

Mr. HANNAM: Mr. Elliott could probably give you a better answer on that than I can. I do not think it is generally done, although I know it is done in some cases. The farmer not only has the right to pay his grown-up children a salary, but he can charge them board.

Hon. Mr. BEAUREGARD: If in your opinion that provision is not taken advantage of, can you give us the reason why that is so?

Mr. HANNAM: Largely because I believe a great many farmers do not know that they can do it. It is a more recent provision; it has only been permitted in recent years.

Hon. Mr. ASELTINE: Would this not be the reason, that in a year where the farmer had a loss or not very much profit, he could not pay any salaries to his children?

Mr. HANNAM: That is one reason.

Hon. Mr. HAIG: The real truth is that the farmer does not know about it.

Hon. Mr. ASELTINE: In making up returns for farmers in the west my office makes the deduction of \$400 if the farmer has the money to pay the wages. That amount includes board and lodging. That is, if \$260 is deducted for board and lodging, he can then take off the balance of the \$400 for wages.

Hon. Mr. BEAUREGARD: Do you consider that a farmer who has not paid salaries to his grown-up children is embodying those salaries in his own?

Mr. HANNAM: Yes, and he is paying the tax on that.

Hon. Mr. BEAUREGARD: His income return would show the combined income of himself and of his children?

Mr. HANNAM: Yes.

The CHAIRMAN: Senator Farris?

Hon. Mr. FARRIS: No question.

Hon. Mr. CRERAR: Mr. Chairman, may I ask another question?

The CHAIRMAN: All right.

Hon. Mr. CRERAR: A little earlier we were talking about the average farmer. Would you venture an opinion as to how many of them operate bank accounts, that is deposit money and pay by cheque.

Mr. HANNAM: I would think a very small minority, Senator Crerar.

Mr. Chairman, may I call the attention of the Committee to a statement made by the Minister of Finance in his Budget speech on October 12? I imagine most of you have seen this. It is on page 1045 of the House of Commons Debates:

I have received strong representations in favour of a change in the law which would allow the acceptance of the average income over a period of years as the taxable income of farmers and fishermen whose incomes are subject to great variability on account of weather as well as markets. I have been impressed with the reasonableness of the requests, though hitherto the proposals made have involved collecting a tax from farmers and fishermen in bad years in which they might actually have had a loss. I am hopeful, however, that a solution can be found to the problem and I am prepared to give the most sympathetic consideration to the inclusion of a provision of this sort in a revised income tax law.

The CHAIRMAN: That completes the questions by members of the Committee. I might say that any other senators who are here but who are not members of the Committee are free to ask questions if they desire to do so. Are there any questions? There appear to be none.