

Canada. Parl. H. of C.
Standing Comm. on
Veterans Affairs, 1962.
Minutes of
proceedings.

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CANADA. PARL. H. OF C. STANDING COMM.
ON VETERANS AFFAIRS, 1962.

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HOUSE OF COMMONS
Standing Committee on
Veterans Affairs

5th Session, 24th Parliament
1962

	No.
Bill C-80	1
Lalonde, L., Deputy Minister, Dept. of Veterans Affairs	1
McCracken, A.D., Senior Ad- ministrative Officer	1
Montgomery, G.W., Chairman	1
Pawley, D.W., Soldier Settlement and Veterans' Land Act Branch	1
Veterans Group Insurance	1
Veterans' Land Act Amendment [Bill C-80*]	1

HOUSE OF COMMONS
Standing Committee on
Veterans Affairs

5th Session, 5th Parliament
1962

No.	
1	Bill C-80
1	Lalonde, I., Deputy Minister, Dept. of Veterans Affairs
1	McCracken, A.D., Senator Ad- ministrative Officer
1	Montgomery, G.W., Chairman
1	Fawley, D.W., Soldier Settlement and Veterans' Land Act Branch
1	Veterans Group Insurance
1	Veterans' Land Act Amendment
1	[Bill C-80]



HOUSE OF COMMONS

Fifth Session—Twenty-fourth Parliament

1962



STANDING COMMITTEE

ON

VETERANS AFFAIRS

Chairman: G. W. MONTGOMERY, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

THURSDAY, MARCH 29, 1962

TUESDAY APRIL 3, 1962

BILL C-80, AN ACT TO AMEND THE VETERANS' LAND ACT
including
THE FIRST (PRINTING), SECOND (QUORUM) AND THIRD
(BILL C-80)
REPORTS TO THE HOUSE

WITNESSES:

From the Department of Veterans Affairs: Messrs. L. Lalonde, Deputy Minister, R. W. Pawley, Director, Soldier Settlement and Veterans' Land Act Branch, and A. D. McCracken, Senior Administrative Officer.

ROGER DUHAMEL, F.R.S.C.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1962

STANDING COMMITTEE ON VETERANS AFFAIRS

Chairman: G. W. Montgomery, Esq.

Vice-Chairman: D. V. Pugh, Esq.

and Messrs.

Badanai	Herridge	Ormiston
Barrington	Jones	Parizeau
Batten	Kennedy	Peters
Beech	LaMarsh (Miss)	Roberge
Benidickson	*Lennard	Robinson
Broome	MacEwen	Rogers
Cardin	MacRae	Smith (Lincoln)
Carter	Matthews	Stewart
Chatterton	McFarlane	Thomas
Clancy	McIntosh	Webster
Denis	McWilliam	Weichel
Fane	Monteith (Verdun)	Winkler.
Forgie	O'Leary	

R. L. Boivin,
Clerk of the Committee.

*Replaced by Mr. Webb on March 29, 1962.

ORDERS OF REFERENCE

FEBRUARY 14, 1962.

Resolved,—That the following Members do compose the Standing Committee on Veterans Affairs:

Messrs.

Badanai,	Jones,	Parizeau,
Barrington,	Kennedy,	Peters,
Batten,	LaMarsh (Miss),	Pugh,
Beech,	Lennard,	Roberge,
Benidickson,	MacEwan,	Robinson,
Broome,	MacRae,	Rogers,
Cardin,	Matthews,	Smith (<i>Lincoln</i>),
Carter,	McFarlane,	Stewart,
Chatterton,	McIntosh,	Thomas,
Clancy,	McWilliam,	Webster,
Denis,	Monteith (<i>Verdun</i>),	Weichel,
Fane,	Montgomery,	Winkler—40.
Forgie,	O'Leary,	
Herridge,	Ormiston,	

(Quorum 15)

Ordered,—That the said Committee be empowered to examine and inquire into all such matters and things as may be referred to it by the House; and to report from time to time its observations and opinions thereon, with power to send for persons, papers and records.

MARCH 27, 1962.

Ordered,—That Bill C-80, An Act to amend the Veterans' Land Act, be referred to the Standing Committee on Veterans Affairs.

THURSDAY, March 29, 1962.

Ordered,—That the name of Mr. Webb be substituted for that of Mr. Lennard on the Standing Committee on Veterans Affairs.

FRIDAY, March 30, 1962.

Ordered,—That the Standing Committee on Veterans Affairs be empowered to print from day to day such papers and evidence as may be ordered by it, and that Standing Order 66 be suspended in relation thereto.

TUESDAY, April 3, 1962.

Ordered,—That the quorum of the Standing Committee on Veterans Affairs be reduced from 15 to 10 Members, and that Standing Order 65(1)(n) be suspended in relation thereto.

Attest.

LÉON-J. RAYMOND,
Clerk of the House.

REPORTS TO THE HOUSE

FRIDAY, March 30, 1962.

The Standing Committee on Veterans Affairs has the honour to present its

FIRST REPORT

Your Committee recommends that it be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto.

Respectfully submitted,

G. W. MONTGOMERY,
Chairman.

(The said report was concurred in by the House on the same day.)

TUESDAY, April 3, 1962.

The Standing Committee on Veterans Affairs has the honour to present its

SECOND REPORT

Your Committee recommends that its quorum be reduced from 15 to 10 members and that Standing Order 65(1) (*n*) be suspended in relation thereto.

Respectfully submitted,

G. W. MONTGOMERY,
Chairman.

(The said report was concurred in by the House on the same day.)

TUESDAY, April 3, 1962.

The Standing Committee on Veterans Affairs has the honour to present its

THIRD REPORT

Your Committee has considered Bill C-80, An Act to amend the Veterans' Land Act, and has agreed to report it without amendment.

A copy of the Minutes of Proceedings and Evidence relating to this Bill (Issue No. 1) is appended.

Respectfully submitted,

G. W. MONTGOMERY,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, March 29, 1962.

(1)

The Standing Committee on Veterans Affairs met at 9.35 o'clock a.m. this day for the purpose of organization.

Members present: Miss LaMarsh and Messrs. Badanai, Beech, Carter, Chatterton, Fane, Forgie, Herridge, Jones, Kennedy, McFarlane, McWilliam, Montgomery, Ormiston, Parizeau, Peters, Robinson, Rogers, Smith (*Lincoln*), Stewart, Thomas, Weichel, Winkler.—23.

Moved by Mr. Kennedy, seconded by Mr. Ormiston,

That Mr. G. W. Montgomery do take the Chair of this Committee as Chairman.

There being no further nominations, Mr. Montgomery was declared duly elected Chairman and took the Chair. The Chairman expressed his appreciation for the honour bestowed upon him by the Committee, and welcomed the new members.

The Chairman read the Orders of Reference.

Moved by Mr. Winkler, seconded by Mr. Stewart,

That Mr. D. V. Pugh be Vice-Chairman of this Committee. Carried unanimously.

On motion of Mr. Stewart, seconded by Mr. Carter,

Resolved,—That a recommendation be made to the House seeking power to print from day to day such papers and evidence as may be ordered by the Committee.

The Committee agreed that the Chairman appoint a Subcommittee, (Steering Committee) on Agenda and Procedure consisting of the Chairman, the Vice-Chairman, and six members. Thereupon, the Chairman appointed (to the Subcommittee) Messrs. Cardin, Forgie, Herridge, Kennedy, McIntosh and Rogers, and called a meeting immediately after the adjournment of the Committee.

Miss LaMarsh noted that one of the members attending the meeting, Mr. H. W. Herridge, is a Party Leader and that his attendance constituted a historic precedent for this Committee. The Party Leader was congratulated by the Chairman, who noted his most valuable contribution to the work of the Committee. In thanking the members, Mr. Herridge stated that he would treasure the Minutes of this meeting and retain them in his family records for posterity.

At 9.50 o'clock a.m. the Committee adjourned to the call of the Chair.

TUESDAY, April 3, 1962.

(2)

The Standing Committee on Veterans Affairs met this day at 10.30 o'clock a.m. The Chairman, Mr. G. W. Montgomery, presided.

Members present: Miss LaMarsh, and Messrs. Badanai, Beech, Benidickson, Broome, Carter, Chatterton, Herridge, Jones, McFarlane, Montgomery, Robinson, Rogers, Smith (*Lincoln*), Stewart, Webster, Weichel—17.

In attendance: From the Department of Veterans Affairs: Mr. L. Lalonde, Deputy Minister; Mr. R. W. Pawley, Director, Soldier Settlement and Veterans' Land Act Branch; Mr. A. D. McCracken, Senior Administrative officer.

The Chairman called Clause 1 of Bill C-80, An Act to amend the Veterans' Land Act. Before proceeding to the consideration of the Bill, however, the Chairman indicated that he would entertain motions relating to the Committee's proceedings.

On motion of Mr. Chatterton, seconded by Mr. Stewart,

Resolved,—That pursuant to its Order of Reference of March 30, 1962, the Committee print 2,000 copies in English and 500 copies in French of its Minutes of Proceedings and Evidence.

On motion of Mr. Carter, seconded by Mr. Rogers,

Resolved,—That the Clerk of the Committee cause to have distributed to each member of this Committee 20 copies of its Minutes of Proceedings and Evidence in connection with Bill C-80.

On Motion of Mr. Chatterton, seconded by Mr. Stewart,

Resolved,—That a recommendation be made to the House to reduce the quorum from 15 to 10 members.

On motion of Mr. Carter, seconded by Mr. Herridge,

Resolved,—That the Chairman cause to be printed as part of today's evidence the statements made by Mr. H. F. Jones, M.P., and departmental officials and replies to questions made in connection with Bill C-80 during the discussions held yesterday between certain members of this Committee and officials of the Department of Veterans Affairs.

The Chairman informed the Committee that the Minister had expressed his regrets that he could not attend the meeting, and invited the Parliamentary Secretary to comment on the Bill. Mr. Jones explained the purpose of the Bill and, on behalf of the Minister, thanked all the members of the Committee for their continued co-operation.

The Committee agreed not to carry the various clauses at this time, but to hear statements by the departmental officials. Statements were then made by Messrs. Lalonde, Pawley and McCracken, who were questioned at length on the provisions of the Bill.

Clause 1 was adopted. Clauses 2 to 15 inclusive, the Title and the Bill were severally called and adopted.

Ordered,—That the Chairman report the Bill to the House without amendment.

At 12.30 o'clock p.m., on motion of Mr. Carter, seconded by Mr. Stewart, the Committee adjourned to the call of the Chair.

R. L. Boivin,
Clerk of the Committee.

EVIDENCE

TUESDAY, April 3, 1962.

The CHAIRMAN: I now call this meeting to order. The order of business of the committee is Bill C-80, an act to amend the Veterans' Land Act.

However, before considering the bill further, I would like to have a motion for the printing. As this is a very important bill I think we should have more than the usual number of copies printed.

The clerk has drawn up a motion, which reads as follows:

I move that the committee print 2,000 copies in English and 500 copies in French of its minutes of proceedings and evidence.

Will someone move this motion?

Mr. McFARLANE: I so move.

The CHAIRMAN: Have we a seconder?

Mr. STEWART: I will second the motion.

The CHAIRMAN: It has been moved by Mr. McFarlane and seconded by Mr. Stewart that we print 2,000 copies in English and 500 copies in French of the minutes of proceedings and evidence. Would all those in favour signify by raising your hands? All those against?

I declare the motion carried.

Then, there is another question which one of the members has raised. It is felt that we should have 20 copies of the minutes of the proceedings and evidence distributed to each member of the committee. The committee branch would like a motion to this effect.

Will someone move that each member of the committee receive 20 copies.

Mr. CARTER: I will move, Mr. Chairman, that the clerk cause to have distributed to each member of this committee 20 copies of its minutes of proceedings and evidence of today's hearing.

Mr. ROGERS: I will second the motion.

Mr. McFARLANE: Mr. Chairman, before the question is put may I ask, does that just concern today's meeting?

The CHAIRMAN: It concerns all the minutes of proceedings on this bill.

Mr. CARTER: I will amend my motion, to read:

All the minutes of proceedings and evidence in connection with Bill C-80.

Motion agreed to.

The CHAIRMAN: Now, in case we do not finish our deliberations today, I am wondering if we should not have a motion to reduce the quorum to ten.

Mr. CHATTERTON: I so move.

Mr. STEWART: I second the motion.

The CHAIRMAN: It has been moved by Mr. Chatterton and seconded by Mr. Stewart that the quorum be reduced from 15 to 10. All those in favour? Motion agreed to.

Mr. HERRIDGE: Mr. Chairman, before you proceed with the consideration of this bill I would like to apologize for being late. I might say that this is the

first time, in all my experience, that I have been late. I was called to Mr. Fulton's office at ten minutes to ten on a most important matter, and I trust that the members of this committee will forgive me.

The CHAIRMAN: You are entitled to be forgiven for being late for a committee once in 20 odd years.

If it is agreeable, I would entertain a motion at this time to have the statements made by Mr. Jones and the departmental officials and the evidence that we took yesterday printed.

Mr. CARTER: May I move that the Chairman cause to be printed as part of today's evidence the statements made by Mr. Jones and departmental officials and replies to questions made in connection with Bill C-80 during the discussions held yesterday between certain members of this committee and officials of the Department of Veterans Affairs.

The CHAIRMAN: You have heard Mr. Carter's motion. Will anyone second that motion?

Mr. HERRIDGE: I will second it.

Motion agreed to.

The CHAIRMAN: The statements and replies to questions are as follows:

*Statements by Mr. Jones and Departmental officials,
and replies to questions*

The CHAIRMAN: The first thing I would like to say, gentlemen, is that the minister sends his regrets that he was called to a cabinet meeting and cannot be here to greet you and open the meeting. The parliamentary secretary is here and he may like to say a few words.

Mr. JONES: Mr. Chairman, most of the amendments as set forth in the bill are self-explanatory. The officers are here to deal with detailed explanations.

I know the committee will be pleased with some of the amendments which have been made because these amendments are ones which have been recommended individually by the members or, in some cases, by the committee as a whole on previous occasions. One of the main features is the extension of the act.

