

of a farmer in my region who has, for the last several years, maintained a steady job outside of the agricultural sector. He is now preparing to retire from his job to become a full-time farmer. For the last five or six years he has been working very hard to build up a farm that would be an economically viable unit. He has done that. In the last several years his income from the farm has exceeded his income from his regular salaried job. As a result of that, he filed his income tax as a farmer. That was legitimate because his income was primarily from the farm. The Department agreed with him and accepted his filing in that manner and accepted the claims that he put forward. There was no difficulty.

Upon looking at that the farmer decided that, because other years were very much the same, he should apply to have his taxes filed in the same manner. He and his accountants got together, did their computations, and submitted amended income tax reports, hoping to have them recognized as farming taxes. The Department then changed its mind. Not only would it not accept the new filings, but it went back and refused the one which it had already agreed to. It then reassessed that farmer for a good deal of back taxes. He is now in a situation where he has a huge expense, and a huge amount of work to do to prove the fact that he filed properly and that what he did was right and proper. That is one example of a number of cases in my riding where people who are developing farms or who have started to build up some sort of establishment and are getting a viable proposition are being frustrated by this Department rather than encouraged.

The second example which I think is very important and has a lot of serious implications, not only to the Peace country but to all of Canada in terms of the agricultural sector, is that of the beginning farmer. It does not matter where the beginning farmer starts, but certainly this is true in the Peace country. The beginning farmer is faced with very heavy initial expenses. Those expenses include the purchase of equipment. Anyone who knows anything about farming will know that that is a very expensive proposition. He is going to have the expense of erecting buildings and the expense of land purchases or, as is the case in much of my riding, land development. He will be taking bush land, bringing it onstream, developing it into arable acres and bringing it to a seedbed condition. That has been a tradition in my area for a long period of time. The only alternative for those young farmers to begin a farming operation was to go off the farm and find outside income and to invest that income in the farm. Almost to a person, virtually all of the income which they have earned outside of their farm has been channelled back into the farm in the form of purchasing land, equipment or whatever, to help them develop a viable farm.

It is precisely at that point that these young farmers become involved with a catch-22 situation. In order to go out and earn that income they lose their status as a full-time farmer and become qualified as a part-time farmer. The result is a limited write-off of their expenses. In fact, the write-off in many cases amounts to nothing more than a drop in the bucket of the real

costs which these people end up incurring in the development of that farm.

The question is whether or not that encourages the development of new farms. Does it encourage the young people of Canada to farm? Does it encourage a healthy agricultural economy? I do not think so, Mr. Speaker. In fact, it does the exact opposite. It discourages young Canadians from becoming involved in a very important, valuable part of the Canadian economy. This is the result of a bureaucracy that has been put in place, of frustration and the interpretation of a particular section of the Act. The net result is that it is discouraging our young farmers. All Canadians are going to suffer as a result in the future.

I would like to give another example which, although not specifically related to the Income Tax Act, demonstrates the kind of frustration that many of our young farmers are experiencing in this country. It is an example of the kind of bureaucratic stumbling blocks which are placed in front of people who are taking risks in developing land or opportunities or providing employment, and are doing things that we as Canadians would normally want to encourage. The example I will use is of a young fellow who worked in Edmonton as a government employee. He bought a farm in my area. The farm needed an awful lot of work. He quit his job and began to develop this farm on a full-time basis. What happened not too long ago is that he got caught by the high interest squeeze which destroyed so many businesses and farms across the country. As a result he ended up by having to sell much of his land in order to reduce his debt and reduce the interest payments he was forced to make. Once he had sold off much of that land, he took the money and invested it in some dairy cows and obtained a dairy quota from the federal Government. He saw himself doing some good planning. He had invested in good cattle and he had trimmed his operation right down to the bare necessities. He now had his quota and was ready to deliver his cream. He took his cream to the dairy, only to find out that he could not sell it. He was given a quota for which there was no opportunity to deliver milk to the dairies. Here we have this young farmer who has been unable to sell his milk. He cannot use his quota. He had now taken everything and invested it in cows. His is a young family. They have worked hard and made many sacrifices. They invested all of their savings, in fact everything they had, and now because of bureaucratic bungling they are going broke.

● (1530)

Today this young family is soon to lose everything they had, and we are forced to go to the Minister and ask for a special waiver on the part of this individual because it is a desperation case. We are now waiting for an answer from the Department. Unless he gets it very quickly, the young farmer and his family will face bankruptcy and they will lose everything.

What we are seeing here in this case is much the same thing as we see with the Income Tax Act in Canada. It has not become a vehicle to assist Canadians, or a vehicle by which Canadians can understand and accept. It has become instead a