

Hon. Mr. CAMPBELL: That is available?

Mr. HANNAM: Right.

Hon. Mr. CAMPBELL: I am suggesting to you that it might be helpful if that were filed as part of your evidence here.

Mr. HANNAM: I am sure we can get that.

The CHAIRMAN: Will you do that, Mr. Hannam?

Mr. HANNAM: Yes, I will.

Hon. Mr. CAMPBELL: That would necessitate the establishment of an inventory basis, would it not?

Mr. HANNAM: It does.

Hon. Mr. CAMPBELL: Then you refer to the increase in value as that basic herd is added to.

Mr. HANNAM: Increased in numbers.

Hon. Mr. HANNAM: Yes. In other words, assuming that a farmer started with a basic herd of fifty, and he added ten heifers the first year, he could elect to pay a tax on the market value of those heifers?

Mr. HANNAM: Yes.

Hon. Mr. CAMPBELL: Is that readily determined?

Mr. HANNAM: I think it would not be difficult. There is a fairly standard rate from year to year.

Hon. Mr. CAMPBELL: So it would be on a yearly basis, say, at a certain value?

Mr. HANNAM: Right.

Hon. Mr. CAMPBELL: He would treat that as income in that year?

Mr. HANNAM: Yes.

Hon. Mr. CAMPBELL: Therefore his cattle would increase to the extent of adding those ten heifers to his fifty and making them sixty.

Mr. HANNAM: Yes, from that time his basic herd is sixty rather than fifty.

Hon. Mr. CAMPBELL: Could you say from investigations you have made whether that would be an acceptable plan to the average farmer?

Mr. HANNAM: I believe it would be acceptable.

Hon. Mr. BENCH: They would have to keep books.

Hon. Mr. CAMPBELL: Farmers are mostly on a cash basis to-day as against an inventory basis.

Mr. HANNAM: The inventory basis is very much more difficult.

Hon. Mr. CAMPBELL: Your suggestion is that the plan would simplify matters?

Mr. HANNAM: Yes. This basic herd is simply the idea of breeding stock which could be used on a cash basis. It would be applied and the farmer could go on making his return on the cash basis.

Hon. Mr. CAMPBELL: Is not that the practice followed in the United States?

Mr. HANNAM: No.

Hon. Mr. CAMPBELL: Are they not permitted there to add to their herds annually and pay tax?

Mr. HANNAM: I cannot say; perhaps Mr. Elliott can.

The CHAIRMAN: Anything further, Senator Campbell?

Hon. Mr. CAMPBELL: No.

The CHAIRMAN: Senator McRae?