With the few remarks I have made I will close, with this one exception, that once again, on behalf of the ministry, I would like to thank each of the members of this committee for their help not only in the committee and in the House of Commons but throughout the year for making suggestions to the ministry for the benefit of the veterans and for the continuing improvement of the veterans' charter. It is of real help not only to all the veterans but to the minister and to every person on this committee, when we all work together in this fashion.

At this time I would like to put on the record, as is customary but, nevertheless, deservedly meant, the appreciation of the government and, I think, of this committee for the help that veterans' organizations across this country, the legion, the war amps and the army, navy and air force veterans' associations and the others who have come before this committee, have given in updating the veterans' charter and ironing out the anomalies in it.

The CHAIRMAN: Thank you, Mr. Jones.

Gentlemen, we have Colonel Lalonde, the Deputy Minister of the department, with us this morning. The officers of the department also are here.

At this time I would like to call upon Mr. Lalonde to say a word, and then he could introduce his officers. Following this certain statements could be made.

Mr. LUCIEN LALONDE (*Deputy Minister, Department of Veterans Affairs*): Mr. Chairman and gentlemen, all I wish to do at this time is to express to you personally and on behalf of all the departmental officers our pleasure in appearing once more before this committee.

During the course of our work-year we look forward to our meetings with this parliamentary committee because, in my opinion, this is where we can judge the real value of the work that we are doing throughout the rest of the year in preparing possible changes to our legislation.

At this time I would like to introduce to you some of the officers who are available and are appearing as witnesses this morning. First of all, there is Mr. Taylor, the director of legal services. Mr. Nairn, the deputy director of legal services, is accompanying Mr. Taylor. You will note that we have come well armed with legal authorities. We have asked these gentlemen to appear here this morning as the Veterans' Land Act is one of the more complicated pieces of legislation in so far as drafting and interpretation are concerned.

Mr. Black, our departmental secretary, is here as well as Mr. Way, the chief of information.

On my right is Mr. Pawley, the director of the Veterans' Land Act, and I would ask him to introduce his own officers at this time.

Mr. R. W. PAWLEY (*Director, Soldier Settlement and Veterans' Land Act Branch*): Mr. Chairman, I would like to introduce at this time Mr. McCracken, the senior administrative officer of the Veterans' Land Act Branch; Mr. Holmes, the superintendent of our property and security division; Mr. Thomson and Mr. Hayward, who are with the farm services division, and Mr. Aylesworth, our V.L.A. solicitor.

Mr. Chairman and gentlemen, in making a brief statement as an introduction to the proposed amendments I would like to say that, generally speaking, it could be stated that we have been engaged in a land settlement scheme for veterans which appears to have all the earmarks of success. The lessons learned represent a valuable asset for use by others, if necessary. I would attribute much of the success to the fact that the more recent provisions of the Act have kept pace with changing economic circumstances. We have attempted to reflect these changes in our administration of the Act. Land settlement schemes in the past have tended to suggest that veterans should be rehabilitated during the first few years after discharge. The concept of giving a veteran a bare start would be acceptable if all could be rehabilitated at the same time and improve at the same rate, and provided economic conditions remained the same throughout the years. None of these conditions is possible and I believe a great lesson has been learned in the field of land settlement by providing the means to permit the participants to develop in keeping with their capabilities. This becomes even more desirable when one considers that the investment interest return to the Government will, in all probability, exceed the total administrative costs when the Veterans' Land Act program is finished. The ultimate cost of the program is consequently reduced because of its success but even more important are the intangible benefits accruing to many thousands of citizens of Canada.

In attempting to keep an act such as this one up to date, there is always the danger of invoking some doubt as to the necessity of change. The Veterans' Land Act has been instrumental in establishing 92,985 veterans on the land under conditions of great economic change. As an example, the average price being paid for farm land in Manitoba during 1944 was \$22 per acre; whereas by 1961 the average price was \$52 per acre. During the span of these two decades, about two-thirds of the increased price was caused by a change in the dollar value. Since nearly half of our establishments occurred after the

year 1951, the wisdom and necessity of increasing the loan amounts cannot be denied. Consistent with the change in price being paid for land, livestock and equipment, the evolution of agricultural practices has been very pronounced. Because of the shortage in farm labour, it was necessary to resort to the use of capital and this became one of the main agents in production. Consequently, we went from a period of diversified farming to one of specialization and followed the trend of greater production with a smaller profit. As this change occurred, the importance of needing more money to start farming and a greater degree of managerial skill became more pronounced. Under these circumstances, it was not possible to forecast a successful land settlement scheme unless the provisions of the Act made it possible for veterans to progress.

Similarly, the pattern of establishment for small holders, who are referred to in the act as part-time farmers, was directly related to a change of general economic conditions as well as the veteran's personal economic development. The rapid increase in land and building costs soon after the end of world war II caused many veterans to defer establishment until these prices levelled off or were reduced, which we know now was wishful thinking. It is significant to note that the peak of establishment was not reached until 1952. The cautious carry-over of attitudes from the "thirties" and the desire to wait until they had become established in a business or employment created a further delay before seeking assistance under the act. During this period, many veterans purchased small homes which became too small as their families grew. In an expanding economy, it became more obvious that promotion opportunities did not normally occur without moving to another area. Consequently, a significant movement of people developed, some of whom were transferred by employers, while others were seeking greener fields of endeavour. As this transition took place and costs rose still higher, the difficulty of being established under the provisions of the act became more pronounced. The fact that for several consecutive years a backlog of nearly 12,000 veterans had been qualified, awaiting the opportunity to be established, lends weight to the problem encountered.

It is because of the continuance of the conditions mentioned above, together with a desire to serve the veteran in an adequate manner, that many of these amendments to the act have been proposed.

Now, Mr. Chairman, I presume that you would like me to make a statement on each of the clauses. I am not sure whether you want a general discussion or whether you would prefer me to hesitate after each clause?

The CHAIRMAN: I think you had better go ahead and make a statement on each clause. Would you like me to call the clauses as we go along?

Mr. PAWLEY: I can do so, sir, if you wish. I believe that the statement I shall make in connection with each clause may be contained in some of the explanatory notes on the right hand side of the draft bill. However, in the majority of cases, it will be an enlargement of the explanatory notes. If I have left anything out or am presumed to have left anything out, I think you will find this in the notes on the right hand side of the bill.

On clause 1, many veterans who continued to serve in the armed services after world war II or the Korean war did not, or will not, receive a discharge until retiring from the permanent force. Persons may have served honourably in the Korean war and world war II but were dishonourably discharged subsequent to October 31, 1953 and September 30, 1947 because of conduct after these dates. As the legislation now stands, these people cannot qualify under the Veterans' Land Act. The dates that are mentioned in this clause correspond to those in effect under other veterans' legislation.

The CHAIRMAN: On second thought, I am wondering whether the committee members would like to ask questions on each clause as the statement is made?

Mr. CHATTERTON: I would suggest so.

Mr. CARTER: I am in a little bit of a quandary. Usually what we do is have a general discussion on clause 1. If we would not prejudice our claim to have a general discussion on clause 1, I think we might go ahead as you say and ask questions on each clause.

The CHAIRMAN: There may be certain things that come to your mind right now that you would like to ask. Later on, we will have a general discussion on clause 1. Is this agreed? Are there any questions on clause 1?

Mr. CARTER: I would like to ask the following question. Mr. Pawley mentioned the figure of 12,000. Is that the maximum number that it is estimated would benefit under this?

My second question is: Is this legislation as now drafted intended to take care of all veterans who have seen service in a theatre of war and who have later joined the permanent force?

Mr. PAWLEY: The number 12,000 does not necessarily relate specifically to the provisions of clause 1. The figure 12,000 relates to all veterans who were qualified to participate in the provisions of the act but have not yet been established.

Mr. CARTER: That was the backlog?

Mr. PAWLEY: That is right. It consists of veterans from world war II only who were never in the permanent force.

Mr. CARTER: What is the total number you expect will benefit under this legislation?

Mr. PAWLEY: It is impossible for us to tell. We only know that there is a significant number in the permanent force at the present time who are interested in the Veterans' Land Act. On the average I would judge that at the head office we probably get five letters a day from people serving in the permanent force inquiring about this. All across Canada many letters are written and interviews given inquiring about the same thing.

Mr. LALONDE: I believe that Mr. Carter wanted to know something else here, and if you would permit me, perhaps I can give you the explanation.

The amendment will benefit those 12,000 who have been qualified but have not been established. However, it will also benefit those veterans who have not yet come forward for qualification but may wish to do so between now and 1968. We do not know how many will come forward for qualification.

Mr. CARTER: So 12,000 is really the minimum?

Mr. LALONDE: That is correct.

Mr. CARTER: And as many more as may apply?

Mr. LALONDE: Yes.

Mr. CARTER: The other part of the question was: Will it be possible for every veteran who was in a theatre of war and later transfers to the permanent force as he gets discharged, to benefit?

Mr. LALONDE: That is right, subject to the same conditions of qualification as are applicable to other people.

Mr. WEICHEL: Mr. Chairman, I should like to ask Mr. Pawley if allied veterans would come under this clause as well.

Mr. LALONDE: Mr. Weichel, allied veterans do not qualify for these benefits.

Mr. WEICHEL: The reason I ask the question is that Polish veterans qualify for war veterans allowance.

Mr. LALONDE: That is the only legislation under which they qualify because they were not domiciled in Canada prior to joining the allied forces.

Mr. HERRIDGE: Mr. Chairman, I am interested in knowing how many individual cases you have met with which would benefit from the change in the act involving veterans honourably discharged from the Korean war who later joined the permanent army and were then dishonourably discharged from that body. I am drawing a distinction between the two because I realize of course there is a distinction.

Mr. LALONDE: Mr. Chairman, before Mr. Pawley answers that question I should like to point out that the reason is, and as far as we are concerned it is quite obvious, that the qualifying service for veterans benefits is based on service during wartime; that is world war II or the Korean war, and not on service during peacetime. Therefore, we as the Department of Veterans Affairs are not interested in the type of service any veteran has had in peacetime. We are interested only in his wartime service.

Mr. HERRIDGE: That is what I thought, and I was wondering whether you had been faced with many individual cases that were disqualified because of an interpretation of the act as it stands.

Mr. PAWLEY: I cannot give you any specific number in this regard except to say that there are enough examples of this type of case which have come to our attention to indicate that something should be done.

The CHAIRMAN: Thank you very much Mr. Pawley. Are there any further questions regarding clause 1? We are not passing these clauses as we deal with them, hon. members must remember, but are merely receiving statements in regard to the clauses.

Mr. PAWLEY: Under clause 2, section 10 of the act provides at a 25 year maximum re-payment period, and section 68 permits a 30 year term for farm loans. It is desirable to establish a uniform maximum period of 30 years throughout the act. This period of re-payment term is consistent with other government lending institutions.

The crop failure in western Canada last year brought to our attention more forcibly the need for having some flexibility to the length of re-payment terms. Under conditions over which the veteran has no control these amendments will permit reamortization of the contract payments, if the maximum re-payment period has not been utilized, whereby arrears may be eliminated and the veteran may therefore start again at what might well be a critical period. It is not our intention to take such action unless it is warranted and we will continue to relate the actual re-payment period to the circumstances of the individual veteran.

The CHAIRMAN: Are there any questions in regard to clause 2?

Mr. CARTER: Mr. Chairman, the witness has just said that arrears will be eliminated. Does he mean they will be wiped out or that they will be included in the reamortization?

Mr. PAWLEY: This will mean that they will be included in the total debt and reamortized over a longer period. It is only the principal which is included.

Mr. CARTER: So actually the arrears are not being eliminated?

Mr. PAWLEY: No, they are not being eliminated. There is, however, a psychological reaction as a result, and a veteran will feel that the arrears are being eliminated while in fact they are actually being spread over the remaining years in the contract.

Mr. CARTER: In the case of a veteran having an agreement with a re-payment period of 25 years and having made 20 payments, under this proposed legislation it will be possible to extend that re-payment period by five years, as I understand it. If that is the case and 20 payments have been made will you amortize the remainder over a ten year period?

Mr. McCracken: Mr. Carter, this can be done in two ways. We would more likely reamortize on the basis that it had been set up on a 30 year-re-payment period at the beginning. This would have the effect of calling for smaller payments during the first ten years of the agreement, let us say, than he had actually made thus creating a pre-payment at the time of reamortization.

Mr. Carter: Yes.

Mr. McCracken: That is the area in which arrears are eliminated as such, even though the arrears are being added to the contract and spread over the remaining period of time.

This could be done in either of two ways, but I think that is the way it is intended to be done. We have had experience in the past regarding an agreement for a re-payment period of 15 or 20 years, but as a result of circumstances and conditions beyond a veterans' control he has gone into arrears. We have found from experience that it is advisable to remove that burden from his shoulders and reamortize his contract over a 25 year period rather than the existing 20 year period. This new legislation would allow us to reamortize over a 30 year period, on the basis of a total 30 year period contract.

Mr. Carter: Can you inform us how many veterans are in arrears in this regard at the present time?

Mr. McCracken: I have the figures in this regard for certain categories as of March 20. These represent annual payment contracts for Veterans' Land Act full-time farmers, and it covers varying amounts from one cent upwards to infinity. There is a total of 2,717 veterans who are full-time farmers who owe us from one cent upwards. Of the 2,717 there are 1,090 who owe us between \$100 and \$200, and there are 952 who owe us over \$200. Of those 952, there are 319 who owe us over \$400.

I can give you a breakdown in regard to the 319 veterans who owe us over \$400. There are 72 in Alberta, 135 in Saskatchewan and 53 in Manitoba.

Mr. Badanai: Are there none in Ontario?

Mr. McCracken: I have just given you the largest number but I can give them all to you. There are 16 in British Columbia, 31 in Ontario, 2 in Quebec and 10 in the Atlantic provinces, making a total of 319 owing over \$400.

Mr. Carter: There are only 319 veterans who owe over \$400 under this scheme?

Mr. McCracken: I am speaking, of course, of full-time farmers. There are 319 in that category out of the approximate 17,000 figure.

Mr. Herridge: Mr. Chairman, in light of the experience of mortgage companies, insurance companies and banks, I think we are quite safe in saying that this amounts only to peanuts.

Mr. McCracken: Mr. Chairman, I must apologize for giving these figures for March 20, 1961. There are actually 96 more than I have indicated. We have 96 more veterans as of March 20, 1962, who owe over \$400 than we had at this same time last year. I can give you the current figure if you wish.

