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tions. This has not only happened in my riding but is common across the country. The Minister of Agriculture himself has stated that 80 per cent of the farmers in his constituency have supplementary incomes.

Raising cattle, or for that matter any other species of livestock, is never easy. Farmers are continually faced with difficulties and often incur losses. Cattlemen, for instance, can suffer losses in a hundred different ways, a few of which include disease, parasites, poisoning, predators, rustlers, and so on. Losses are taken as a matter of course, notwithstanding that everything is done to prevent them. However, Mr. Speaker, no rancher or farmer in Canada can withstand the plague which has been set upon them recently in the form of Revenue Canada auditors. These predators, these bounty hunters, have caused more despair, more sleepless nights, frustration, hopelessness and heartbreak than disease, coyotes, bears and thieves all rolled into one.

Federal tax legislation, under Section 31 of the Act, recognizes three types of farmer: full time, part time and hobby farmer. A full time farmer can deduct all losses incurred from any income earned from any other source. A part time farmer is limited to a deduction of only \$5,000 per year, and a hobby farmer is allowed no deductions at all. This is set out in great detail in a very imprecise and ambiguous fashion in Section 31 of the Income Tax Act. The trouble has arisen when Revenue Canada auditors have reclassified or downgraded farmers and have reassessed up to four years in back taxes, plus interest. Of course, this happens with very little warning and the farmer is suddenly confronted with a large tax bill which is to be paid immediately upon receipt. Who could ever foresee this calamity? It results in devastation.

The December edition of *The Country Guide* publication contains an article entitled "Anatomy of a Section 31 Audit", which was written by a journalist who sat in on a Revenue Canada farm audit. The article puts Revenue Canada in a very good light in saying, and I quote:

Even if your farm has lost money for several years and your off farm job provides a large income, it is still possible to qualify for full-time farmer status under Section 31 of the Income Tax Act.

As many of my constituents have found out in the past year, Mr. Speaker, that may be possible, but Revenue Canada is doing everything it can to make sure that this in fact does not occur. The article goes on to describe a perfectly flawless audit done on a young farmer by a member of the tax department. The auditor who did this audit should indeed be congratulated for being so diligent and so fair to the farmer, although given the amount of attention this issue has been given in the media lately, it is not surprising that the auditor was on his best behaviour with a reporter present.

While I agree that this article demonstrates the way in which audits should be done, there are several ways in which the general tone of this article differs from the descriptions which I have received from farmers in my constituency and from across Canada. For example, in this assessment the auditor took the time while visiting the taxpayer to inspect the farm machinery, buildings and some of the surroundings

before making a judgment concerning the profitability of the business and the intentions of the farmer. There is no doubt, Mr. Speaker, that this is the proper procedure, but in a great many cases which have come to my attention such an attitude appears to be exceptional. I quote from a letter sent to me from a constituent of mine in Quesnel, B.C. She says: "The lady who audited us didn't even want to look at the land or what we had done. She went as far as the barn and then said she didn't want to walk through any more mud." The auditor in question has been the subject of many complaints in my riding. Another constituent writes: "The Government auditor didn't even step outside the house to see where the farm is or what it has". I think most people would agree there is more intended in the stipulation that the auditor visit the taxpayer's farm than simply driving there and back. Yet in some cases that is all that has been done.

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There are several taxpayers who believe that auditors, although they took the time to visit the farm, had made up their minds before they even got there. One of my constituents wrote the following concerning the behaviour of the auditor who did his assessment: "At the end of our discussion the auditor handed me a form letter which had been dated and signed even before he came to the farm. I suggested that his decision regarding my farm audit was determined before he came to my farm but of course he denied this. I can only envisage, however, that the income tax auditor had inspected my farm receipts with a biased and predetermined opinion of my farm prospects based on income tax figures he had from 1978 to 1981.

A review of the many letters I have received from farms on this issue clearly shows that tax auditors are not acting in such a way as to uphold the true intent of this part of the Tax Act. Rather than conducting themselves in a professional manner by being genuine in their subjective appraisal of the farm, the auditors are simply making a token appearance at the taxpayer's residence in order to live up to the most basic requirements of the job. In this way, the auditor, indeed all of Revenue Canada, is losing the confidence of the taxpayers who feel they have been reassessed without a thorough examination of the situation. In the *Country Guide* article, Mr. Speaker, the auditor involved demonstrated a knowledge of agriculture which allowed him to make a fair assessment of the taxpayer's situation. This, too, is something which I and my constituents have found to be lacking in most of the recent audits. The facts are that most of the auditors we have dealt with have a very limited knowledge of farming. In one particular case the auditor did not even know that a cow usually has a calf only once a year. How do you expect an auditor like that to tell you the difference between grades and purebreds? When they get on a horse farm, how would you expect them to tell the difference between a quarter-horse, thoroughbred or an Appaloosa? Or whether it is a good horse or a bad horse? How do you suppose someone with that limited a knowledge of farming could be entrusted to assess the farmer's reasonable expectation of profit?