

and I think the same thing applies under Central Mortgage loans. You have to be earning a certain income in relation to the amount of loan that is given. This all ties in with the ability to repay and it must be tied in; otherwise you get into situations where you have overloaded somebody with a debt that cannot be repaid and both the borrower and the board would then be in difficulty.

Mr. HALES: The statement is a very important one, Mr. Chairman. I was wondering in the last report for the year ending 1957 what amount was written off for uncollectable loans and if so is there any reserve set up before this profit figure is arrived at?

Mr. CHESTER: Yes, we have a reserve for losses. Again it is related to our capital and must not exceed our capital. When our capital in 1956, was \$3 million the financial set-up was reorganized that is when that clause came into effect, that our reserve must not exceed our capital. At that time it did exceed our capital and we refunded to the Minister of Finance, the Receiver General, the difference between \$3 million and what our reserve was then, (\$444,258). So we have at the present time a reserve fund of about \$3½ million. I will get the right figure.

Mr. HALES: And the uncollectable amount written off last year?

Mr. CHESTER: They are always written against our reserve. Our reserve is \$3,209,769 at the end of March 1958. Net losses on real estate transactions \$818 last year.

Mr. HALES: You mean that is all the uncollectable amount?

Mr. CHESTER: That is what they were, the amount that was written off.

Mr. BOULANGER: What is the loss since 1949?

Mr. CHESTER: In round figures the board has lost about three quarters of a million dollars—\$718,298.59—and those losses have all been taken care of within the operation of the board. The board has paid those losses from reserves.

Mr. CAMPBELL (*Lambton-Kent*): Mr. Chairman, I would like to ask if any consideration is being given to the matter of increasing the totals which may be loaned to any one individual? I may say on page 3 you have outlined the purposes for which you may loan money. I suggest that if consideration has not been given I would like to see it given to increasing the amount of \$15,000 which I understand is your maximum. Now, \$15,000 will only buy approximately 30 acres of land in my territory and that does not allow anything for these other things you have to get, such as fertilizer, implements, livestock, and so on. I would like to see the total increased from \$15,000 that I understand now is the limit that any one individual can borrow.

Mr. FLEMING (*Eglinton*): Some of these suggestions of that kind, of course, pertain to matters of policy. Mr. Chester is here to answer any questions pertaining to operations. Any question involving a change in the law would naturally be a question of policy for the government.

Any suggestions of that kind, of course, will be taken into account in connection with this review that is proceeding now on features of the legislation.

We do not in the committee ask civil servants or persons who have not government responsibility to pass comments on questions of policy. In other words, I do not think it will be proper for Mr. Chester to say "I think it should be higher" or "I think it should be reduced." That is established now by the statute and all these things, as I say, are encompassed within the scope of the review which is proceeding at the present time.

I do want to state that any suggestions which hon. members care to make will be carefully noted and, of course, given due consideration.