

Income Tax Act

doubt be taken to court eventually, but I do not think each and every individual should have the responsibility of arguing the assessment of every item of land or property on the assumption that the matter would ultimately be decided in the courts, because in no way would decisions be handed down within a reasonable length of time.

I make one further appeal. I was very sincere in my suggestion that the department should set up a unit composed of officials who would be prepared to advise rather than give firm legal opinions, people who would be prepared to assess property in order that those concerned would at least know the department's point of view. I hope something can be worked out along these lines, taking account of the fact that this is a new tax bill and that many questions will arise from it. Some of these questions could be answered during a simple and credible conversation, without the necessity of litigation or hiring lawyers who themselves might not know the correct answer. I may hold one opinion and the lawyer may hold another. The department may hold yet another point of view. If my opinion coincided with that of the department, I would at least be in a position to say I was on the right track. If my proposal were adopted, we would at least get some advice from the government during the transitional period.

Mr. Burton: Mr. Chairman, there are several points I want to raise with the government, and with the parliamentary secretary in particular, arising from the discussion of the subject which took place on the last occasion this group of sections was before us. First, I wanted to raise once again the question of the basic herd concept. When this subject was last before the committee, the parliamentary secretary asked, on behalf of the government, that section 29 be stood. This was agreed to by the House so that the government might give further consideration to this question. I presume hon. gentlemen opposite have now had time for further reflection and for consultation with interested organizations and individuals. It would be very useful if the government would make a statement apprising the committee just where they now stand on this question in the light of the undertaking given to the committee that they would give it further consideration.

We have, of course, objected to the government's proposal to abandon the basic herd concept. But we are not necessarily making a case in favour of the present regulations and legislation. We are not necessarily making a case for the status quo. We recognize that there may be certain difficulties in this area and that changes may be warranted. It should also be recognized in all fairness that the abandonment of the basic herd concept, in the absence of any new concept, will present difficulty to most farmers. I am sure the government recognizes that many farm organizations and many who are interested in farm affairs, are greatly concerned about this question. I think we should hear from the government at this point. Even though we are operating under a four-day closure rule it is important that we should get answers to some of the questions which have been posed in previous sittings of the committee when we were operating on the basis of free and unlimited discussion. I hope the government will not produce trite answers, but answers showing there has

been analysis in depth of the rural problems to which attention has been called.

For example, there are the specific questions I raised with respect to farm accounting. In particular, there was some discussion about the advantages of cash accounting as opposed to accrual accounting. I call attention to the difficulties which could be encountered by farmers engaged in mixed grain and cattle production. Their grain operation, at least in western Canada, is such that they have no control over marketing or deliveries. It is left to others to determine when a farmer may deliver his grain. We are not objecting to the quota system applying to western grain deliveries, but this is the situation and is one which has to be taken into account in the framing of tax laws. It has been recognized quite properly in the tax legislation that a farmer may stay on a cash accounting basis if he wishes and we are in favour of a provision of this sort. But a problem remains with regard to those who are engaged both in grain and in cattle operations.

The effect of the new law, especially of section 29, may be to force farmers to change over to an accrual system of accounting, not because they are required to do so by law, but in practice, taking into account economic and financial considerations. I asked specifically about farmers engaged in more than one line of activity. Would they have an opportunity to account for one part of their operations on a cash basis and for another on an accrual basis? The parliamentary secretary replied that they could not, because if they were allowed to do so the accounting picture would be unduly complicated. Has the parliamentary secretary given further consideration to this question since that time and, if so, what are his conclusions?

• (2:30 p.m.)

Another matter I raised with the parliamentary secretary had to do with the question of the transitional period for those farmers who may decide, of their own volition, to switch from cash accounting to accrual accounting. Here, there is the problem that there are no transitional rules for such cases. There are transitional rules for professional and other groups who are required to change over from a cash accounting basis to an accrual accounting basis. However, there are no such rules for farmers or, I understand, for fishermen. Has the government given this matter further consideration? When this matter was last up the government was to take a look at it. We would like to hear what the government intends to do in this regard.

There is another matter I should like to raise. I think it must be recognized that there have been a good many discussions on this question. The Parliamentary Secretary to the Minister of Finance no doubt is aware of a letter, a copy of which I received, from the Canadian Cattlemen's Association dated November 12. It poses some rather difficult problems which should be cleared up in the committee. First of all, the letter from Mr. Charles A. Gracey, manager of the Canadian Cattlemen's Association, thanks the parliamentary secretary for the reception given their representations and then continues:

We are, of course, hopeful that several recommendations will receive the most serious consideration.