

*Canadian Farm Loan Act*

Motion agreed to and the house went into committee, Mr. Rea in the chair.

**Mr. Fleming (Eglinton):** Mr. Chairman, the resolution before the committee is simple and clear in its terms and urgent in its nature. The bill to be founded on the resolution is likewise simple and very clear in its terms. The bill increases the capital stock of the Canadian farm loan board from \$4 million to \$6 million, and that is all the bill does. That is the sum total of the extent of the bill.

The Canadian Farm Loan Act provides that the farm loan board may borrow money from the Minister of Finance for re-lending to farmers but that the total amount of such borrowings may not exceed 20 times the par value of its outstanding capital stock. At present the outstanding capital stock is \$4 million which fact therefore limits the board's borrowing capacity and consequently its re-lending capacity to \$80 million. At the beginning of this fiscal year, April 1, 1958, the board had loans outstanding in excess of \$61 million and nearly \$6 million of approved loans awaiting distribution. Loan applications on hand at that date exceeded \$5 million and indications at that date were that at least \$20 million of approved loans would be processed this year. But in the nearly four months that have passed since then, it is quite clear that the lending business of the board is greatly expanding beyond those expectations.

I may say that the board's actual lending in this fiscal year has accelerated considerably in excess of the increase estimated at April 1. Loan approvals at the end of June this year are 70 per cent ahead of those at the same date in 1957. Loans placed with the board's solicitors for disbursement at the end of June this year are 106 per cent ahead of those at the same date last year. Loans actually disbursed up to July 15—that is yesterday—this year equal those of last year to October 1. The best estimate at this time is that loan commitments by the board, unless the present measure is adopted, must cease by about August 15 and available money for commitments made will be exhausted by about October 31. There is therefore urgency in this present resolution, Mr. Chairman.

By increasing the capital stock which the Minister of Finance is authorized to purchase from \$4 million to \$6 million, the proposed amendment will increase the board's lending capacity from the present \$80 million to \$120 million. As all hon. members know, the government is keenly aware of the importance of agricultural credit and finance for the prosperity of our farming community. There are on the statute books three important acts

which deal with the capital needs of farmers, namely the Canadian Farm Loan Act; the Farm Improvement Loans Act which deals with intermediate credit, particularly for financing the purchase of farm equipment; and the Veterans' Land Act administered by my colleague the Minister of Veterans Affairs. At the present time the government is engaged in a comprehensive study and review of all three acts with a view to determining where enlargement of scope, expansion in function or improvement in the methods of operation may be required.

I think I should say a word about the procedure that is proposed. I have stressed the fact that the resolution relates to this one feature, namely the total amount of permissible borrowing and with it re-lending. The bill to be founded upon the resolution has precisely that effect. If it meets with the approval of the house I propose, after the bill has been given second reading, to move that it be referred to the standing committee on agriculture, so that that committee will be in a position to undertake whatever review or study it wishes of the broader aspect of the subject. Indeed, because the bill is so very short and its provisions so clearly within the simple terms of the resolution, if it meets with the approval of the house I would ask the house, in order to expedite the measure and move it to the standing committee on agriculture as quickly as possible, to allow the bill to be introduced and be given second reading today, and then, presumably, the committee on agriculture can meet soon and the officials of the Canadian farm loan board, the commissioner, Mr. Chester, and other officials of the department or of other departments will be available to assist members of the committee in studying all questions that may arise out of the bill.

It is hoped by the government that in this way whatever ideas hon. members may have in relation to this subject may be put before the committee, and also that the Canadian farm loan board may have an opportunity of acquainting members with the very greatly extended operations of the board.

In my experience as Minister of Finance for the past year, I have found that much of the criticism that one has heard about the operations under the Canadian Farm Loan Act relates to the period antecedent to the 1956 amendments. During the 1956 session the act was substantially revised, enlarging the permissible loan in any individual case and also the percentage of value of the farm against which the farm loan board was authorized to make loans. I think I can say that the tone and attitude of the administration has undergone a good deal of