

*Income Tax Act*

Although it does not come under the provisions of this Bill, one of the things that we must do is to address the plight of farmers right across Canada, because it certainly does deal with the matter of taxation in the country. The Department of National Revenue has the right to place value judgments on farming operations and classify the farmers, through an arbitrary kind of decision, as either part-time or hobby farmers rather than full-time farmers. This is grossly unfair. These farmers are reclassified because many of them have had to seek work off the farm due to the depressed state of agriculture in the country in order to earn enough money to keep their operations going. Revenue Canada has not taken this into consideration but has come down very hard on them. We must address the situation where farmers are reclassified even though they are full-time farmers, have always been full-time farmers and, in most instances, would not be working off the farm if they could make enough money on it to keep it going as a viable operation.

● (1730)

**Mr. Deputy Speaker:** I hesitate to interrupt the Hon. Member but his time has expired. Is there unanimous consent for the Hon. Member to continue?

**Some Hon. Members:** Agreed.

**An Hon. Member:** No.

**Mr. Deputy Speaker:** There does not appear to be unanimous consent. The procedure will now provide for a question and answer period, as I understand the order that was adopted. Are Hon. Members rising to ask questions?

**Mr. Beatty:** Mr. Speaker, the Hon. Member was in full flight on a point that I thought was important. I wonder if I could ask him to elaborate briefly on it.

**Mr. Anguish:** Mr. Speaker, I should like to thank the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty) for the question. I appreciate the opportunity to elaborate on the topic of Revenue Canada being able to make arbitrary, independent value judgments against farms right across Canada.

A person who has been a full-time, bona fide farmer for a number of years can run into very pressing cash flow problems because of escalating costs, the high interest rate period farmers have gone through and which some are still locked into. This has made it necessary for them to work off the farm in order to earn extra income so that they can keep the farm and produce the foodstuffs that are needed in the country as well as for the export sales that are so important to our economy. When this happens, Revenue Canada reclassifies the farmer as part-time or hobby farmer. It does not allow him to claim the loss deductions at the end of the taxation year that he should normally be able to declare. In some cases this is an astronomical cost to the farmer. Unless the Minister of Agriculture (Mr. Whelan), the Minister of National Revenue (Mr. Bussi eres) and the Minister of Finance get together to come to grips with this problem, in the future farms will disappear, in western Canada certainly and probably all across the country.

Another problem area is with young farmers trying to buy up land to go into farming or taking over the family farm. They cannot afford to make the payments and maintain themselves at a decent standard of living. In many cases, at least in my section of the country, they go out and work on the oil rigs or some other place for extra income, in the wintertime. In the spring they do the seeding, work the farm in the summertime and do the harvest in the fall. It is only in the wintertime that they work off the farm. They work very hard to make the farms viable, but Revenue Canada is threatening their existence. Without the extra income, unless the price of agricultural products increases enormously, not many young people will go into farming. The large corporate farms might function efficiently, but I do not think that is the answer in this country. We must preserve the system of agriculture that we have. The Government, and Revenue Canada specifically, is putting that in serious jeopardy.

**Mr. Fisher:** Mr. Speaker, I should like to follow up on an important point raised by the Hon. Member about people who leave the farm to earn extra income.

I take it that his point focuses on two or three important problems. The first is that farmers are currently facing unusual or extraordinary losses because of lower prices and higher costs related to the recession, and particularly high interest rates. Second, they are doing this because they want to stay on the farm for some length of time and they expect the farm to become profitable in the future.

I should like to get the Hon. Member's advice on some points. The losses he has described are, I presume, short-term losses for one or two years, and then they expect to earn a profit. The budget provided that farmers could carry their losses forward for 10 years and each year reduce their profit by the previous year's loss. A loss that might have occurred this year or last year could be amortized over 10 years and used to reduce profits over the next 10 years, in order to reduce tax. I should like the Hon. Member's recommendation on that. I ask this seriously because I presume the losses we have heard about are one-time losses over the recessionary period and that people are looking forward to profits in the future. I have a follow-up question on another matter altogether for the Hon. Member.

**Mr. Anguish:** Mr. Speaker, the Hon. Member has outlined the plight of the farmers quite well. This is a short time thing because costs to the farmer have gone up much more rapidly than the prices they are receiving for their products, but unless something happens to turn that around, the problem will persist for several years.

I like the provision to carry over losses for 10 years but, unless things improve, that does not solve the problem. The price the farmer receives has to take into consideration the cost of production plus a profit. I am sure any farmer would like to have the same provision as that extended to the railways in Bill C-155 where they were guaranteed an annual rate of 20 per cent return on investment. Farmers would be very happy with