Mr. Carter: Did you say there were 17 out of 24,000?

Mr. McCracken: No, there are 413 out of 17,000 who owe us more than \$400.

Mr. Carter: In that event there must be another 10,000 somewhere in different categories.

Mr. McCracken: I gave you these figures for the actual year.

Mr. Carter: I asked you how many there were altogether in arrears and I understood you to say there were 27,000.

Mr. McCracken: I am sorry, I indicated there were 2,700 last year and 2,472 this year, and that of the 2,472, 912 owe us between \$100 and \$200. There are 983 who owe us over \$200, and of that 983, 415 owe us over \$400. I was giving a comparative figure.

Mr. Carter: With the reamortization of these contracts the veterans involved will then have a credit rather than being in arrears?

Mr. McCracken: That very well may be the situation.

Mr. Chatterton: Will the veterans be allowed to use that credit to pay arrears in taxes?

Mr. McCracken: No.

Mr. Broome: Mr. Chairman, I understand that the 30-year period is to be a maximum period. I should like to ask whether all contracts will be reamortized, or will this policy be related to those veterans making requests in this regard?

Mr. McCracken: We do not intend to reamortize all the contracts.

Mr. Broome: This would be done only at the request of the veteran?

Mr. McCracken: Yes, and where the individual circumstances warrant our doing so. In some cases veterans may request such amortization but we may refuse.

Mr. Chatterton: They pay their taxes by way of special deposits?

Mr. McCracken: That is right.

Mr. Carter: How does that effect the total interest that would be paid under the reamortization as compared to what would have been paid ordinarily?

Mr. McCracken: The interest portion of the payment in arrears would not be compound interest. We would take the principal portion of the payments outstanding and reamortize it over the remaining period of the contract. Alternatively, you could start out, if you switch from a 25 to a 30 year payment program, and say: "Let us go right back to the beginning". What would the payment be if we started out with 30 years rather than 25 years? Let us assume that we now find that the payments would be \$175, with principal and interest combined, rather than \$200, as they actually were under the 25 year contract. Over a period of ten years you would have a \$250 credit, assuming the man has paid out in each of those years; and after ten years you would have at least \$250 in there, which would have the effect of wiping out the arrears that actually existed, so there would be no compounding of interest. It is a fact that the longer the repayment period, the greater the amount of interest that the man will pay back on the long haul.

Mr. Carter: But he could possibly wind up at the beginning with an interest credit as well as a credit toward his principal.

Mr. McCracken: That is right, although we do not break it down as such. On an amortized basis it is a credit, without putting any particular label on it.

Mr. Carter: You do not distinguish in arrears whether they are interest arrears or principal arrears?

Mr. McCracken: No. I believe the treasury do that in their ledger, but from an administrative standpoint we do not distinguish.

Mr. Carter: It is important in respect of veterans who are getting the war veteran's allowance and who have to submit every year—particularly people who elect to have their war veteran's allowance paid on a cost basis. I understand the procedure followed by the Lands Act is this, somebody goes to those veterans and makes an estimate of what their income will be, what

they will get from farming during the W.V.A. year. But it is only an estimate, and it may be quite a cut from the income that he actually gets. Yet he has to render an accounting of all this if he is going to get his W.V.A. on a cost basis. That is the reason I asked the question.

Mr. McCracken: I could tell you this: every year we send out to full-time farmers what we call an instalment notice, on which we show them the amount of interest they have paid since the last instalment notice. That is, how much last year this man actually paid or was charged by way of interest on his account.

Mr. Broome: What about part-time farmers?

Mr. McCracken: You are talking now about the collection situation and the small holders? As of March 20, 1962, there was a total of 2536 small holders, and commercial fishermen who pay up monthly on a contract basis, and who were in arrears from one cent on up. Of that 2,536 there were 439 who owed us between \$50 and \$100; and there were 262 veterans who owed us in excess of \$100. If I remember correctly, I think the total number of veterans with active accounts that we have established as small holders, and monthly commercial fishermen, is about 31,000 or 32,000.

Mr. Carter: Might I ask if the witness has any figures on how many of these Veteran's Land Act veterans are drawing the war veteran's allowance?

The Chairman: Maybe you could get that better for us at a later meeting.

Mr. McCracken: If I recall correctly, the same question was raised last year. I thought at the time that we could produce that figure. But if my memory serves me correctly, we found that we could not.

Mr. Carter: Could the war veterans allowance board not produce it?

Mr. McCracken: I do not know that they would know, necessarily, which veterans in receipt of the war veteran's allowance are settled under the Veterans' Land Act. There are some from whom we get part of the war veterans allowance payments to meet their instalments under the Veterans' Land Act.

Mr. Broome: Is this not the time to get it?

Mr. Smith (*Lincoln*): If a veteran starts out on a long term contract of 30 years, could he change it over to a shorter term without notice or bonus?

Mr. McCracken: Yes.

Mr. Smith (*Lincoln*): Or could he pay it all off?

Mr. McCracken: He could pay it off without notice or bonus.

The Chairman: Are there any further questions, Mr. Broome?

Mr. Broome: No.

The Chairman: Then we are ready to pass on to clause 3.

Mr. Carter: Before we do so, I notice it says in paragraph 2 of clause 2:
2 (2)

- (f) That the balance of the purchase price payable by a veteran may be extended over a term not in excess of ten years... Does that mean ten additional years?

The Chairman: Where is that?

Mr. Carter: It says:

2 (2)

- (f) That the balance of the purchase price payable by a veteran may be extended over a term not in excess of ten years...

What does that actually mean?

Mr. McCracken: Under this particular clause, the words being amended are underlined, 30; it runs from 25 to 30 years. Under this particular section of the act assistance is given to full-time farmers who are leasing, or who have a long term, or what would be a term or minimum lease on farm land; we can give such a veteran assistance up to \$3,000 for livestock and farm equipment. The maximum repayment period for the livestock and farm equipment is ten years. If a man subsequently buys a farm, we can provide total assistance under this particular section, including the assistance he has already had for livestock and farm equipment, up to \$5,800. In addition, he is eligible for the farm loan assistance under part III. The livestock and farm equipment loan that he is given under the particular section, part 1 of the act, is repayable over a maximum period of ten years. The land contract, on the other hand, is repayable over a maximum period, under existing legislation, of 25 years, and this it is now proposed to extend to 30 years.

Mr. Carter: So he would have two separate accounts, and two separate payments?

Mr. McCracken: That is right.

Mr. Pawley: Now, we are on clause 3.

Mr. Broome: I have one more question on the first clause. It seems that there are 17,000 full time and 31,000 small holders, and yet you said there were 92,000 veterans benefiting under the Veterans' Land Act.

Mr. Pawley: The figure of 92,000 is the gross establishment, and it includes all veterans who are established on farms, small holders, commercial fishermen, Indians on Indian land, and veterans on provincial and dominion land. The total gross number of veterans who have been established is 92,000. The figure which Mr. McCracken was talking about was the net establishment or active accounts that we have at the present time.

Mr. Broome: Some 48,000?

Mr. Carter: Does that second paragraph, number two, apply only to veterans who are working on a leased farm?

Mr. McCracken: No, it does not. Under section ten of the Veterans' Land Act there are actually two loaning sections; under 10-1, it takes care of the small holder, the fisherman, or the man who is established on a piece of land, on a farm to which we acquire the title.

Mr. Pawley: Section 10 (3) of the act is the one which originally was intended to take care of the man who was not in a position to buy land immediately, either because of financial reasons or because land was not available. However, he could acquire land, although not on a long term basis, on a lease of a minimum 3-year period. That particular man could attain assistance for livestock and farm equipment up to a total of \$3,000. I believe the philosophy, intent or purpose of that was that during the initial years of settlement on leased land the crop returns might be such that in later years he would be able to go out and acquire some land without further assistance available under the act.

Mr. Rogers: How many cases are there under section 10 (3)?

Mr. Pawley: How many cases are left?

Mr. Rogers: Yes.

Mr. Pawley: Not too many. I am afraid I cannot give you the figures right now.

The Chairman: Are we ready to pass on to clause 3?

On Clause 3.

Mr. Pawley: Clause 3 contains a new section. The uses which may be made of proceeds representing returns from appurtenances which were not included

in the capital cost to the director have not been as broad as good business practice would permit. If a veteran, for example, receives proceeds from a sub-surface oil right, these could not be used for the purpose of livestock and equipment, or to repay certain debts.

Since the director may advance a loan for this purpose, it seemed only reasonable to permit the veteran to use these proceeds in lieu of a loan.

The CHAIRMAN: Are there any questions?

Mr. CARTER: I am not sure I understand this, although I do understand part of it. The land has to be sold before this can come into effect. Does it provide for land that is sold to another veteran, or is it sold by the department to commercial interests?

Mr. PAWLEY: This particular section has nothing to do with the sale of the land of which you are speaking.

Mr. CARTER: It has to do with the purchase of it.

Mr. PAWLEY: For example, if we purchase a farm in Alberta, we merely purchase the land and the buildings. The fact that oil rights might be there is incidental. Normally we do not pay money for those oil rights. This is something which has come with the farm. Therefore, the oil rights represent an appurtenance which subsequently develops into value over and above anything for when we have loaned money. We will not now permit a veteran to use the proceeds from an oil right or oil lease. We will permit him to use those proceeds, if this clause is approved, for the purchase of livestock, equipment, and so on. Previously, those proceeds went to repay the debt to the director.

Mr. CARTER: This is land sold by the veteran and not sold by the department.

Mr. PAWLEY: That is right.

Mr. CARTER: When a veteran acquires a farm under the Veterans' Land Act, he owns the mineral and oil rights?

Mr. PAWLEY: Not necessarily; he may. The oil rights may be transferred with the land as they are in many cases.

Mr. CARTER: Is that a provincial matter?

Mr. PAWLEY: It could be. In some cases the oil rights are held by the province, or are purchased by the province, and in some cases the federal government owns the oil rights. Under the old Soldiers' Settlement Act many of the settlers who purchased farms did automatically acquire the oil or mineral rights with the farm. Now, if they go with the land, this is fine; but we, as a department, do not take any specification to make sure we obtain oil rights. It is the responsibility of the purchaser or veteran whether he wants to acquire the oil rights if they are available.

Mr. HERRIDGE: This means that a veteran who sold some land crossing his property to a gas pipe line company for a right of way could use that money in this way?

Mr. PAWLEY: That is correct.

Mr. HERRIDGE: I would like to raise a point here. Some of the veterans in my area have complained rather bitterly because some 3 or 4 years ago a company crossed some of their lands without even seeking their consent. They do not even know today what the arrangement is and they have nothing in writing. They feel the department has not protected their interests as it should.

Mr. PAWLEY: We will protect the interest of the veteran if we know about it. We will, however, only go to this extent: We will assess the amount

of compensation which we think is equitable to the director as owner of the land. We place the responsibility for negotiation of this compensation on the veterans because after all they are in personal possession of the property and should, we feel, assume some of the obligation in this regard.

Mr. HERRIDGE: You leave it to them to negotiate with the gas company.

Mr. PAWLEY: Yes.

Mr. HERRIDGE: I am glad you told me.

Mr. PAWLEY: If they cannot get together, quite often we do step in and try to assist negotiations.

Mr. HERRIDGE: They feel they have not stood up to these United States companies as they should. I have some cases which I will bring to your attention.

Mr. CHATTERTON: The director will never consent to alienation without the veteran's consent.

Mr. PAWLEY: Yes. The director cannot consent to the disposal of land of this nature without the personal consent of the veteran in writing. The director is obliged to give back to the veteran at the end of the contract good title, and this is the only way he can do it.

Mr. WEICHEL: Is there any limit to the number of acres a veteran can purchase?

Mr. PAWLEY: It is almost strictly governed by the maximum amount we will advance. If the veteran has money of his own which he wants to put into the transaction in order to purchase more land, of course this is his right. The number of acres purchased varies a great deal.

Mr. ROGERS: This is an amendment I am particularly happy about, because I have had two or three cases along this line. I think this amendment will accomplish much. For instance, you come across the veteran who essentially has a stock farm. Under the previous provisions he could not use the money to purchase stock, although he could use it to develop the farm by buying additional land. This will not help in too many cases, but in those cases where it will be applicable it will help tremendously. I just wanted to say I am quite happy with this.

Mr. SMITH (*Lincoln*): Mr. Chairman, I would like to ask Mr. Pawley if there is a legal counsel service which a veteran can call upon if he becomes involved in a problem similar to what has been referred to in connection with a gas line.

I am thinking of the Musso case which, I am sure, you know. It concerned a holding which was worth approximately \$40,000, and by the time this case went through the courts the veteran had only a few thousand left. I thought this was a very badly managed case right from the start. Is there such a counsel from whom a veteran could seek assistance—and, when I mention this, I do not mean that this solicitor should go into the courts and defend him, but just to advise him how to proceed?

Mr. PAWLEY: The problem that we encounter under these circumstances is largely one of interest. Since the director owns this property the solicitors of the department are not in a position to give legal advice because of a conflict of interest. I think you will appreciate this. We take the stand that if legal counsel is necessary, and based on the assumption that in all probability this may end up in court, it is only prudent to advise the veteran he should seek his own counsel right at the beginning. Under these circumstances he does not get the benefit of probably two opposing points of view. Then, of course, our solicitors are civil servants and as such, are not in a position to give counsel

under circumstances such as you suggest. Almost invariably we advise the veteran to seek his own counsel.

Mr. SMITH (*Lincoln*): I think that fairly well answers the question. I might say that this particular case occurred in my riding, and I do know that the Veterans' Land Act people have received a great deal of criticism for not stepping in and doing something rather than letting it drag on over a period of three years until practically all the money was used up.

Mr. BROOME: On this particular subject, Mr. Chairman, I had a case concerning a chap on Vancouver Island. There was the question of the title not having been properly searched. This man bought the property and, later, the house was found to be on somebody else's property. This whole thing came out after he was established.

