

(b) That the majority of members of the board be appointed by the provincial Government;

(c) That funds be supplied to the board by both the federal and provincial Governments;

(d) That responsibility for losses be pro-rated between the two Governments.

There are two reasons for these recommendations, I think, and I am not sure which is the more impressive. First, evidently there was great doubt in the minds of the commissioners about the capacity of the province to have enough cash to continue meeting the demands from the agricultural communities. Secondly, one of the difficulties and perhaps one of the most severe criticisms of the Canadian Farm Loan Board was the fact that it was located in Ottawa. I note from what has been said that some further authority is being given to the local agencies. But at one time all applications for loans had to be sent to Ottawa for processing, and the time that elapsed between the application and the granting of the loan was liable to be about the actual lifetime of an ordinary farmer. Many applicants became discouraged. Therefore, the commission felt it would be better to have a local agency; the commission also thought there would be greater advantage in getting ample funds for the needs of the province.

There is also the question of direction. There have been some outstanding cases where loans were denied to farmers, probably on fairly sound grounds, but certainly not because of the lack of ability on the part of the applicant to repay his loan. Correspondence was submitted to the commission which, while perhaps it was not impertinent, certainly showed that the Canadian Farm Loan Board gave peremptory replies. These letters were sent to responsible citizens of the community, and in many cases were passed around to parish priests and other community leaders to read. This was a matter of poor public relations on the part of the board.

The Nova Scotia Government maintains a Farm Management Department. Many of the farms in Nova Scotia have a considerable woodland area. It is perhaps a debatable subject, but the Canadian Farm Loan Board and the Land Settlement Board are rather slow in giving credit for values to timberland in their appraisals. Appraisals are made on an acreage basis, and they allow as much for an acre of brush as for an acre with good timber on it.

The commission thought it would be a good idea to use the two agencies, the Nova Scotia Farm Management Department and the Department of Forestry, to assist in the granting of these loans. So the board decided to make another recommendation,

which is the twelfth and last of their recommendations. With the permission of the house I shall read the remarks of the commission leading up to their twelfth recommendation. These observations, which have a bearing on the recommendation, are as follows:

Taking into consideration both the position of the farmer in the economic system generally and the widespread changes occurring in agriculture necessitating larger investment outlays per farm, the Commission was impressed with the need, expressed both by those presenting briefs and those who appeared individually for purposes of discussion, for the provision of consultative and supervisory or management services to complement and render more effective the farm credit system. The contention was that such services would be of assistance both to borrowers and the Government lending agency or agencies not only at the stage of estimating the credit requirements of borrowers at the time of applying for loans but also later, once the loans have been disbursed, when borrowers are utilizing the funds and the production plans are being, or have been, put into operation. Especially would the supervisory service be valuable, it was argued, if the supplying of credit is made a more dynamic aspect of government policy than at present.

Honourable senators, I want it clearly understood that this recommendation did not originate with the commission, but with witnesses who appeared before it as the hearings proceeded.

The report continues:

The mode of operation and role of the consultative and supervisory personnel may be outlined as follows:

First, representatives should familiarize themselves with conditions throughout the province and explore the possibility of strengthening the agricultural industry in the different geographical areas through the medium of farm credit by engaging in informal conversation with farmers individually or in groups about their financial position and their financial requirements. In this manner the consultative and supervisory personnel not only would keep abreast of the needs and the thinking of farmers but also could assist and advise individual farmers in the early stages of making decisions that ultimately will lead to the borrowing of funds. In other words, the supervisory personnel will be engaged in (a) the making of an economic appraisal of the feasibility of expanding the production of existing lines generally, especially those lines which would appear to warrant much more emphasis; and (b) the advising of farmers how best to manage their farm units or, alternatively, how to alter the farm units (e.g. through enlargement) to adapt them more adequately to the recommended product or products.

In so far as the government agency (or agencies) granting long-term loans is (are) concerned, the ground work laid by the supervisory personnel in an informal way would undoubtedly have a bearing both on the question of who submits an application for a loan and on the intended use of the funds. In other words, through consultation, the supervisory personnel can give effective leadership and direction at an early stage to the matter of the channelling of funds into those lines of production offering greatest opportunity. In view of the close relation of agriculture and forestry to one another on so many farms in the province, what is envisaged with regard to the duties of the