

Hon. Mr. DUNNING: The borrower should get the benefit immediately both of the adjustment tentatively agreed upon and of the lowered interest rate from this time forth?

The WITNESS: That is right.

Mr. PLAXTON: And of the extended term of years?

Hon. Mr. DUNNING: Yes, all the provisions. I wanted it to be made clear that you acknowledged that.

The WITNESS: Yes, that that adjustment would then be put into effect and made in so far as the books of the company are concerned and the books of the central mortgage bank, the subject to be re-opened on the basis of the Central Mortgage Bank's subsequent appraisal, if it has an appraisal. Under those circumstances it seems to me that in a great many cases the appraisal might not be necessary. The books, plus the agreement as between the borrower and the mortgage company might be sufficient evidence in themselves without in every case an adjustment or an appraisal having to be made.

If, however, the bank decided that the matter had to be re-opened, then it would be re-opened and in the last analysis whatever decision was then reached would be in accordance with the terms of the bill as it now stands. That would overcome to a very great extent the mechanical problem, and, coupled with that, there goes the most important question of valuations.

Before a company can go before its board of directors and have them enter into a membership agreement it is necessarily essential that they must know what it is going to cost them. What it is going to cost them depends upon the valuations to be made under this plan. It is, of course, impossible to have those valuations made ahead of time, but there are certain basic standards or characteristics of securities which can be agreed upon or decided ahead of time.

Probably the biggest problem of valuation which exists today is in Saskatchewan farms. I think Dr. Donnelly might agree with that. It is a difficult matter to say just what is a fair valuation for the purposes of this bill, say, in the drought area of Saskatchewan. I think the general opinion among member companies is that there is a great recuperative power there and that today's conditions or valuations based on the last few years should not be the criterion for valuations under this bill. Therefore, there is, as I think Dr. Donnelly mentioned, some survey now being made in Saskatchewan. You have certain definite classifications of soils there. There is heavy clay soil and lighter soil, and particularly in southern Saskatchewan I think there is a real basis upon which valuations or standards of valuations per character of soil could be definitely decided upon before a company actually became a member of the central mortgage bank, so that it would know what the approximate cost would be. The same thing may be applicable in other areas or to other classifications.

The point I am desirous of making, though, is that if we are to come back to the premise that the bill to be successful must have a sufficient volume of business represented by its member companies and each company must know what it is going to cost before it can come in, then the matter of valuation is all important, and some criterion should be established as quickly as possible or agreed upon before the time for membership in the bank would be fixed.

Those are the major difficulties, and the suggestions that I am putting forward are put forward as constructive suggestions in the hope that if the government's intention is to do the job of adjusting the mortgage debts where the problem appears to us to rest, the co-operation necessary to the voluntary association through member companies could be facilitated by the removal of the difficulties that present themselves.

[Mr. P. D'Arcy Leonard.]