

through the Wheat Board, asked them many years ago to cease this practice and to deliver the grain whenever the quotas were open so that the Wheat Board and the government could fulfil their international sales commitments. So the farmers ceased this practice, delivered the grain whenever it was appropriate from the point of view of the Wheat Board to do so, and took a cash deferral into the next income tax year.

This year they received an initial payment of about \$350. Then out of the blue the government decided to pay an extra \$1 approximately on the initial payment. This trapped a great many farmers who had deferred their payment into 1980, and they will now receive a total of about \$50 million, over half of which will be paid to the government in income tax. We think that they could be given relief by a different interpretation of the regulations.

My question is this: Is the minister now prepared to talk to the Minister of Finance, or whoever is the appropriate minister, to have him take another look, as quickly as he can, at the interpretation of the regulations so that the government will keep faith with these people in the action they took to defer their payment?

**Senator de Cotret:** When Senator Argue raised the question some ten days ago I undertook to inquire of my colleagues the Minister of National Revenue and the Minister of Finance as to the exact status of the situation, and to see what could be done to alleviate the circumstances of the western farmers, which the honourable senator has so ably described. I reported back to this house last week that the Minister of National Revenue had taken notice of my query and representations. He explained to me that in situation like this, according to existing tax regulations, taxable income was on a cash basis. He further said that the date at which the cheque was cashed under existing regulations had no bearing on the taxation year in which the income was received, but that he would take up the matter further with his officials and officials of the Department of Finance to ascertain if anything could be done in this situation.

That was last week, but I have yet to receive further clarification. Certainly, I am more than happy to bring those concerns to the attention of my colleagues, and if anything can be done I shall be happy to report back to this chamber.

**Senator Stuart:** I should like to ask a supplementary question in order to be clear. Is the minister saying that this is still under active consideration and there is a distinct possibility that a new look or a different look will be taken at the regulations so that it may be possible for those farmers who want this payment deferred to have it, in fact, deferred?

**Senator de Cotret:** What I am saying is that I brought this matter to the attention of my colleagues; I got an early and prompt answer in terms of the interpretation of the tax regulations as they are now; and I shall be happy to inquire from them as to what progress, if any, they have made in looking at whether it would be desirable, equitable and feasible to change the regulations.

**Senator Stuart:** I have a final supplementary. Is the minister aware that the Honourable Walter Baker, Leader of the House of Commons, suggested on Friday that a preliminary review indicated that such a deferral would not be allowed? If the minister is aware of that, would he consider asking the Minister of Finance to include what would probably be about one line in the budget to treat this as income in 1980 rather than income in 1979? If a bill were required, it would be a very small one and I am sure it would receive full support of the opposition, since they, when they were the government, are the ones who put this whole program into place.

● (1430)

**Senator de Cotret:** Yes, I am aware that the Minister of National Revenue has said that a preliminary review of the situation indicates that, according to existing regulations, the income would be taxed in the taxation year 1979. That is, in essence, what he replied to me in a letter which I read to the chamber last week.

As Senator Stuart pointed out, that was a preliminary report. Since it is preliminary, presumably there is some ongoing consideration. Therefore, I am not in a position to ascertain whether or not that has gone on, but I would be happy to inquire whether it has, and bring Senator Stuart's concern to those ministers directly responsible for this area.

**Senator Buckwold:** May I ask a supplementary question? Would the minister, while doing his research, check to see whether there have been exemptions of this type in the past where payments have been deferred to the next year. My memory may not be good, but it seems to me that in the past, if not exactly in this form or for this particular purpose, there has been a deferment of the revenue to the following year.

**Senator de Cotret:** You raised the question of precedent. In terms of precedent, when the matter arose on previous occasions, this request on behalf of the producers was not made. It could be argued, therefore, that the producers were aware of the consequences of taking a deferred cash ticket at the time of delivery of their grain. The matter has been raised before but the request was not made. Again, the matter is under review, and my colleague, the Minister of National Revenue, will be making a statement as soon as the review has been completed.

**Senator Stuart:** I do not know whether this is a supplementary question or not, but I think the minister, when considering this matter, will realize that the precedent dealt with final payment. I do not think there is any precedent for an addition to the initial payment. That is a totally different thing.

## CRIMINAL CODE

### SOLICITING FOR PROSTITUTION—REQUEST FOR AMENDMENT BY CHIEFS OF POLICE

**Senator Bosa:** I have a question for the Leader of the Government in his capacity as Minister of Justice.

The minister recently received representations from a delegation of the Canadian Association of Chiefs of Police concerning difficulties they were experiencing in laying charges of