In this connection, although I went to the Veterans' Land Act people, they took the attitude that it was up to him to search the property and to make sure what he was buying was what was stated. He tried to convey to your people in Vancouver that it was the responsibility of V.L.A. I might say that this was a court case, and it was the feeling that it was up to the V.L.A. to fight this case. Although this case did not get too far, eventually they did associate themselves with him. However, it seems to me that in cases like this it is somewhat different—the veteran is buying from V.L.A. rather than buying from any private vendor—and that there is a responsibility on V.L.A. to make sure that what they say they are selling is what they are selling. I think it is their responsibility to do this checking and to be absolutely right; then, if they are wrong, it is up to them to accept whatever financial losses result from their mistake.

As I say, even though it is their mistake in the beginning it is a difficult thing to put across because your legal people take an almost inimical point of view toward your clients. They are fighting on the side of the department rather than on the side of the veteran.

I might say that I went into great detail in this connection and got almost nowhere.

Mr. PAWLEY: Mr. Broome, you will appreciate that there are in the vicinity of 50,000 properties across Canada, and unless the director took a fairly firm stand and suggested that as the veteran is occupying the property there is some necessity on his part to protect it, we would be really swamped. I think the attitude is a proper one. I am familiar with the case to which you are referring and, subsequently, we did accept the responsibility in this particular case.

Mr. BROOME: But there was quite a fight to get you to do that.

Mr. PAWLEY: We do this in similar cases across Canada, but I assure you it is with some reluctance that we do. We are reluctant to do this for the reasons I have mentioned. However, in addition to that, if the director appears to be involved in cases of this nature, quite often the court will want the director joined in the law suit. Of course, under these circumstances, we cannot avoid it.

Mr. BROOME: Yes, the court orders it that way. However, my point is you are expending public funds and the primary responsibility is on the director. He should be right in the first place, because you have bought something in this case and have paid money for it. However, you did not buy what you thought you were buying, and neither did the veteran buy what he thought he was buying. Initially, you must be right, and if you are right, then these things will not happen.

Mr. PAWLEY: I think we take the attitude that we are right until proven wrong.

I do not intend to imply we are hard-headed about this. I think we will recognize our obligations when they do appear. But, from the point of view of ownership—and the veteran is an owner to all intents and purposes—we take the stand that he should be responsible for fighting some of his own battles which involve his own interest. However, we are quite prepared to get in there if we are obliged to do so.

Mr. BROOME: The point I am making is that the deed was wrong and that a proper search should have been conducted beforehand.

The CHAIRMAN: The point you are making is that the veteran has nothing to say about it as the solicitor was responsible for searching the title in the first place.

Mr. PAWLEY: The director, through his legal agent, must be satisfied with the title in the first place. The veteran has no real responsibility in this connection.

Mr. BROOME: Why should I have to fight so hard to make V.L.A. take a responsibility which is clearly theirs in the first place?

Mr. PAWLEY: One of the main reasons is that there were other implications in connection with this case which caused us to hesitate to a considerable degree. They were not all legal.

Mr. HERRIDGE: On account of the increasing development which necessitates the building of pipe lines, highways, power lines and things of that nature, do you not think it would be advisable if the department had some standard form or letter to send out to all veterans whose properties will be crossed so that they will be acquainted with their responsibilities and their rights? I mention that because here was a man whose property was crossed without his authority, and the engineer for the company told him that he was not the owner of the land, but the V.L.A. In law, he had no right to go and place an injunction against him.

Mr. PAWLEY: We have run up against that type of thing all across Canada. However, we do not know what has happened until it has happened. But, as soon as we are made aware of it—and this usually is done through our field officer as a result of contact with the veteran—we do advise him of his rights and his obligations. The unfortunate feature of this is that we have not complete control over this initially.

Mr. HERRIDGE: These veterans will know where it is expected a highway will go, and would it not be a good idea for a notice or a letter to be sent to them, outlining their rights and the action they can take, or could take properly, so that they are prepared to deal with these people when they arrive?

Mr. PAWLEY: That is a good idea, sir, and if this is not being done we will make this suggestion to the district superintendents.

Mr. CHATTERTON: Can I ask a question on section 11? If the veteran sells a piece of land under section 11 and the proceeds are not re-expended, then it is called a surplus which is applied firstly to the contract debt and, secondly, to the costs of the director. In cases where the land is sold for public purposes, most often the veteran has no choice, such as in cases where the proceeds are applied totally to the contract debt.

Mr. PAWLEY: The practical effect of applying proceeds of this nature is that it is now almost totally applied to the contract debt. This is governed to a large extent by the amount of the veteran's earned income. We do give \$1,000 on earned income in every case. That, together with what he has already, permits us to apply the proceeds in most cases to the contract debt without any reduction of the conditional grant.

Mr. CHATTERTON: It could make an appreciable difference to the veteran where the amount of compensation is very large. If he has earned his grant, then automatically the total proceeds are applied to the contract debt.

Mr. PAWLEY: I would suggest that this has become a very small problem to us. I think it is gradually disappearing. It is a matter that is covered by regulation, and I feel confident that within the next year or so it will be entirely eliminated.

Mr. BROOME: Might I suggest that the witness sit down?

The CHAIRMAN: Certainly, please do so. Are there any other questions on clause 3?

We pass on to clause 4.

Mr. PAWLEY: Clause 4 is identical to the amendment under clause 2, which applied to section 10. This amendment permits the same maximum repayment period under section 15 of the act wherein a farm mortgage may be arranged with a veteran who already owns his land.

Mr. CARTER: That is only a consequential amendment?

Mr. PAWLEY: That is right.

Mr. ROGERS: There are not many such cases, are there?

Mr. PAWLEY: No.

The CHAIRMAN: Are there any further questions?

We pass on to clause 5:

Veterans group insurance

Mr. PAWLEY: The popularity of group insurance and the fact that the farm credit act has made it possible to take out life insurance to protect the debt, created new interest in a similar scheme for veterans being established under the act. The amendment will permit the director to explore the possibility of establishing a scheme similar to that made available by the insuring company on a voluntary basis to those who borrow \$20,000 or less under the farm credit act. If appropriate arrangements can be made with an interested insurance company, the benefits of such a scheme go to the participating veteran. Additional authority is required to permit the director to pay the unpaid insurance premiums on behalf of the participating veteran in order to keep the policy in force. Since this is a recoverable item, by charging it against the veteran's account a revolving fund for this purpose will be established from which these overdue payments will be paid.

Mr. CHATTERTON: I know this is not your department, but can you tell us what has been the response to part II of the voluntary provision?

Mr. PAWLEY: I am only drawing from memory, but I understand that in the last year somewhere between 30 per cent to 40 per cent of the loan applicants requested insurance. I think it can be stated that the response has been fairly good, and it seems to be growing all the time.

Mr. HERRIDGE: Has consideration been given to an amendment to the Veterans Insurance Act to provide this insurance through a system of insurance already in effect?

Mr. PAWLEY: Under the Veterans Insurance Act this is an individual policy. It is not in the nature of a group insurance, and we do not think it is possible to have insurance of this nature under the act. This is a group policy wherein the premiums are very favourable. If such a group plan could be arranged, compared to what one would expect to get under an individual mortgage insurance, the premium rates would be nearly half the amount they would be under the individual mortgage insurance.

Mr. HERRIDGE: But the act could be amended to include a system of insurance in that form?

Mr. PAWLEY: This is something on which we are reluctant to go too far until we get the authority to explore it. All avenues have not yet been explored, but sufficient of them have been to indicate that some beneficial program might be developed.

Mr. WEICHEL: Mr. Chairman, my question was similar to Mr. Herridge's. I was just wondering if this interfered with the Veterans' Land Act. Could he hold the two policies?

Mr. PAWLEY: Yes, we would have no objection.

Mr. ROGERS: I was just wondering, Mr. Pawley, if you recall the rates?

Mr. PAWLEY: Here again I am not going to vouch for the extreme accuracy of this information, but the cost per \$10,000 at the age of forty under a group insurance plan similar to the farm credit corporation for a 15-year period, is \$30. Under an ordinary mortgage insurance—this is a level premium insurance—for the same 15 years, the cost is estimated at \$64.47.

Mr. CARTER: Mr. Chairman, I should like to ask three further questions. I gather the purpose of adopting this insurance scheme is to cover the indebtedness of veterans to the Veterans Land Act authority?

Mr. PAWLEY: Yes, that is right.

Mr. CARTER: In the event a veteran owes money to the farm credits corporation, a bank or other organization, will this insurance scheme cover such indebtedness?

Mr. PAWLEY: No. We can only attempt to get coverage of the debt which the veteran has to the director.

Mr. CARTER: This insurance scheme will be confined solely to cover the indebtedness of a veteran to the department?

Mr. PAWLEY: Yes, that is right.

Mr. CARTER: This clause gives the director authority to explore and arrange, but does it give the director full authority to consummate the insurance policy, or will some further authority still be required?

Mr. PAWLEY: This clause embodies all the authority we need. Of course, we would require the approval of the minister if and when we are successful in interesting an insurance company in this program. Of course, the usual tenders would have to be put out and all the regulations with respect to this practice would have to be adhered to.

Mr. CARTER: I understand that all the premiums involved will form an extra charge upon the veteran himself?

Mr. PAWLEY: Yes, that is right. If the veteran has an agreement on the basis of an annual payment, then the premiums will be annual premiums. If the veteran has an agreement on the basis of monthly payments, then his monthly payments would be increased by one-twelfth to take care of the premium rate for the whole year.

Mr. CARTER: Do you envisage any particular age group that will be included under this group insurance scheme, or will it apply to veterans up to and including veterans of the age of 70 years?

Mr. PAWLEY: All veterans will be included who are eligible under the terms of a group policy which will be acceptable to an insurance company.

Mr. CARTER: I presume you will make the best deal you are able to make with an insurance company as to age groups coverable and payments charged?

Mr. PAWLEY: Yes, if we can make a deal at all in this regard. There is some problem as to whether or not this will be acceptable on a voluntary basis.

Mr. CARTER: What evidence do you have that a suitable number of veterans are interested in this program? Have you made an estimate as to the number of veterans interested in such a scheme?

Mr. PAWLEY: In the first place we are aware of the experience the farm credit corporation had in regard to this type of scheme. There was quite considerable interest in that regard, in addition to which the Royal Canadian Legion has suggested this type of coverage for several years.

During a trip through western Canada last year I personally asked many farmers what their feelings were in regard to such a scheme. There was only one who indicated that he was not interested. Our field staff has informed us as a result of a similar type of questioning program that there is fair interest generally. However, I should like to point out, Mr. Carter, that this is enabling legislation. We will attempt to put it into effect, if we can at all, but the premium rates for older veterans increase rather rapidly, thus making such a scheme unattractive to individuals over the age of 50 years.

Mr. CARTER: That is exactly the point I had in mind. Everyone is interested in life insurance, particularly those who have debts. However, the amount of interest is directly related to the cost of such insurance.

Mr. LALONDE: Mr. Carter, that is the very reason the phrase "on a voluntary basis" is placed in there.

Mr. CARTER: I wondered whether the departmental officials have a concrete figure in mind as to the number of veterans who will take advantage of such an insurance scheme.

Mr. LALONDE: Mr. Carter, we must first get authority from parliament to go into a scheme like this. We have no idea at this time how many veterans will take advantage of such a scheme.

Mr. CARTER: I do not understand how you can make a deal with an insurance company unless you can give some indication to that insurance company regarding the number of veterans and their ages who will take advantage of the insurance.

Mr. LALONDE: The farm credit corporation made similar arrangements with an insurance company without knowing the number of individuals who would take advantage of the insurance scheme, so it is possible to do it in this manner. An insurance company will take a risk basing its figures on probabilities. I am fairly confident that an insurance company will follow the same practice in regard to this proposed scheme.

Mr. CARTER: Does the insurance company realize that soldiers never die?

Mr. HERRIDGE: I presume the insurance companies will follow the usual practices in matters of this type.

Mr. LALONDE: It is a well known fact that individuals of any age in any occupation are interested in group insurance if such insurance provides protection at lower rates, and that is why we assume that individuals coming within the framework of the Veterans' Land Act will be interested. I certainly wish I could protect my mortgage on the basis of group insurance.

Mr. CARTER: I believe we all have that wish.

Mr. ROGERS: I understand that the average age of second world war veterans is 47 years.

Mr. PAWLEY: My understanding is that the average age is in the vicinity of 43 to 45 years.

Mr. CHATTERTON: Will this proposed scheme have relation to those veterans only within section 15, Part III of the act?

Mr. PAWLEY: That is something we cannot tell, Mr. Chatterton, until we know how far the insurance company will go in the direction of covering veterans.

Mr. CHATTERTON: Does clause 5, "16 A" specify that?

Mr. McCracken: This is applicable to all re-payable contracts including anyone under section 15, Part III.

Mr. CARTER: Is there any merit in confining eligibility under such an insurance scheme to only those veterans established under the Veterans Land Act? I should think many other veterans would be interested in such coverage.

Mr. LALONDE: I do not think any insurance company would be interested in group insurance covering all veterans.

Mr. HERRIDGE: This proposed scheme has regard only to the Veterans' Land Act.

The CHAIRMAN: Are there any further questions in regard to clause 5?

Mr. HERRIDGE: Perhaps an insurance scheme with such wider coverage as suggested could form part of the new Liberal policy.

The CHAIRMAN: May the Committee now proceed?

Mr. LUCIEN LALONDE (*Deputy Minister, Department of Veterans Affairs*): Mr. Chairman, before Mr. Pawley proceeds with the next clause, there was a question asked by Mr. Carter yesterday in connection with statistics. I am now in a position to answer this question, and I will put it on the record.

Mr. Carter asked how many war veterans' allowance recipients were established under the Veterans' Land Act. From the information contained in our records at head office we ascertained that there are approximately 55 who are in receipt of war veterans' allowance and are settled on Veterans' Land Act establishments.

Mr. CHATTERTON: Do you mean that of all the veterans settled only 55 are now in receipt of war veterans' allowance?

Mr. LALONDE: Fifty-five are in receipt of war veterans' allowance and make an assignment of allowance to pay the Veterans' Land Act. This was the question that was asked yesterday.

Mr. CHATTERTON: But the actual number of Veterans' Land Act settlers who are on war veterans' allowance probably are ten times that.

Mr. LALONDE: Yes. Some have finished paying on their Veterans' Land Act establishment and are now receiving war veterans allowances.

Mr. CHATTERTON: But there would be many others who are still in receipt of war veterans' allowances and who are still under the Veterans' Land Act contract.

