

farmers and professionals coming from the city and absorbing their land. The general farmer does not live in those areas nor does he have the opportunity to sell his land to either group. Therefore, I want to give some quotations from "Tax Topics" in respect of some decisions that have been made, some of which are judicial.

● (1740)

First of all, I would like to quote the following sample case:

The taxpayer grew up on a farm and purchased a quarter section of farmland in 1969 when he got married. He also purchased eight head of cattle and a horse. During the next few years he worked several months of each year off the farm as an electrician but, at the same time, he continued to build up his herd and to engage in other farming activities. In 1981, the taxpayer began working on a deal, which was completed in 1982, to purchase six quarter sections of land and certain farm equipment.

If anyone needed proof that this man had engaged in farming in a serious way, his final purchase certainly provided that proof to any intelligent individual in Canada.

The report continues:

The taxpayer claimed farm losses for 1976 and 1977 taxation years. During each of these years, the taxpayer earned employment income in excess of \$20,000. The Minister restricted the farm losses to \$5,000 for each of these taxation years and the taxpayer appealed to the Tax Court of Canada. The Court found that the taxpayer was a gentleman farmer until 1981 when he made the first steps to acquire the appropriate assets for land and machinery. The Minister therefore properly restricted the farm losses in the taxation years in issue. The taxpayer's appeal was dismissed accordingly.

This is not, Mr. Speaker, an intelligent application of the meaning of the Income Tax Act by the Department of National Revenue. However, it does reflect the remarks made by both the Hon. Member for Mississauga North (Mr. Fisher) and the Hon. Member for Lambton-Middlesex who tried to defend the Government's attack on farmers who did not deserve the insult of the Department of National Revenue's interpretation of their principal occupation. I appeal to two urbanites, the Minister of Finance (Mr. Lalonde), and the former Parliamentary Secretary to that Minister, to consider the text of a release dated December 19, 1983 from the Joint Committee on Taxation of the Canadian Bar Association and The Canadian Institute of Chartered Accountants, which I will quote. It reads:

A submission of the Joint Committee on Taxation of the Canadian Institute of Chartered Accountants and the Canadian Bar Association to Revenue Canada suggests that limits on the deduction for farm losses should be repealed.

This quotation is not from a farmer. It is from the legal and accounting experts of Canada who offer this advice to the Government. The quote continues:

The limits now penalize a person who expects to make a profit through farming but who also has other income, the brief notes. Since the Income Tax Act does not restrict deduction of losses from any other business except farming, the committee does not see the justification for such a restriction in the case of farm losses. If the farm has a reasonable expectation of profit, it is a business, the losses of which should be deductible.

And after a man purchases six sections of land and is still not considered to be a serious farmer, there has to be a check made by the Minister of Finance as to why. Another recommendation reads as follows:

The Budget—Mr. McCain

A fisherman making a voluntary disposition and replacement of his vessel should be entitled to the same protection as another taxpayer who disposes of and replaces "former business property". That is, any gain on the disposition should be netted against the cost of the replacement vessel rather than being taxed immediately.

The difficulty is that the "urbanites" do not understand the primary industries and their problems. I would just like to refer to one other problem in the fishing industry. When a lobster fisherman files his income tax return, it is recognized by the Department of Fisheries—and the Taxation Department has been so informed—that the minimum bait expense for a lobster fisherman is \$15 a trap. Now, Mr. Speaker, when a fisherman presents his return to the present Government with its capability to interpret, he is not allowed the \$15 and is often taxed retroactively, in spite of the obvious expense.

I appeal to these "urbanites" who have prepared this Budget to take a look at the country boy and give him a little proper consideration. Take the interpretation capability out of the hands of Revenue Canada and amend these sections which allow hoodlums with a quota to penalize our primary industry.

[Translation]

The Acting Speaker (Mr. Herbert): It being 5:45 p.m., it is my duty, pursuant to Standing Order 64.(8), to interrupt the proceedings and put forthwith every question now before the House. The question is as follows: Mr. Lalonde, seconded by Mr. Ouellet, moves:

That this House approves in general the budgetary policy of the Government.

All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Herbert): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Herbert): In my opinion, the yeas have it.

And more than five Members having risen:

The Acting Speaker (Mr. Herbert): Call in the Members.

The House divided on the motion (Mr. Lalonde), which was agreed to on the following division.

(Division No. 20)

YEAS
Messrs.

Allmand	Bossy	Colletten
Appolloni (Mrs.)	Breau	Comtois
Axworthy	Bujold	Corbin
Bachand	Bussièrés	Corriveau
Baker	Caccia	Cosgrove
Beauchamp-Niquet	Campbell (Miss)	Côté (Mrs.)
(Mrs.)	(South West Nova)	Cousineau
Bégin (Miss)	Campbell	Cyr
Berger	(LaSalle)	Daudlin
Blais	Campbell	Dawson
Blaker	(Cardigan)	De Bané
Bloomfield	Chénier	de Corneille
Bockstael	Chrétien	Demers