearing interest at a slightly higher rate than money lent for a shorter term. He knows that that is so. I need not spell out to the hon. member the details of the performances and terms of various government bonds. He took that matter up so eloquently the other night himself. The hon. member also knows that so far as the federal government is concerned, government of Alberta treasury branches are extensions of the Alberta treasury. What authority do we have to inspect the provincial treasury? I am not sure that it is proper for us to consider guaranteeing loans that are made by the treasury of the province of Alberta. They can make their own guarantees. They are competent to do so.

Mr. Horner: In other words, loans by the treasury branches in Alberta will not be guaranteed under this act. Is that correct?

Mr. Olson: I think the hon. member can assume that.

Mr. Horner: I am very disappointed and I may say that many farmers in Alberta will also be disappointed.

Mr. Olson: I do not see what added value there would be to the government in guaranteeing loans that are part and parcel of the structure of the provincial government. They are completely guaranteed as far as that government is concerned.

The hon. member also raised the matter of credit unions. May I advise hon. member opposite that credit unions are now designated for student loans and that the program works very well.

[Translation]

Mr. Fortin: I should like to ask the minister for some details. In order to be understood, I will speak very slowly so as to make the simultaneous interpretation easier.

In the light of the statements he made the last few days, I should like to ask him first

[Mr. Horner.]

whether he is requesting the authority to sign agreements with private sources of credit; secondly, whether the house will have nothing more to say on this matter; thirdly, whether the government will be unable to guarantee approximately the requested interest rate or rates, and fourthly, whether he will be able to finance the operations of a public corporation which comes under the federal government.

[English]

Mr. Olson: Mr. Chairman, I believe one question the hon. member asked was whether we should guarantee credit emanating from private sources. To the extent that banks, credit unions, caisses populaires, and other similar institutions are private, compared with other institutions in the public sector, we shall be guaranteeing credit emanating from such private institutions. We will guarantee the repayment of loans that such institutions grant to private individuals.

If my hon. friend will look at clause 4 of the bill he will see that the guarantee is for 90 per cent on loans up to \$125,000 with respect to the institutions mentioned there, 50 per cent for the next \$125,000, up to \$250,000, and 10 per cent on any amount that exceeds \$250,000.

The other question my hon. friend asked was, I believe, what rates of interest will the government guarantee apply to. I have answered similar questions for quite a long time. We do not know precisely what that rate will be. We must pass the bill first so that the banks and other financial institutions will know exactly what is involved, and then we have provision for the governor in council to prescribe a rate after some discussions have been held.

Mr. Mazankowski: I wish to put two questions to the minister. I do not intend to hold up this bill in any way. In the provisions of the bill that pertain to classes of lenders, can the minister say specifically whether the Alberta treasury branches are to be included?

• (5:00 p.m.)

Second, could there not be some provision made to accommodate interest free deals so as to help both the farmers and the bankers? Take the case of a farmer who buys a combine this fall on an interest free basis, payment to become due on the first occasion he uses the machine. It might be ten months before he does so. Could there not be provision made in this legislation for the machine