Mr. LALONDE: Yes, there could be; but they have not made any assignment.

Mr. CARTER: Have you any way of determining how many veterans established under the Veterans' Land Act are receiving war veterans' allowances.

Mr. LALONDE: We would have to make a special survey, because this is not one of the statistics which we keep regularly in connection with war veterans' allowances.

The CHAIRMAN: We will call on Mr. Pawley at this time and ask him to proceed with clause 6.

Mr. R. W. PAWLEY (*Director, Soldier Settlement and Veterans' Land Act Branch*): Before I proceed with clause 6, there is one correction I would like to make in yesterday's proceedings.

I intimated to Mr. Herridge that proceeds from easements which went across veterans' property could be used for the purchase of livestock or equipment. This is not correct. We interpret the proceeds from an easement as pro-

ceeds from the sale of equity, and this could be used for the purpose of permanent improvements, making additions to their buildings and so on. But, we have not the authority to use this money for the purchase of stock and equipment.

Mr. STEWART: Is this money paid to the director or to the holder?

Mr. PAWLEY: It is paid to the director and credited to his account or it could be used for permanent improvements if he so desires.

Now the other two points are matters of information. It was asked yesterday how many farmers we have settled under section 10(3). This section is the one where financial assistance is provided when the veteran occupies the property with a long term lease or a mortgage, and under this section the total number established is 2,290. The remainder of active accounts we have with us still—and this is a projection—is 1,760. In view of the fact that the number under this category is relatively small we have discontinued keeping special statistics and these are included under our farm accounts.

The next question asked was how many we had established under section 15 of the act. This is the section where we may advance a mortgage. The total number established was 928, and the net remaining at the present time is approximately 307.

Clause 6 is self-explanatory. It is an amendment to give the proper name to the legion, which is now referred to as the Royal Canadian Legion.

In connection with clause 7, when an agreement of sale with a veteran is rescinded or the veteran quick claims, interest is charged to the veteran on the total outstanding debt until the property is sold.

Section 31 now provides that the rate of interest chargeable is $3\frac{1}{2}\%$. Part I loans bear an interest rate of $3\frac{1}{2}\%$. The proposed amendment will not charge this rate in so far as the outstanding debt under Part I is concerned.

Part III loans bear an interest rate of 5 per cent, but now when a property reverts to the director, this rate is reduced to $3\frac{1}{2}$ per cent until the property is sold. Similarly, any amount expended for unpaid taxes and insurance after the property reverts also bears interest at $3\frac{1}{2}$ per cent in spite of the fact that for any veteran who received a loan since 1959 his contract provides that a 5 per cent interest rate will be charged against advances made for this purpose.

The existing provisions of section 21 are considered to be inconsistent and the amendment will permit the continuance of the same interest rate after the property reverts, as would be the case while the veteran was in actual possession. It should be pointed out that under this section the director absorbs any loss on resale of the property, but any surplus over and above the director's cost is returned to the veteran.

Mr. HERRIDGE: This would appear to be an anomaly. I knew a case of a veteran losing his property under this clause.

Mr. CARTER: That clause takes care of it. It is also what I had in mind. Does this penalize the veteran in any way?

Mr. PAWLEY: It does not penalize the veteran if there is a loss in the property because the director absorbs the loss.

Mr. BENIDICKSON: Would the surplus be reduced?

Mr. PAWLEY: It would be slightly reduced.

Mr. SMITH (*Lincoln*): This is a new clause. How would that affect the Mousso case? Would the Veteran's Land Act disburse the assets after the property was sold?

Mr. McCracken: Mr. Smith, if I recall correctly, in the Mousso case the veteran had not received a Part III loan. In other words, the rate of interest chargeable under contract to that veteran was $3\frac{1}{2}$ per cent. This clause would not have disturbed the interest rate at all. It is really intended to take care of

a veteran who has received assistance under Part III where the interest on that assistance is at 5 per cent. If the property reverts to the director in the way the act reads today, the interest continues to run until the property is sold, but instead of running at 5 per cent it is running at 3½ per cent. There seems to be an inconsistency. While the contract is in good standing, the interest is at 5 per cent, but when it reverts to the director, it goes down to 3½ per cent. This is intended to keep it at the interest rate that was chargeable when the contract was alive.

Mr. SMITH (*Lincoln*): It is not the interest rate with which I was concerned in this case, but there was reference made to the fact that if the property was repossessed, and after all the charges were paid on it, the money remaining would revert to the veteran. However, in the case to which I referred, the property was repossessed and the money was turned over to the sheriff.

Mr. CARTER: Was there any special reason for that anomaly in the original act?

Mr. LALONDE: I think we have to accept the blame for it. When we introduced Part III some years ago, we forgot about this section which was in Part I.

Mr. HERRIDGE: It seems a shame that the deputy minister is not infallible.

Mr. LALONDE: We have known this all along, Mr. Herridge.

Mr. PAWLEY: Clause 8. This provides an extension for qualification certification until October 31, 1968. Veterans who take advantage of the provisions of the act must be fully qualified by this date, which includes the repayment of re-establishment credit if used. The reason behind this amendment is the very real interest shown by veterans of world war II who are serving in the permanent force, the majority of whom will be retired or will be nearly due for retirement by 1968.

Furthermore, there are 12,000 veterans qualified for small holdings but not established, a figure that has not changed significantly for a number of years. This number, together with those who have renewed their interest in one-half acre parcels, indicated a potential volume of work with which the branch might not be able to cope if the cut-off date is left at September 30, 1962.

Mr. CHATTERTON: I have some questions to ask. A veteran must be qualified before that date if he wants to be established. If he is re-established and credit had been used, must he have paid it by that deadline date in order to use it subsequently?

Mr. PAWLEY: Yes.

Mr. CHATTERTON: What if he repays the debt before the deadline date and subsequently changes his mind?

Mr. LALONDE: It is taken care of under the War Service Grants Act.

Mr. CHATTERTON: He must be qualified by the deadline date in order to get a loan subsequently. But how about those who cannot qualify for certain reasons, or how about the following case: throughout the years you have carried out these purges, where you wrote to the veterans who have been qualified and you said to them that if they did not reply by a certain date expressing their interest you would automatically cancel the qualification certificate? Thousands have been cancelled in that way. Many veterans are not aware of this. What happens when a veteran comes up to you after the deadline date and says: "I was qualified in 1952" and you say "I cancelled the certificate", and he says "I never asked for it". The director can cancel the certificate at any time, but when it is cancelled without the veteran's request, he is limited.

Mr. PAWLEY: There will be several administrative problems in this connection. However, we hope the problem you mentioned will be reduced by as much advertising of the deadline date as possible. In this respect we are asking the veterans' organizations to do everything possible to assist us as well. I feel that if the cut-off date is widely advertised, then there is really not too much more we can do. Regardless of this, I anticipated that there would be a few problems in this connection.

Mr. CHATTERTON: Before a veteran can be qualified, he must satisfy you that he has sufficient income and sufficient cash in order to make the necessary down payment. Now, a veteran, towards the end of, say, September 1968, has not enough money at the time to make the down payment, but he expects to have enough in the next year or so. Can you qualify him?

Mr. PAWLEY: We would, subject to his acquiring sufficient capital required for his establishment.

Mr. CHATTERTON: You have a completely new policy which indicates that you will qualify a man subject to his acquiring sufficient capital?

Mr. PAWLEY: We will have to do something of this nature.

Mr. CHATTERTON: Members of the armed forces are eligible only if they are on their last posting. Now, those who are not on their last posting in 1968 will have completely lost their chance.

The CHAIRMAN: You can trust the members of parliament at any time to extend this time limit.

Mr. CHATTERTON: Yes, but this is what happened. They set the deadline date, as it is up to now, to September 1962. The operations of the department seem to be geared up to the deadline date; they refused to increase their staff because of this deadline. I think that has happened to some extent and it might well happen again. I do not think this act should ever be cut off; it should be continuous.

Mr. LALONDE: We may agree with you in principle, but surely, Mr. Chatterton, time and, God helping, no further war, will take care of this act. In the same manner, for instance, the rehabilitation act is still in the veterans charter but its use is very limited. I think that we as administrators spending public funds must be given an opportunity to plan for the future on the basis of something which may not be absolutely inflexible but which will at least give us a chance to look ahead a few years and plan our operations. I am convinced that as far as world war II is concerned, setting the date at 1968 will give everyone a chance to qualify. You notice that we do not say "to be established by 1968", and there is a difference there. I think everyone who is a veteran from world war II can get a certificate of qualification by 1968. This date will allow nearly 25 years after world war II for many of the veterans. Establishment on land must be accomplished within a reasonable age limit. The establishment of small holdings involves a completely different matter, but the establishment on farms must be accomplished on the basis of a reasonable age limit.

I think that where we find difficulties between now and the end of 1968, such as individuals whose certificates have been cancelled, we can take action ourselves and notify these people, individually if necessary as long as we still have their addresses. We will now plan and try to reach as many people as we can by 1968. I am sure that if we report to parliament in 1967 that we have not been able to reach everyone, then parliament can take another look at this. In the meantime this will give the director and his officials an opportunity to do some planning.

Mr. CHATTERTON: This amendment might well have applied to the deadline that now exists, yet it does not apply in that regard to those veterans who did not become qualified.

Mr. LALONDE: That is perhaps true in so far as the Veterans' Land Act is concerned, but as far as re-establishment credits are concerned, we conducted a two year campaign to reach all veterans who had not used their credits. After one and a half years we came to the conclusion that we could not reach all of them so the deadline was extended.

Mr. CHATTERTON: Instead of setting a deadline in relation to this bill would it not have been advantageous to proceed without such a deadline until you had reached your conclusion in this regard?

Mr. LALONDE: Human nature being what it is, if a deadline is not set, everyone will wait until 1985 before applying; whereas with a deadline, at least we are disposing of some of these cases.

Mr. HERRIDGE: Experience has proven that errors in calculated estimates are corrected through amendments. I use as an example the estimate as to the possibilities of veterans taking part in the population explosion, and as a result of a poor estimate the act was amended later to cover that error used.

Mr. LALONDE: Each time we have reported to parliament that we had not finished our work, an extension has been granted.

Mr. ROGERS: I think you are quite right in that statement, and that setting such a deadline gears up the department's operations. I feel also that this creates an incentive.

I have one question I should like to ask at this time in regard to service people and their last postings. Is there any reason why a veteran cannot be qualified at the time he leaves the services?

Mr. LALONDE: No, there is not because we discharge them as of 1947. Previously there was such a reason, and that is, they were not discharged. However we now consider them to be discharged which allows them to receive a certificate of qualification.

Mr. CHATTERTON: Do I understand you to say that an armed forces' personnel can be qualified even though he is not on his last posting?

Mr. LALONDE: That is right, because if this amendment is passed by parliament all armed forces' personnel will be deemed to have been discharged in 1947.

Mr. CHATTERTON: Therefore they will not be allowed to wait for ten years?

Mr. LALONDE: That was part of the philosophy, but there was a legal bar to their qualification in that they had not been discharged.

Mr. ROGERS: That is precisely the point I wished to clear up.

Mr. CHATTERTON: Those veterans on their last posting had not been discharged either.

Mr. STEWART: They could qualify in that event.

Mr. PAWLEY: Mr. Chairman, I should like to clear up one or two things, or make them more confusing, I am not sure which. The amendments that had been proposed would technically permit the qualification of a person in the armed services. Whether this is prudent or not involves another question. However, as far as establishment is concerned, we will not establish a person of the armed services unless he is on his last posting. The reasons for this I think are fairly obvious. If a veteran purchases a farm, as an example, and he is on his last posting but still has four years to serve, there is no guarantee that he will not be posted to Indo-China or some area of that nature for a period of two or three years. In such an event there

is created an administrative problem for us and for the wife who remains on the farm. It is for this reason that we delay the actual establishment until very close to the time the veteran retires. We have some flexibility, but this depends entirely upon the circumstances. We use our judgment in these cases, but generally speaking we take that attitude. We can still qualify these individuals in this manner, allowing them to protect their rights under the act.

Mr. CHATTERTON: That is a well taken point.

The CHAIRMAN: We will now consider clause 9.

Miss LAMARSH: Mr. Chairman, is there any possibility that the words "to be certified as qualified" might now or in the future be interpreted to include that group of veterans known as the Canadian fire fighters? When those veterans were overseas it is my understanding they were promised all the benefits to be received by other veterans. It is my understanding that they served under the same strictures overseas as all other veterans overseas and are now particularly interested in the benefits of the Veterans' Land Act.

Mr. LALONDE: Well, this subject is not covered in this bill.

The CHAIRMAN: This situation is not dealt with by this bill Miss LaMarsh.

Miss LAMARSH: I appreciate that situation, Mr. Chairman, however I think that the term "certified as qualified" should be made clear either in this act or in some other act as to whether or not Canadian fire fighters are included.

Mr. CHATTERTON: Eligibility in that regard was established as a result of the recent amendment for war veterans' allowance purposes to that act.

Mr. LALONDE: Yes, that is the Civilian War Pensions and Allowances.

Mr. CHATTERTON: Yes, as a result of the amendments to that act, privilege was given to those veterans in respect of war veterans' allowances. It occurs to me that since that principle has been conceded in that regard there is no reason why it should not be conceded for the purposes of the Veterans' Land Act.

Miss LAMARSH: The Veterans' Land Act I understand is of great concern to the Canadian fire fighters and I hope consideration will be given to the possibility of covering this body of individuals as well.

The CHAIRMAN: Has there been any request received in this regard?

Mr. BENIDICKSON: I understand requests have been received in this regard for many years.

The CHAIRMAN: I refer, of course, to the Veterans' Land Act.

Mr. BENIDICKSON: I understand the ineligibility of Canadian fire fighters in this regard has been one of the denials or discriminations often complained about.

Mr. HERRIDGE: Has the deputy minister made a recommendation in this regard to the minister?

Mr. LALONDE: As the minister has said in the past, I have given him a report covering this situation pointing out the pros and cons, and the minister has made a decision.

Mr. HERRIDGE: By golly, you ought to enter parliament.

The CHAIRMAN: I feel there is very little more we can say in this regard, Miss LaMarsh.

