

Mr. GARLAND (Bow River): Does that rate of 8 per cent include the amortization?

Mr. ROBB: No, it is straight interest.

Mr. GARLAND (Bow River): Then in my opinion that is an absolutely wrong principle and is not fair.

Mr. ROBB: It applies only to defaulted payments and the board have the right to make it less if they so desire.

Mr. WARD: I presume the board referred to is the board here in Ottawa, and in that connection I would like to ask a question of the minister. Provision is made in the bill for the establishment of provincial boards; if that is done, what authority would that board have in these matters? Would it be in the capacity of an advisory board to the central board in Ottawa?

Mr. ROBB: I understand that the central board has the final authority, but it must be kept in mind that the central board is governed by the advice of the provincial boards. The man here in Ottawa does not know very much about these matters and he must of necessity rely on the judgment of the board nearest to the spot, whose members understand the local situation.

Mr. SPENCER: There is one other point I would like to bring up, with regard to subsection 8. Would the borrower be asked to pay any bonus if he repaid his loans before they were due?

Mr. ROBB: What does my hon. friend mean by a bonus? That is a matter to be determined by regulation, I think.

Mr. GARLAND (Bow River): I am afraid it is. Does the minister consider it wise to leave it that way? Would it not be much better to decide now that after the period provided for, that is five years, the borrower could repay in whole or in part without necessity of paying a bonus. I think it would be a very advisable clause to insert in the bill. There is no question in my mind but that it will increase the volume of business done.

Mr. ROBB: Of course there is no penalty after five years. We hope the board will be sympathetic towards the borrowers and will administer the act in a fair way.

Section agreed to.

On section 8—When loans available.

Mr. BOURASSA: I would ask the minister if he could not widen somewhat the scope of subsection 3. I had a letter a few days

ago from La Société de Colonisation which the minister knows is a sub-agent, so to speak, of St. Jean Baptiste Society. It has a provincial charter, interests itself in colonization matters and is frequently an agent of communication between the Land department at Quebec and the settlers. This society asks to be empowered under this subsection of the bill to act as a local coöperative society. I think the addition of two or three words along this line with respect to colonization societies would enlarge the scope of the operations of the bill very usefully.

Mr. ROBB: I can see no objection to amending the subsection in such a way as to read:

Subject to the approval of the board whether loans shall be made directly to farmers or through local coöperative societies, or recognized colonization societies—

And so on.

Mr. GARLAND (Bow River): What body would be responsible for determining the nature of the colonization society?

Mr. BOURASSA: The board.

Mr. GARLAND (Bow River): This board? All right. May I submit that this section is probably one of the most important sections in the bill, if not the most important. This is the section which brings the province and the federal board together. It goes further than that, it brings the borrower directly to the board. In the original draft of this bill the precaution was taken by those who were interested in the question from this side of the House to see that this section should provide that the loaning should be made either direct to the borrower, or through coöperative societies, or in the way the hon. member for Labelle (Mr. Bourassa) has suggested, but subject to the discretion of the provincial advisory board, not to the approval or regulation of the federal board. As the section is now drafted it makes the method to be adopted in a province subject entirely to the federal board. So the board, as soon as the bill is passed, could come to our province, where we are prepared to adopt this measure to the fullest degree, and say: "Here, you must administer your loans direct," whereas in that province we administer the loans through our local coöperative societies. I would ask the minister to reconsider this section and have a provision made that the provincial advisory board, or the provincial authorities acting in connection with this bill,