

## APPENDIX No. 3

Q. Did you tell us whether the Australian reports gave the amounts that were outstanding?—A. No; they do not show how much is overdue.

Q. Did all the States in Australia have the same scheme?—A. No, each has had its own scheme, but they are all on the same principle.

Q. Is it on the principle of direct advances from the State to the individual?—A. Yes, through a Board, a Board appointed by the State. The State issues bonds, and in some cases they get some of the money by deposits in the Savings Bank.

*By Mr. McKay:*

Q. They have a Farmers' Savings Bank System?—A. Yes.

Q. The same as the system they have here?—A. They have what they call Land Banks and Savings Banks.

*By the Chairman:*

Q. Have you looked into the Ontario system?—A. I think it is very much the same as in Manitoba.

*By Mr. McKay:*

Q. Practically the same?—A. In Manitoba the Provincial Savings Office is not connected with the long term loans and is not officially connected with the rural credits, as we call them, the short term loans. Now, with regard to the Federal Farm Loan scheme, Mr. King gave you a very admirable account of that, but there are one or two points in it to which I would like to refer. Mr. King told you there was first of all the local associations, called the National Farm Loan Association, which consists of ten or more farmers, who subscribe for stock.

Q. Are you going to emphasize some things Mr. King did not mention?—A. There are one or two things he did not mention which I would like to speak of. There is the application for stock to the amount of five per cent of the amount borrowed. The farmer takes that amount of stock in the local association, which is called the National Farm Loan Association; that carries with it a double liability, and the money that is obtained by the National Farm Loan Association from the sale of stock must be used by them to purchase the stock of the Land Bank of the district. The loans are first of all approved of by the National Farm Loan Association by a loan Committee, which inspects the land and passes upon it. Then they send up the application to the Land Bank, and the Land Bank has an appraiser, who also examines the security. The Land Bank obtains the money which it will loan partly from capital and partly by the sale of bonds. Those bonds in the United States are not guaranteed by the Government.

*By the Chairman:*

Q. Did Mr. King not touch upon these points? If we had the time, we would be glad to go over all of them again.—A. I do not want to go over the whole thing, Mr. Chairman. The bonds in the United States are not guaranteed by the Government, but they are exempt from taxation.

Q. Exempt from what taxation?—A. From all taxation, Federal, State and Municipal. If it should be contemplated to establish such a scheme in this country, in my opinion the people whom I represent would not be in favour of those bonds being exempted from taxation. We think it is a great mistake or a great misfortune that any of our bonds are exempt from taxation, and we would like you to know that we do not wish that to be done; we do not think it is good business. Possibly it would be better to give the guarantee of the Dominion Government.