Mr. PAWLEY: In regard to clause 9, Mr. Chairman, when a farmer veteran has received a Part III loan and has transferred title to the director something in excess of the security needed, it is possible to release back to the veteran

without compensation part of the property represented by this excess security. This is not possible if a small holder had received a Part III loan, but the amendment will permit release in the future in that regard. In addition there is some ambiguity in the wording of the existing section 26 as to whether or not a release can be made down to one-half an acre from two or three acres, even though all the financial and other requirements might so warrant. While the amendment will give more administrative flexibility, especially as it concerns the minimum acreage for small holdings, nevertheless it is our opinion, wherever possible, to permit reductions on the basis of a sale whereby the debt to the director is reduced accordingly.

We feel that where it is prudent to do so the debt to the director should be reduced when the equity in the property is sold by the veteran. I should explain here, as well as emphasize, what we mean by release under this particular section is that we release the property back to the veteran; that is, we will deed it back to the veteran without the veteran paying anything to the director for this land. The reason being is that he has put in an excess amount of money, or has turned over to the director something more than the director requires.

Mr. BENIDICKSON: At the date of the contract?

Mr. PAWLEY: That is right, at the date of the contract.

Mr. BENIDICKSON: This simply parallels what is open to the full-time farmer.

Mr. HERRIDGE: You have a number of illustrations in which you could indicate where this amount is suitable.

Mr. PAWLEY: This is coming up all the time.

Mr. CARTER: Is this only for the benefit of the small holder, or does it apply to the full-time farmer as well?

Mr. PAWLEY: The amendment will apply mainly to the small holder because it is already permitted under section 68 for the full-time farmers.

Mr. CARTER: This would give them the same concessions?

Mr. PAWLEY: Only for those who have a Part III loan. If the farmer has already obtained a Part III loan, then he can do it under section 68.

The CHAIRMAN: We are now on clause 10.

Mr. PAWLEY: Clause 10 concerns Part II of the housing provisions of the act, wherein the security required now is \$800, or a lot valued at \$800. This increases the amount required for security purposes by \$200, which is 10 per cent of the amount of the difference between \$10,000 which is available now, and the new maximum loan of \$12,000, which is being proposed. In effect, this increase is of very little significance. The average value of lots acquired for Part II purposes is approximately \$1,200, which is paid by the veteran either before or at the time the lot is transferred to the director.

Mr. CARTER: This is for the veteran who is going to build his own home?

Mr. PAWLEY: That is right, such as on a small city sized lot.

Mr. BENIDICKSON: Suppose he does not want a loan beyond \$10,000 and takes advantage of the new act. He must still put up \$200 more than he would have to put up prior to the enactment of this statute.

Mr. PAWLEY: Yes; we will require \$1,000 now instead of \$800.

Mr. BENIDICKSON: Even though before he only wanted \$10,000?

Mr. PAWLEY: That is right.

Miss LAMARSH: Do you think that that is entirely fair? Is there any reason why it cannot be a percentage of the amount of the loan, so that he is not penalized?

Mr. PAWLEY: It really boils down to an administrative matter.

Miss LAMARSH: Surely anybody in the department could figure out what 10 per cent of the application was.

Mr. PAWLEY: There are two features in connection with our part two housing: first, the cost of acquiring the housing, even at the lowest amount, is slightly in excess of \$10,000; and the other feature is that with the purchase of a city-sized lot, wherein services are required—at least water services are required, and in some cases, sewer services—the cost of that land is in excess of \$1,000.

There are very, very few that are required to put up any cash for establishment purposes over and above the cost of the land. Now, if the lots that they acquire were worth—or were priced at—\$800, then of course all they would have to put up would be the difference between that and \$1,000 which would be \$200.

We find, certainly under this section as well as under the other sections of the act, that the more equity put into the property, then eventually this becomes a better settlement, or establishment. This is merely the same applied principle. The amount we feel is small, and since it would not be used to any great extent, or needed to any great extent, we do not feel that it is a hardship.

Miss LAMARSH: That is perfectly true. But every time you make an error, you must put more money into it.

Mr. BENIDICKSON: What percentage of your loans now are for the maximum amount of \$10,000 or are very close to the maximum amount?

Mr. PAWLEY: It is almost 100 per cent.

Mr. BENIDICKSON: So we might anticipate that the new ceiling would be used almost 100 per cent on lots.

Mr. PAWLEY: I can give you some of the costs now. It really refers to the next clause. The average cost of the homes built—this is a three-bedroom house including land—and covers the last two year period, so we have them up to date—is \$11,766. Now, the average of the low range of houses costing less than \$11,766 is \$10,530. It would be of some interest to indicate that the average of the high range above \$11,766 is \$13,350.

Mr. CHATTERTON: Do you have any figures of the percentage of houses that are in that higher bracket of the total?

Mr. PAWLEY: I have not got them here, and I would not like to hazard a guess, except to say there is a tendency to be on the higher side than on the lower side.

Mr. CARTER: Is that the trend at the present time for the higher priced houses?

Mr. PAWLEY: It is moving that way, and I think it is occasioned by other costs such as labor costs and all the rest of it.

Mr. CARTER: What has happened over the past two or three years in veterans housing? Are more veterans taking advantage of them now or fewer? I remember a few years ago it was more advantageous for a veteran to take advantage of C.M.H.C. rather than of the Veterans' Land Act. Then we changed it up to \$10,000, as you remember. Now I wonder what has been the result of that increase.

Mr. PAWLEY: I do not feel the result of the increase will be of significance. Actually the number building under Part II of the act has fallen fairly rapidly since the half acre small holdings came into effect.

Mr. CARTER: You say it has fallen?

Mr. PAWLEY: The number building has fallen under part II. There are more going under parts I and III of the act, because of the half acre, although we do have 500 lots across Canada suitable for part II purposes, and 155 of these lots are located adjacent to Ottawa in a subdivision which is now being developed. We feel this section still serves a useful purpose under certain circumstances. There is no doubt about it that the attractive opportunities of the half acre are quite pronounced, as opposed to this.

Miss LAMARSH: Under which section is the new deal in the standard township?

Mr. PAWLEY: That is under parts I and III, small holdings.

Mr. CARTER: This is for a person who wants to build on a city lot. I mean this section?

Mr. PAWLEY: Yes.

Mr. BADANAI: Who is the officer in charge of, and who has the responsibility of appraising the lots? Have you arranged statistics to show the number of loans which were turned down because of the location, because the director, or whoever is in charge of it, did not approve the location of the house or the farm or of the holding?

Mr. PAWLEY: Are you speaking about the Part II loans now?

Mr. BADANAI: I am referring to those under this clause here which indicates an increase in the minimum of security on the land. I am relating it to this amendment here in respect of increased financial assistance. In my constituency, and no doubt in others, there have been cases where people have been turned down because of the poor location. They are turned down for any increase in the loan because of the location which the director, or whoever was in charge, felt was poor. On occasion I have had such cases in my own district. How do you handle those?

Mr. PAWLEY: In the first place, the loan approval is the responsibility of the district superintendent in the particular area.

Mr. BADANAI: If the veteran is satisfied that the location is suitable to him, why should someone in your department say that it is not a good location for farmers?

Mr. PAWLEY: I can recognize that in borderline cases there can be a difference of opinion. The veteran may be satisfied from the point of view of his own establishment, but from the point of view of investment of public money, the district superintendent has to be satisfied that the property which will be purchased on behalf of the veteran represents adequate security.

We have had several cases of which I have personal knowledge where applications have been turned down because of the location. The prime example of one of these which I remember is that of a veteran with a large family who wanted to be established in a large farm home somewhat remote from schools and somewhat remote from any community activity. The farm itself did not provide a potential source of income to this particular veteran. We felt—based on our experience over the years—that circumstances such as these do not go for good establishment of a veteran and his family. Under these circumstances, from the point of view of education and the opportunity of joining in any community activity, we are very reluctant, not only from the point of view of protecting our own equity, to establish a veteran under those circumstances, because we have had some rather drastic results when this has been done.

We like to be democratic about this. If a veteran feels he has not been given a fair chance, he has every opportunity to appeal the case to the district superintendent, to myself, and to the minister. We will give every consideration possible to this veteran. On the other hand, however, when you take

these other factors into consideration, sometimes it looks to be a pretty doubtful proposition.

Mr. BADANAI: You have to consider that not every district in Canada is as suitable for farming as are many areas in the prairie provinces. There are many sections of the country which are quite rugged, such as in north-western Ontario and in some parts of New Brunswick, perhaps, and Nova Scotia, where the land does not compare favourably with land in other parts of the country. That is where the veteran who intends to go on a farm sometimes is discriminated against unfavourably when wishing to obtain land for farming under the Veterans' Land Act.

For that reason I say that this bill should take into consideration those cases which are, as you explained, perhaps a little hard to give consideration to because your department feels they are not economically feasible or that there may be a danger of repossession of the land or a danger of loss. I have seen some of these, and in the majority of them they have made a success of it despite the department's doubtful expression of opinion at the time they were approached. I think the department should adopt some sort of method by which the land is approved by persons who understand the district in which these people wish to sell, rather than rely on the persons who come from other parts of the country to assess a location which may be entirely different from that with which they are familiar.

Mr. PAWLEY: We do attempt to carry out precisely the suggestion you have made. I do not want to make excuses; however, there are two things which have happened. One of these has created another amendment which we will discuss later. The first is that it is difficult for senior people to have precise knowledge of the individual area in which the property may be located. It is difficult to obtain this knowledge without considerable travel. We do this in cases where there is some doubt. The senior man is instructed to go out and have a look at the property himself. Then we have local men on the regional advisory committees, and these we are increasing so that we may have a little better coverage as you suggest.

The other thing is this: During the past two or three years we have heard a great deal about economic farm units. This was introduced into our act in 1959, and I think, in itself, is splendid legislation. Unfortunately, however, it has created a feeling that everyone should be on an economic farm unit. I think this is impossible. We now have recognized the trend that many people in Canada are living on small farms; they are seeking part time employment, and they are able to provide a fairly good standard of living on that small farm. Since these people are there, they have no alternative recourse, and it seemed to us that it was proper some provision should be made for this group. One of the clauses in the bill will make this provision.

Mr. BENIDICKSON: Would you tell me under what section that is, as I am very interested in this explanation?

Mr. PAWLEY: Clause 13.

Mr. BENIDICKSON: That is the loan section.

The CHAIRMAN: Shall we pass on to clause 11?

Mr. PAWLEY: I think I explained that clause at the same time as I indicated the average cost of land and building as a result of our experience over the last two years, and I feel that the maximum loan is consistent with our costs.

Mr. CHATTERTON: The loan under Part II actually is the same as it is under the N.H.A.; in other words, \$14,200 for a three-bedroom house and \$14,900 for a four-bedroom house. This \$12,000 is the advance the director makes.

Mr. PAWLEY: Yes.

Mr. CHATTERTON: This is the point I raised before, and it concerns why some veterans seek assistance under the N.H.A. rather than under Part II. If a man wants to build a house and it costs him \$14,000, and he goes to the N.H.A., they make him an advance of \$14,000. But, if he comes under Part II, you will advance to him, under the new provision, only \$12,000, and that means the veteran has to put up an additional \$2,000 in cash. Therefore, under Part II, where the house costs more than the advance, the veteran has to put up that additional amount of cash for the director. Although it is true that he gets it refunded when the house is completed, he does put up more money in cash than the man who goes to the N.H.A. I would hazard a guess that that is the reason why more veterans are using the N.H.A. What is the objection to making the advance equal to the loan?

Mr. PAWLEY: The philosophy behind this particular section is that its original intent was to deal with the veteran who is at the lower income level. This is the first consideration. The second consideration is this: under this particular section the veteran must be his own contractor. Now, I recognize that under present-day conditions, a veteran does not save as much now as he did ten years ago by doing his own contracting. But, he saves something.

Mr. BENIDICKSON: Why should he not save proportionately as much today?

Mr. PAWLEY: Well, contractors have sharpened their pencils a great deal during the past short period. Under these conditions we feel that the amount available should be less than that provided under the N.H.A. Veterans, whose loans equate a maximum of \$12,000, can build a house for this amount and they do not overburden themselves with debt. Those who can afford to build a bigger house and want to be their own contractor will have some of these other advantages. In all probability, they can afford to put in the extra \$2,000. But, this section is designed to try and accommodate those people who are at a little lower level of income.

Mr. CHATTERTON: Although that may be the intent, the actual fact is that those who have the cash available or can raise it can build a more expensive house; that is, for the period of time of the contract he puts up an additional amount for the life of the contract. My question was: what is the percentage of the Part II loans with the cost of the house in excess of \$12,000?

Mr. PAWLEY: Although I cannot answer this, I can give you a figure from the Canadian housing statistics for 1961. The average estimated cost of construction was \$12,043.

Mr. CHATTERTON: But, that is the average. My question is, how many are above \$12,000?

Mr. PAWLEY: Of course, our figures are average as well. But, in the light of this information and what our own records show, I do not feel that I, as director, could support a recommendation to go beyond that, under the circumstances.

Mr. CHATTERTON: In other words, a man who has a large family and wants to build a \$13,000 house cannot build it unless he can raise that extra \$1,000. But, the man who has the extra \$1,000 can build his.

Mr. PAWLEY: Of course, in cases of this nature, and depending on the ability and the integrity of the veteran, we will go to a bank with the veteran; the veteran will arrange a loan, and the bank will be paid during the course of construction. Actually, he is permitted to build a house under these circumstances, through the assistance of the bank.

Mr. CHATTERTON: But he still has to borrow that additional amount of money. Part II, as you have indicated, creates the advantage to those many veterans who use their own sweat, and some can save \$2,000 as compared

to what it would cost otherwise. But, unless the man who wants to build a large house, which costs him more than \$12,000, can borrow that money, which he does not have to do under the N.H.A., he is stymied.

Mr. LALONDE: You must not forget that Part II was placed in the act for a very good reason, and you must not forget that Part II carries with it certain benefits designed to help the veterans with little money. Part II is not considered an alternative benefit to rehabilitation or the use of re-establishment credit. Take the case of a veteran who has received four or five years of assistance in education. Perhaps this is worth \$5,000 or \$6,000 to him, and he is now a doctor, an engineer or a lawyer, capable of earning a fair amount of money, and he wants a Part II establishment, for which the country gives him additional benefits; the fact he has had these very adequate benefits in the first place is why, I think, the philosophy is more slanted toward helping the person who wants to build a smaller house and needs, perhaps, additional assistance at this particular time. I say this because there is no other means test involved under Part II. You could have an income of \$50,000 a year and still be eligible under Part II.

