

Industrial Development Bank Act

For some years I have been given to understand by those who have had any dealings with the bank, or sought such dealings, that its loan security requirements were so excessively cautious that the institution seemed to be serving no purpose beyond that served by conventional sources of loan capital. Now the minister tells us that the amount which has gone out in loans from the I.D.B. has trebled over the last five or six years. This would seem to indicate that either the bank has modified the strictness of its loan security requirements or that the natural increase in the industrial activity of this country is solely responsible for the trebling of the amount on loan. If the latter is the case, the argument still stands that the I.D.B. should look toward easing its loan security requirements.

In line with the remarks made by the hon. member for Moose Jaw-Lake Centre it would appear that businesses of smaller and intermediate size still encounter great difficulty in securing a loan from the I.D.B. Perhaps the minister could indicate at some time whether the trebling of the amount loaned is the result of an easing in the security requirements or whether it is simply a reflection of increased business activity in this country.

I should like to mention, now, the role of the Industrial Development Bank in the financing of agral business. I raise this question in the light of the comments made by the hon. member for Moose Jaw-Lake Centre. I do not altogether disagree with that hon. member but it seems to me a careful distinction should be made between those forms of agral business which are in the processing end of food production and those which intend to produce food and fibre on a corporate scale. I should like to see such a distinction made. I feel that if a group intends to enter a business of producing food and fibre the interests of those who have been traditionally regarded as bona fide farmers should be considered as far as possible. Should a government agency such as the I.D.B. encourage the trend toward corporate agral business—the production of food and fibre—it appears to me we are knowingly or unknowingly doing a disservice to those who depend exclusively for their livelihood upon agricultural production.

If I have not made my meaning clear, I apologise for my inability to express myself more clearly. I think this is a matter of sufficient importance to warrant another attempt. I recall personally that when, in one of the prairie provinces—it does not matter which

one—the provincial government set up an industrial development fund not unlike its federal counterpart, this fund used what were in effect public moneys to aid in establishing a corporate agral business which went into the production and processing of poultry and poultry by-products. No one, I think, would have raised much objection to the granting of an industrial loan in respect of the processing part of this enterprise but many did take exception to the lending of public funds for the establishment of a corporation to enter into food production, thus competing with bona fide farmers who had been dependent upon poultry production for their livelihood for many years.

Now I should like to put a question to the minister which I believe would give him an opportunity to clarify one part of his statement this evening. He told us that under the provisions of the bill which is to be introduced shortly the bank's paid up capital is to be increased from \$50 million to \$75 million and that the ratio of loans outstanding to paid up capital would be ten to one. This would mean that the maximum amount which could be out on loan would be \$750 million. Yet the minister referred to the new maximum as being \$1,045 million. Some clarification ought to be forthcoming in this connection.

Finally, I do not believe the minister gave us any indication in his explanatory statement as to the trend or pattern at work in the Industrial Development Bank with regard to equity financing and greater participation in underwriting agreements. I understand that under the present legislation the bank has authority to involve itself in actual equity financing. The bank might feel that while it could not extend any more help by way of loan capital it could assist an enterprise by taking up a portion of its assets—buying into the firm, so to speak. Is any new pattern emerging or is this still, as in the past, a relatively insignificant part of the operations of the development bank?

● (9:00 p.m.)

Finally, I should like to offer the positive comment to the minister, which may be refuted in the course of the next few months, that it is not true, as people have been saying in the past few weeks, that this government seems to be giving notice that it intends to get out of the intermediary role in business finance, because the action of the government in recommending this resolution to the house would seem to refute that argument. I am