

Mr. CHESTER: We cannot place as high a value on it as some people think a wood lot is worth. We certainly take it into consideration when considering his repaying ability, which is an important factor in making a loan.

Mr. FLEMING (*Eglinton*): Mr. Chairman, would you excuse me. I have to attend a cabinet meeting now. I will make myself available if there are any questions on policy on which the committee would wish me to be present on. Mr. Chester will be here to deal with any matters concerning operation.

The CHAIRMAN: Thank you Mr. Minister. I would suggest that the members confine their questions to matters of operation and not policy from now on.

Mr. SOUTHAM: I was going to make a remark supplementary to what Mr. Campbell said. In Saskatchewan, from where I come, due to agrarian changes which are taking place out there in the larger farms in order to make them an economic unit, and because of the acceleration of automation which goes along with that, I do not think a \$15,000 maximum is enough in a loan. I would like to suggest that be taken into consideration. There is a vast economic change taking place; it is just evolution. I think we have to accelerate our plans and our maximum in order to keep in step with what is taking place.

The CHAIRMAN: I believe that that would be a question for the minister to answer.

Mr. BRUNSDEN: Mr. Chairman, I am interested in the paragraph at the bottom of page 2, lending powers, and running down to the end of the paragraph on page 3. Would Mr. Chester give us a few words in respect of the relationship, or perhaps the lack of relationship in so far as my part of the country is concerned, between the lending ability of the board and the actual lending procedure of the board? What I mean by that is this: I have a very close connection with the Canadian Farm Loan Board. Their appraisals are sound. However, they certainly are not related to the market values, and they cannot be. In very few cases in the province of Alberta, and I am speaking particularly of the south, is a loan approved for more than one-third of the appraised value. If the loaning ability is 65 per cent of the appraised value, I am wondering why the one-third feature not only is introduced but adhered to in most instances? I am not speaking critically, but rather I am looking for information.

Mr. CHESTER: To begin with, I think your figure of one-third is very low. I can find out what our average loan is as expressed in a percentage, but I believe it would be very much higher than that. Many people do not apply for a 65 per cent or a 50 per cent loan. A man may have a \$10,000 farm and only apply for a \$2,000 loan. There are many loans made in Alberta, as in other provinces, at the appraised value of 65 per cent.

Mr. BRUNSDEN: I would say that the majority of the applications are reduced from the amount applied for.

Mr. CHESTER: You mean reduced by the board; a man applies for \$5,000 and we approve \$4,000. Is that what you mean?

Mr. BRUNSDEN: Yes.

Mr. CHESTER: The incidence of that is very, very seldom in the last year or two; although there was more of an incidence previous to 1956.

Mr. BRUNSDEN: I am very glad to hear that.

Mr. CHESTER: There has been a vast improvement in that respect.

Mr. BRUNSDEN: I should add that most of my experience has been on irrigated land which is not within the purview of the board and that may be one of the reasons for the low appraisals. It is very difficult for a man