Mr. CHATTERTON: Yes. If you had said that the loan shall not exceed \$12,000, then that objective would have been obtained. I am not suggesting you do that, but the fact of the matter is that the veteran can get a loan of \$14,900.

Mr. LALONDE: More power to him if he can.

Mr. CHATTERTON: The veteran under Part II can get a loan of \$14,900, but the interesting thing is that the advance made by the director is limited to \$12,000.

Mr. LALONDE: That is correct, sir. Why should the director advance more to build a \$15,000 house and encourage the veteran to get more additional benefits. I think I would prefer those who want a \$15,000 house to go to the N.H.A.

Mr. CHATTERTON: But you are not stopping those that have the cash, because they are coming under Part II, and they can go to the bank and borrow \$2,000.

Mr. LALONDE: I think there is a further advantage to this, and it is the fact that the veteran who has a smaller income is not tempted to build a \$15,000 house when \$12,000 would do it.

Mr. CHATTERTON: You have restrictions on the amount of loan in relation to the income, as those are set.

Mr. HERRIDGE: I have a number of veterans in my riding who have been their own contractors, and I think this section fulfils the purpose for which it was designed.

Mr. ROGERS: Costs were given; did those costs include the veteran's labour on the house?

Mr. PAWLEY: If the veteran had contributed labour, this is set to the minimum. If he puts more into this, and the figures do not include the veteran's own labour it is fine, but this does not include the veteran's own labour.

Mr. CHATTERTON: Before we leave Part II, there is—as the deputy minister indicated—an indirect subsidy paid to the veteran, but there is no direct subsidy paid. Has any consideration been given to making allied veterans eligible for at least Part II, even those who did not have pre-war domicile?

Mr. PAWLEY: There has been no consideration given, as far as I am concerned. I do not recall any case where a request had been made at the head office. This may have happened at the district office, but I do not recall any representations being made at the head office.

Mr. CHATTERTON: It would never come that far because in the field they would simply tell the veteran, "You did not have pre-war domicile, therefore you are not eligible". But in view of the fact that there is no direct subsidy involved in Part II and it is an excellent program of self-help, it seems to me that consideration might be given to extending to allied veterans at least this part of the Veterans' Land Act.

Mr. LALONDE: We are involved in a much broader principle and that is extending the benefits of the rehabilitation aspect of the charter to allied veterans who were not Canadians before the war.

Mr. CHATTERTON: The principle has been accepted in the War Veterans' Allowance Act.

Mr. LALONDE: That is not a rehabilitation benefit following the war.

Mr. BENIDICKSON: Irrespective of that, you say that no direct subsidy was paid. What is the interest rate under these loans?

Mr. PAWLEY: It is nothing until the mortgage is transferred to Central Mortgage and Housing Corporation. At that time, the going rate of interest is charged. At the present time it is $6\frac{1}{2}$ per cent.

Mr. ROGERS: How long a time do they have to build this house now?

Mr. PAWLEY: Fourteen months.

Mr. ROGERS: So they have this interest during this time.

Mr. BEECH: And you also pay the legal fees.

Mr. CARTER: Apart from the legal fees, the only benefit the veteran gets out of this is what he saves by contracting the work himself.

Mr. PAWLEY: In addition to that we think there is very substantial benefit in providing trained people to guide him through his construction contract.

Mr. BEECH: And he also gets supervision.

Mr. WEICHEL: Is there a minimum now under which no application is accepted?

Mr. PAWLEY: Except for war disability pensions, if it is in excess of 50 per cent.

Mr. BENIDICKSON: This is based on the principle that he could not utilize the extra land because of his disability.

Mr. ROBINSON: I wonder if the director could give us any comparison on the size of loans under Part II between urban districts and semi-urban districts, or what you might call rural districts?

Mr. PAWLEY: The only comparison I can give you is a comparison between this and our half acres which we will deal with in another clause. I have the same costs for half acres, which may answer your question.

The CHAIRMAN: Shall we pass on now to clause 12?

Mr. PAWLEY: The act at present limits the scope of debt consolidation to land, livestock, equipment and permanent improvements.

During the past two years there were numerous farm cases where an almost complete consolidation of debts would have been beneficial financing. In addition, there were other cases where it would have been preferable to consolidate such farm related debts as for feed, fertilizer or those calling for high financing charges, and permit well financed farm improvement loans to continue.

This amendment will permit some flexibility in the consolidation of debts and permit the use of good business practice in the prudent application of our farm lending policies.

In order to discourage farmers from deliberately accumulating more debts with the hope of a further consolidation, the amendment will permit this action only once from the time it becomes effective.

Mr. ROGERS: Would this include operating costs?

Mr. PAWLEY: Debts that were incurred as operating costs and related to the farm.

Mr. ROGERS: The whole matter is one of consolidated debts and one creditor.

Mr. PAWLEY: Yes; this is a good principle of lending, but there is also another principle tied to this. We found out from experience, that if you consolidate a farmer's debts completely, depending on the individual and his method of operation, there is great danger of this man going out and incurring as many debts again because he has re-established his credit with other organizations. We have found that this is a bad principle in some respects and that maybe it would have been better to have left some of these well financed loans, such as for farm improvements, to continue on this basis.

Mr. ROGERS: I can see that, but actually I do not think there would be too many of those cases, because I do not think you would advance a loan under Part III to a man who was not capable and had not shown through his settlement that he was able to handle his obligations.

Mr. PAWLEY: I agree. The amendment is aimed at what you suggested, namely, to consolidate debts in one place.

Mr. BENEDICKSON: I suppose it is easier for you to be able to say: "I am not permitted to make a second loan", than to have the veteran feel that somebody else got a loan and he did not because, perhaps, in your opinion, one man had been improvident in again increasing his credit.

Mr. PAWLEY: This is why we suggested it should only be done once.

Mr. ROGERS: I agree with that.

The CHAIRMAN: May we pass on to clause 13?

Mr. PAWLEY: In regard to small family farms, Mr. Chairman, the 1951 Canada census indicates that over 60 per cent of all Canadian farmers were in a low gross income category. If this percentage is applied to the farmer veterans established under the act, it means that around 10,000 out of 17,000 receive less than \$5,000 annually. While the numbers and amount represent an estimate, it is known that of all the Part III farm loans to veterans during the past two years only 12 per cent were made to those with less than \$4,000 gross income. Conversely, 60 per cent of all loans went to those who had a gross income in excess of \$7,000. In fact, slightly in excess of 20 per cent of the total farm establishments have been advanced financial assistance under the provisions of the amendments which were introduced in 1959.

After personally observing the situation in many parts of Canada and seeking the opinion of the district superintendents and their staff in all provinces, the conclusion was reached that the provisions of section 64 were inclined to be selective and actually eliminated many veterans who at least were worthy of financial assistance.

While the lending of money on the basis of an economic farm unit concept is highly acceptable, the proper and only acceptable technical approach to estimating the required size of what constituted an economic farm unit placed many veterans outside the legislative provisions. We were obliged to face the hard cold facts that farmers just below the minimum standards had met their obligations, were raising and educating their families and represented citizens of this country worthy of consideration.

It was obvious, by carefully noting the trends, there were two distinct categories of farm units developing—the commercial type family farm and the small family farm. The commercial type farm was being accommodated with adequate farm financing but there was no method whereby our act and its regulations could, without contravention, meet the needs of the small family farm.

Since the provisions of section 64 were proven to be highly satisfactory, and the concept should not be altered or even weakened, it is proposed a new specific section to the act should be developed to provide limited financial assistance to the small family farmer. Such provision would permit the proper application of a lending policy in keeping with circumstances. Furthermore, it would allow a democratic freedom of right for veterans who happen to be in a low level of income to advance to a higher level in keeping with their managerial ability to develop. There are several significant facts that were considered:

Many farmer veterans have been on their small farms for at least 15 years and have a natural reluctance to selling their home and seeking an insecure living in the city. In addition to a natural reluctance to sell, they are reaching an age where—without trade training—it would be difficult to secure a steady income in the city.

Many veterans are able to obtain non-farm part time employment. Since a \$500 net income from off the farm—if reasonably permanent—represents approximately a net return from \$10,000 to \$12,000 capital investment in the farm unit, it is obvious that the more cautious farmer is apt to favour off-farm employment. The availability of part time employment for a farmer is increasing in many areas.

There has been sufficient evidence to indicate that some farmers can manage larger amounts of capital better than others. Furthermore, many, because of an inherent characteristic, are reluctant to borrow money in large amounts at any one time.

That veterans established as farmers cannot normally use any security in their land for long or short-term borrowing because the title is in the name of the director.

In consideration of the entire agricultural problem and its relation to the small family farm, the application of this proposed amendment will aim at the following concepts: Loans will be made to promote economic growth within the line fences of the existing unit. If and when productivity has reached its maximum, then the farmer's future expansion will be in keeping with the economic farm unit concept of financing.

Loans for productive growth will tend to encourage use of the land resource for agricultural purposes which permits production of farm produce which can be readily marketable. In this connection, alternative land uses will be explored and encouraged. It is our hope that gross income can be increased by means of sales of products which the market can absorb.

Provided the motivation for improvement exists, the security is adequate and the ability to repay is evident, loans will be made to permit permanent improvements for the farm home and other buildings.

We do not propose to make loans available for the direct purchase of farm machinery, the reasons being that the majority of established veterans will already have equipment; good second-hand equipment can be acquired at a reasonable price and, finally, the farm improvement loan is admirably suited to this purpose and the interest rate is comparable to our own. We will, however, advance a loan for the consolidation of debts involving farm machinery which may be appropriate in an attempt to set the veteran back on his feet.

Similar to any form of small business wherein the amount of income after costs are deducted is possibly less than would be enjoyed by a larger comparable business, such will be recognized in financing a small family farm. Therefore, loan amounts will be tempered by the actual income from the farm under the veteran's management and will not exceed 75 per cent of the fair market value of the real estate. Considerable use will be made of lending techniques based on experience and the agriculture advisement services will be available when consultation on farm matters is requested. In this connection, our training program is directed toward greater emphasis on farm management and we propose to work very closely with the provincial agriculture staff, especially as it concerns farm accounting. Since formal appraisal training is a requirement for promotion of any of our farm field staff, the inclusion of farm management training should make the field staff well qualified to perform functions consistent with the final phases of our program.

We divide our total farm establishments into three main groups:

- I. Commercial type family farms consisting of approximately 4,000-5,000 veterans who may fit into the economic farm unit category.
- II. Small family farms consisting of approximately 6,000-8,000 veterans—some of whom will graduate into the higher category; others remain where they are; and others may retrogress. It is in connection with this group that the amendment will find its greatest use.
- III. The third group consists of approximately 5,000 veterans. Many in this group are employed off the farm and either they carry on part-time farming or the land is utilized by a neighbouring farmer. There may be others who, because of ill fortune or a mediocre farm, have had progress retarded and may benefit with a limited amount of credit either on the existing property or in another location. It may not be too late for some to accept other vocations which may be made possible through trades training. In general, credit is not the answer to this group of farm owners but, nevertheless, they do have a continuing problem in their attempt to maintain a modest living.

Mr. CHATTERTON: Mr. Chairman, this is a bold new step and approach to farm lending. There has existed for a long time a gap between funds available under section 64 and the needs of small holdings. I hope that this will be an experiment which will be extended. The director and his staff are to be congratulated for this rather imaginative new concept of lending.

Mr. BADANAI: Have you any statistics at this time in regard to the number of small holdings coming under this clause?

Mr. PAWLEY: The number of small family farmers in this regard is estimated at between 6,000 and 8,000 out of a total of approximately 17,000 established under the act.

Mr. BADANAI: Are those figures applicable to the present time?

Mr. PAWLEY: Yes, applicable to this date.

Mr. HERRIDGE: I raised this question in the house, but I mention it now because I always like to think that it will appear in the recesses of the official's minds. It is a question of tree farming, which provides a considerable opportunity in certain parts of Canada to those developing this phase of farming. I know of some quite successful tree farmers who make a living from the annual growth of timber on their property. I know those who are making it completely, and I know those in other places who are conducting it on a part time basis. This class is increasing in number. I think it is something which should be encouraged, and I wonder if there has been any consideration given

to this aspect of farming with a view to bringing tree farming under the terms of the Veterans' Land Act?

Mr. PAWLEY: Mr. Herridge, there is no distinct prohibition against this type of farming. We can do it. But unfortunately the problems encountered with it are of such a nature that it is going to require a fair amount of study before we can really determine just how we may fit in. The two main problems which seem to be evident at the present time are, first of all, that it requires between 400 to 600 acres of timber land, and this timber land should be at least two-thirds mature in order to provide a reasonable living.

Mr. HERRIDGE: To start with a living?

Mr. PAWLEY: Yes. It is practically impossible for a man to start tree farming right from scratch. He cannot hope to make a living from it before 40 years hence.

Mr. HERRIDGE: I am thinking of that.

Mr. PAWLEY: The other factor is that which concerns the lender, and it is, that usually the land which is used for this purpose is of low value on the market. Therefore the protection offered for these lands, for any sizeable investment, is not too great. However, I have already discussed this matter with the director of the ARDA program. It is one that interests him very much both from the point of view of British Columbia as well as that of the Atlantic provinces, and I hope that probably we might be able to head in this direction and do something for those people who are tree farming.

Mr. HERRIDGE: I quite realize that it has to be given some study, and I would not suggest rushing into it, because there are a number of factors which do not appear on the surface. I have a number of people in my district who are making a very good living from 1,000 acres of very mature timber which they cut on a selective basis and which they have preserved over a long period of years with proper forestry operations. There are opportunities for some of these smaller farmers with an income of \$4,000 to \$6,000 a year, and there are opportunities for these men possibly to acquire from 300 to 500 acres of timber and use it for winter-time employment.

Mr. PAWLEY: This is precisely what we had in mind when we suggested that there was some need for assistance to small family farms, because many of those people get a reasonably sized income from working in the bush, and they are tree farming in the winter.

