

supervisory service is a broadening of the work now done by the appraisers of the Canadian Farm Loan Board and the Nova Scotia Land Settlement Board to effect a blending where none exists at present with the activities now falling under the Farm Management Division and Forestry Services of the Departments of Agriculture and Marketing and of Lands and Forests respectively.

Second, because loans to individual farmers can amount to several thousands of dollars, a member of the supervisory or management personnel should review each application and submit a report containing an economic appraisal of the plan to the lending agency, such report to be filed with the application for reference at any time to be used as a guide by the board when considering whether the loan should be granted.

Third, in view of the fact that economic conditions can change drastically during the currency of a loan and that borrowers may decide to fundamentally alter their pattern of agricultural production, the farm management service should be prepared at all times to express an opinion concerning the wisdom of modifying the production plan on any farm on which a loan has been granted.

Fourth, with the growth in the volume of Government lending to farmers an increasingly important function of the supervisory personnel will be to collect and analyse data on the agricultural and forestry situation and outlook and to make this information available in summarized form so that it may serve as a guide (and a warning) to the government lending agency. The research that may be necessary in this regard undoubtedly will require some direct field work throughout the province in addition to the collecting of regular reports of provincial and federal Governments on the agricultural and forest industries generally. In any event, it is anticipated that the information so collected will enable the government lending agency to detect at the earliest opportunity any deep-rooted changes in the agricultural and forestry situation and outlook that have a bearing upon government policy respecting the supplying of credit to farmers. The utilization by the lending agency of the services of personnel technically trained in the fields of agriculture and economics, farm management, and forestry, is essential to the development of a well-rounded program of farm credit.

The question arises, however, whether the services of the consultative and supervisory personnel will be too costly to warrant their inclusion in the farm credit program. The answer, of course, depends on how large a staff is to be built up. The more expensive the service the stronger is the argument in support of Recommendation No. 1 which advocates the establishment of one board. For the year ending March 31, 1956, the administrative expenditures in Canada of the Canadian Farm Loan Board, which do not include provision for supervisory services, were 7.7 per cent of loans disbursed. During the same period, expenditures of the Nova Scotia Land Settlement Board were 8 per cent of loans. The administrative expenditures in Nova Scotia during the past fiscal year of the Veterans' Land Administration which, as outlined in this report, is a complete system within itself and is well-known both for the training it provides for its staff and the nature and extent of the supervisory service it offers, were approximately 18 per cent of loans disbursed.

As mentioned above, since a Farm Management Division exists in the Department of Agriculture and Marketing and a Forestry Service in the Department of Lands and Forests, it is the opinion of the Commission that the services of sufficient supervisory personnel can be made available either to

the lending agency recommended by Recommendation No. 1, or to the Nova Scotia Land Settlement Board under Recommendation No. 2 at reasonable cost—

Recommendation No. 2 was that the Nova Scotia Land Settlement Board be permitted to enter the mortgage lending field, which is wholly taken up now by the Farm Loan Board. The report continues:

—especially if there is close co-operation between the lending agency, the Farm Management Division, and the Forestry Service. The commission emphasizes, however, that economy in the provision of supervision should not be carried too far as it is conceivable that in any year the supervisory personnel together with the agricultural representatives and the members of the forestry service not only might prevent the loss of a considerable sum of money as a result of the granting of questionable loans but also, more importantly, might influence the course of the utilization of agricultural and forest resources on farms in such a way that the incomes of farmers would be increased by several thousands of dollars.

Therefore, in view of the arguments in favour of making provision for the inclusion of a consultative and supervisory service in the Farm Credit Program, the need for greater integration of forestry and farming on many farm holdings in Nova Scotia, and the existence of farm management and forestry services within the province, the commission hereby recommends:

Recommendation No. 12

(a) That in order to provide the consultative and guidance or supervisory services to agricultural borrowers both at the time of negotiating for loans and later during the course of repayment, steps be taken to relate the work of the Farm Management Division and of the Forestry Services of the Departments of Agriculture and Marketing and of Lands and Forests respectively to the work of whatever lending agency or agencies are retained or established in relation to Recommendation No. 1 and No. 2;

(b) That when each application for a loan is received by the lending agency a member of the supervisory personnel submit an appraisal of the economic possibilities of the plan proposed by the prospective borrower;

(c) That such report be filed with the application for reference purposes and be used as a guide by the lending agency when considering the granting of the loan; and

(d) That in addition to collecting and recording specific and technical information respecting the individual farm units and operators, the lending agency collect and evaluate general information regarding the agricultural and forestry situation and outlook for the purpose of detecting general changes in economic conditions that will impinge upon the agricultural industry of the province and will have a bearing, therefore, on the policy and program of supplying credit to farmers.

As I have said, I was disappointed that there was no mention of these recommendations in this proposed amendment to the act. I understood that negotiations were opened between the Government of Nova Scotia and the Government of Canada with this end in view, but I have no further knowledge of it. I noticed that in the committee proceedings of the other place there were representations on the part of some Nova Scotia members to the minister that Recommendation