Mr. HERRIDGE: When you suggest that this timber is grown on low cost land, I can think of thousands of acres of good timber on land which is valued at \$100 an acre without the timber alone. So it is not always done on low cost land.

Mr. PAWLEY: Probably my suggestion was a little too broad.

Mr. ROGERS: I want to congratulate the minister and his department for cleaning up a lot of loose ends and certainly for introducing this legislation. I would like to pursue an old request. I wonder if any consideration has been given to the veterans who have paid off their loans and received their write-offs prior to the introduction of Part III? At first glance I can see where it does not look very sound. But I think if you consider it further I could give very good illustrations. I am thinking of two veterans across the road. One paid off his loan. I think, in nine years, by really hard work. The other fellow went along quite easily and, of course, did not pay off his loan, but he was able to acquire a loan under Part III. Has any consideration been given to this? I have to take it up because I have had quite a number of requests. I do not think we should probably consider it today, because I would not want to hold up this legislation. But I would like to find out if any consideration has been given to it.

Mr. PAWLEY: I think this is a matter of policy that I am not in a position to discuss. However, it has been considered in the past and there are two or three things I would like to mention. The first is that the veteran who has taken title, as a rule, has taken title for very good reasons. It is of some personal benefit to him, or it is the fact that maybe he was in the hole, and this was the best way to get out of it, and so on. We assume that they take title for very good reason.

When you have that situation develop with many veterans—it is quite a problem—and if they were permitted to come back in under the act, we would have to set ourselves up as a judicial body. And I think you will appreciate that administratively this is a very difficult proposition.

The other feature in connection with this is that the Farm Credit Act provides a loan to farmers at exactly the same interest rate as our Part III loan. So under these circumstances, if the veteran in the first place did take title for a very good reason, credit is available to him from another source at the same interest rate, then I am not too sure whether we have a measure of responsibility.

Mr. LALONDE: You will realize that if you make available a loan under Part III to a veteran who has taken title, he must revert that title back to the director, and I doubt very much whether the veteran involved would like to do that. I think it is a very difficult problem to solve. We have looked at it, and I can assure you that we will look at it again. Perhaps we might have the benefit of your views on paper so we can analyse them.

Mr. ROGERS: I have given my views quite often, but not to this committee. I can appreciate the difficulties. I think there are some of these veterans who pay off their loans—I can think of two right now—who find, with conditions as they exist today, that a quarter section is not an efficient unit. They are not the type who want to go to the F.C.C., but they could be included under this section 13, you see.

Mr. LALONDE: Yes.

Mr. ROGERS: That is the reason I brought it up. I realize there are difficulties and all I ask you to do is to take a look at it.

Mr. PAWLEY: We will certainly do that.

The CHAIRMAN: May we now pass on?

Mr. BENEDICKSON: I want to be clear about this section. If it needs what I think it needs particularly for the class of farmers, who were the third class described towards the end of Mr. Pawley's explanatory remarks, I agree with Mr. Chatterton that we have something here that is very intricate and something which has been quite a road-block in the past.

I have been dealing recently with both the farm credit association and the Veterans' Land Act with respect to a farmer who is highly recommended to me as a man who made a great deal of progress, although he has an industrial job. He says that it is a 40 hour a week proposition, but he has the time with two teenage children who go to school, to look after it. He has obtained a loan from other sources for the purposes of enlarging and improving his stock. I take it that even someone with a farm which is leased land—even thought it be rented to a neighbour, and where he did no farming work at all—might qualify under this new section.

I think my case is a better one, because a man would be crazy to give up a steady paying job. I think he has demonstrated that he is a qualified farmer. He certainly would not want to take on more livestock if he was not a good worker. But is that man—other things being proper and satisfactory—a proper person to apply under this section, even though the section says that he must be certified to be a full time farmer?

Mr. PAWLEY: We take the attitude that when any assistance is provided to a veteran occupying a small family farm, his principal occupation must still be that of farming.

We recognize that this type of man may have some outside source of income, but he would still be recognized in the community as a farmer. Do you have some personal knowledge of this particular veteran?

Mr. BENDICKSON: No, except in respect of the progress he has made on the farm. I know he is not renting his farm now. He has a substantial number of cattle and wishes to enlarge and make improvements.

Mr. PAWLEY: Our thought is that this particular veteran would be in the part time farming category. We would look at him as a small holder.

We are hoping that the maximum amount available to him will be \$12,000 which is the same as for the small family farm. He can stay in this category as a part time farmer until he demonstrates, at least, his desire to operate this farm on a full time basis. When that happens he would be eligible, provided all things are equal, for the larger loan.

Mr. CARTER: I am interested in how this clause is going to benefit the commercial fisherman.

The CHAIRMAN: That is the next clause.

Mr. CARTER: I am sorry.

Mr. LALONDE: I might add one remark in order to dispel any misunderstanding. We are not trying, through this clause, to set ourselves up as makers of agricultural policy. In this case we have established a number of veterans on small farms, thereby rehabilitating them as veteran farmers. We feel, whatever the size of their unit may be, that we have to provide them with a means of earning a living on the farm on which we have established them. There should be, we think, a special consideration for veterans established under the Veterans' Land Act which may or may not apply to other farmers, but that, of course, is not our responsibility.

Mr. PAWLEY: Clause 14 is rather important. With your permission I would like to spend a little time on it.

The amendments of 1954 and 1959 increased the Part III loan amounts available for part time farmers but only for those veterans who were being established in the future.

Generally, veterans established prior to 1954 built good homes but with a modest amount of money available the finished living space was kept to the minimum. Through the years, this group have felt discriminated against because the newly established veterans received the advantage of a larger loan whereby improved accommodation could be provided for their families.

The veterans established after 1954 and up to 1959 had the same feeling when the ceiling was raised in 1959.

Actually over the years this has created a somewhat serious administrative problem. By special arrangement, Part IV loans were made available under N.H.A. but this did not lessen the feeling of discrimination because these loans were repayable usually over a short period at a 6 per cent interest rate. Furthermore, it became obvious in many cases that due payments to V.L.A. were being sidetracked in favour of the Part IV loan payments to the bank. It is of interest to observe that many veterans who did not normally deal with a bank entered into other arrangements to effect additions to their houses and financing charges became burdensome. The distinct advantage of incorporating debts for home improvement under one contract became very obvious.

It is apparent that many veterans across Canada have need for enlarging their existing homes. This is occasioned by a growing family. While the loan will not be available for building a new house in the same location, it will

serve as a distinct advantage to those veterans who require more accommodation but are reluctant to proceed because of the difficulty encountered in seeking loans from other sources.

Clause 14 also makes provision to increase the amount of financial assistance permissible under Part III for all part time farmers and commercial fishermen. At present the total amount available under this part is \$3,000 and the amendment increases the maximum available to \$4,800. Those veterans who have been established with a maximum Part I loan of \$6,000 would now be entitled to apply for the new Part III loan amounts. Alternatively, veterans who had received a Part III loan may apply for the difference between the amount borrowed previously and \$4,800.

The down payment for Part I loans remains the same, namely, 10 per cent of the amount borrowed up to \$6,000. At present the down payment for Part III assistance is \$1 for every \$3 advanced but the amendment proposes this would be \$1 for every \$4 advanced.

The maximum amount of assistance available is now \$10,000 and the veteran is required to make a down payment of \$1,600. The maximum available under the amendment is \$12,000 and the veteran would be required to make a down payment of \$1,800. Provision is made to permit the director to accept the veteran's equity in a property in lieu of a down payment in cash.

Our records of construction and land costs indicate an average total cost of slightly in excess of \$12,000. Those costing less than \$12,000 averaged out at \$10,700; and those costing more averaged out at \$13,500. Land costs for one-half acre parcels averaged \$1,480. With \$10,000 maximum assistance available, a veteran needed \$3,600 cash to acquire a \$12,000 property. The amendment will permit a veteran to do the same thing with \$1,800.

Mr. CARTER: I was looking at this question from the point of view of the fishermen. We were speaking of farms as an economic unit. If a farmer does not have an economic unit, he can get more land or more stock; it is easy to do it. The fisherman, however, has a different problem. If he is fishing, he has a boat and the economic unit very likely is the boat. Perhaps he would have to get a larger boat. Is there any way in which he can do it? Can he trade in the boat he has; can he make a deal to trade the boat he has in order to get a larger boat and still take advantage of this legislation?

Mr. PAWLEY: Unfortunately, under these provisions it is not possible for a veteran to trade in his boat and buy a larger boat. In the maritime provinces the provincial governments, as you no doubt are aware, have set up departments of fisheries. The department of fisheries for the provincial government will lend money to people who wish to operate one of these larger boats, and make loans in respect of these boats which, as I understand it, are draggers. They will advance 60 per cent of the cost of the boat. In addition to that, the federal government makes financial assistance available to the amount of 20 per cent. Of course, under these arrangements, the owner of the boat would be required to finance the balance of 20 per cent. Because of the very distinct trend in the maritimes and in British Columbia to larger boats—and this is created, of course, because of the trends in the industry itself—we have pretty well gone out of the picture as far as making money available for fishing equipment and boats is concerned. After very careful study and discussion with the officials in the Department of Fisheries of the federal government, I think the only place we can assist commercial fishermen is on the acquiring of a home in conjunction with or close by their occupation.

Now, to be more precise as far as Newfoundland is concerned, recognizing that there is quite a trend to bring fishermen from remote areas and centralize them into areas around harbours and so on, where the industry seems to be

concentrating, we are prepared to establish a commercial fisherman in Newfoundland on something less than one-half an acre on provincial land, and provide this veteran with a non-repayable grant of \$2,320. Unfortunately, in your province, Mr. Carter, there is a little stickler; if they have served in the British forces and obtained credits from the British forces, this amount is deducted from the \$2,320. But, nevertheless, I have asked the district superintendent in the Atlantic to make this known to veterans in your province. And, even though this net amount of money is below \$2,320, if they can get provincial land adjacent to these centres, we are quite prepared to provide every assistance we possibly can within these limits. Of course, if they are of such a nature that a loan can be advanced, we will continue to do this as well.

Mr. CARTER: Thank you. I was wondering how you could assist fishermen in a comparable way to the assistance we are giving to the farmers.

Mr. BENEDICKSON: Mr. Carter was referring to fishing vessels, and I assume he is referring to those that are smaller than those referred to in the Canadian Vessel Construction Assistance Act.

Mr. CARTER: Yes.

The CHAIRMAN: Shall we proceed to the next clause?

Mr. PAWLEY: Clause 15 is identical to clause 2. Of course, this applies to small holders and commercial fishermen in arranging, if necessary, loans up to a 30-year repayment period.

Mr. CHATTERTON: If I might revert for a short question in connection with the previous clause, may I ask if you would extend the increase under the Part III loan to those veterans who already have received their grant, but still have a contract with the Veterans' Land Act?

Mr. PAWLEY: Yes.

Mr. ROGERS: But not those that have their title.

Mr. PAWLEY: I will say no to that.

The CHAIRMAN: This completes the explanation of the clauses. Mr. Pawley, do you wish to make any statement before we approve the clauses?

Mr. PAWLEY: In conclusion, I would like to express my sincere appreciation to the committee for their kind attention, and to suggest to you that these amendments, together with the existing provisions of the act, are all-embracing and permit a highly realistic approach to our business.

They permit the establishment of a veteran where housing is the main consideration. The veteran who has the desire for larger acreage and the ability to do some part-time farming will receive due encouragement. If a veteran has reached the period in life where his ambition to be a big farmer is softened by caution and discretion, but he has the motivation to provide something a little better for his family, this can be done. Finally, with respect to the veteran who possesses a good degree of managerial ability and whose capabilities are not yet at their peak, the opportunity to progress is present.

The provisions of the act will recognize the problem of the "little fellow", as well as those more fortunate. While the philosophy built into its provisions is based on current conditions, its application should have the effect of taking care of the situation for the present generation of veterans.

Once again, I want to thank you very sincerely.

Mr. BEECH: Mr. Chairman, I would like to make a short statement. One of the good provisions of this part II has been the land assembly feature of it. In the Toronto area we were able to secure from the department a very nice piece of land. Although we had to pay for it, we did so under the same conditions as the other loans, and this was made available for the elderly veterans.

On behalf of the Canadian Legion and Toronto Homes, I want to express our sincere thanks for the co-operation we received from Brigadier Tom Rutherford, Mr. Pawley and Colonel Armstrong, our district superintendent in the Toronto area. We now have 48 units for the elderly veterans and we are going to erect 73 more this summer. The thought occurred to me that if you have any other of these land assemblies, it might be a good thing to make them available to the Canadian Legion or other veterans' organizations who would like a part of this land to get these projects underway.

Mr. BENIDICKSON: You indicated that there was a restriction regarding elderly people; would this be possible because you utilized the limited dividend housing corporation arrangements under C.M.H.C.?

Mr. BEECH: Yes.

Mr. BENIDICKSON: Those particular cases where the down payment is put up by a legion?

Mr. BEECH: Yes.

Mr. ROBINSON: Mr. Chairman, I was asking for some information earlier, but I think Mr. Pawley misunderstood my question. It refers to clause 11.

The CHAIRMAN: Might we deal with that when we come to clause 11, Mr. Robinson?

Mr. ROBINSON: It was intimated that I would get the information from a later clause. Is there any way we could get a comparison of the size of loans made under Part II as between urban, central or rural areas?

Mr. PAWLEY: Yes. We really have not any comparison which would answer your question. But, if we have something available I would be glad to let you have it personally.

Mr. ROBINSON: I would like to find out whether in Mr. Beech's district they are taking advantage of the loan up to the maximum and we are not.

The CHAIRMAN: Would you direct a letter to the director in this regard, Mr. Robinson? He will write you a letter on this.

Clauses 1 to 15, inclusive, agreed to.

Title agreed to.

The CHAIRMAN: Shall we report the bill without amendment?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Just before we leave, I would like to convey my thanks to the members of this committee. We have accomplished a great deal today, after a bad start.

I would like to thank particularly Colonel Lalonde, Mr. Pawley and the officials for the very able explanations which they have given. I think everyone here has been very satisfied with those explanations, and I would like to thank you gentlemen very kindly.

As we have not anything further with which to deal, I would like a motion to adjourn, at the call of the Chair.

Mr. CARTER: I so move.

Mr. STEWART: I second the motion.

Motion agreed to and the committee adjourned.



































