

*Income Tax*

rancher? How could they be expected to comprehend how a ranch was operated when they did not even know enough to wear the proper footwear during spring breakup?

This ignorance extends beyond the technical details of running a farm operation. Revenue Canada assumes that if a person has a full-time job, he or she would obviously not be putting in many hours on the farm. I suggest that this is a reflection of typical bureaucratic mentality where an individual works for eight hours or less a day and then goes home. A farmer or rancher who is trying to keep his head above water does not have that luxury. He will put in his first eight hours in the off-farm job and then often put in a further eight hours or more on his farm. Weekends and holidays are also spent improving the farm so that the off-farm job will eventually not be necessary. The farmer's spouse and children also put in long hours to make the ranch viable.

I would like to cite a quotation from the March 9, *100 Mile House Free Press* that illustrates the problem:

Farming and ranching is just not everybody's idea of a good time anymore. With few vacations, hard work, crazy interest rates, hypersensitive market conditions, bizarre weather trends, livestock disease, increasing government intervention, and now—the auditors—some are wondering just how much more they can stand, economically and personally.

Such is the case with Terry and Ann Trip, Canim Lake farmers who have just been officially told by Revenue Canada that their operation is no longer considered a farm and that they will have to pay backtaxes for the years 1978, 1979, 1980 and 1981. The Trips, who have been developing their 266 acres of land since 1974, may be required to pay as much as \$12,000 and the only way to do that will be to sell the spread they call home.

For the Trips it all started with a phone call on Feb. 10 from Revenue Canada officials who said they would be in the area from Feb. 13 to 25 and would be dropping by to audit the couple's farm books. There were a few missed and postponed appointments, but finally two . . . young men arrived on Feb. 21.

After a brief walk around the place, rather desolate at that time of year, they perused the books, checking totals and correlating bills with entries. They also examined the Trips' personal expense account to make sure everything had been kept above board.

Ann Trip said the men were surprised to see her books in good order. The auditors checked back to 1978, but didn't bother to go through 1982 figures, which Terry feels is a shame . . .

The auditors were part of an eight-person team which centered itself in Williams Lake and made forays into surrounding agricultural territory. They appeared to select their targets at random.

These auditors show a surprising lack of knowledge of agriculture. One auditor did not even know that a cow usually only has one calf per year. Another said that there was no viable agricultural enterprise in my riding. I will have you know, Mr. Speaker, that we have some of the largest and most successful ranches in North America in my riding. These people are so ignorant that I would really like to go out there and personally strangle them.

Lest one thinks that this kind of hardship as a result of Section 31 of the Income Tax Act is a recent phenomenon, I would like to read part of a letter sent from the then Minister of National Revenue, the Hon. Member for Windsor West (Mr. Gray), to the Hon. Member for Mission-Port Moody (Mr. Rose). The letter dated June 2, 1972 says:

As a result of representations received from you and several other Members, I have reviewed departmental policy relating to the disallowance of certain losses claimed by 'part-time farmers'. As you are aware, the Department has been disallowing losses in cases where farming operations have had no reasonable expectation of profit. Such ground for disallowance are valid under the provisions

of the Income Tax Act. However, I recognize that in a number of instances, the application of this policy has created hardship inasmuch as some taxpayers, whose deductions of farm losses had previously not been questioned, were later faced with an assessment of tax involving a disallowance of more than one year's losses.

I have, therefore, directed that a review be made of each case that has been referred to my attention. If, following the review, it is concluded that the departmental policy has been correctly applied to a taxpayer, I have asked that the disallowance of losses be limited to the most current of years under review. This basis of assessment will be continued in all subsequent applications of the departmental policy relating to losses claimed by part-time farmers so that only the loss for the one year is disallowed.

In 1972, the then Minister of National Revenue acknowledged that assessing farmers for more than one year's back taxes would create considerable hardship. It is creating much more hardship at this particular time. Furthermore, I repeat that he stated: "This basis of assessment will be continued in all subsequent applications of the departmental policy relating to losses claimed by part-time farmers so that only the loss for the one year is disallowed."

Clearly, the present Minister of Revenue is renegeing on a promise made by his predecessor, the current President of the Treasury Board. Revenue Canada's Project L not only reneges on the assurance given by the present President of the Treasury Board, but goes against the spirit of his written statement to the Hon. Member for Mission-Port Moody.

Some of my constituents have been assessed for as many as four years in back taxes. This is inexcusable. I am surprised that the Minister of Agriculture (Mr. Whelan) has not publicly risen to the defence of these vulnerable and unprotected farmers and ranchers. The farmers of this country are used to the Minister of Agriculture misrepresenting his position by pretending to be the farmers' friend. He is a hypocrite and a deceiver. He misleads the agricultural community by passing himself off as an ally. Now we know why he wears his green hat: he pulls it down over his ears so he cannot hear and over his eyes so he cannot see. Unfortunately, his mouth keeps working as he travels back and forth across the country on his mobile manure spreader.

A good example of his deception occurred just the other day when he was on CTV blaming the Tories for dragging their feet on Bill C-653, which is a Bill presented by the Hon. Member for Lambton-Middlesex (Mr. Ferguson). That Bill seeks to provide a simple and inexpensive procedure for farmers to rearrange their affairs when cash flow becomes insufficient to meet current obligations as they become due. The Minister said it was us who were dragging our feet. That was a lie. If that was a lie, then the Minister is a liar.

**The Acting Speaker (Mr. Blaker):** I think it would be preferable, for the record, that I recognize some Hon. Member who takes objection to the language. I will then rule on it.

**Mr. Ferguson:** Mr. Speaker, if we look at the exchange between House Leaders a week ago last Tuesday, I think it is very evident from *Hansard* that the House Leader of the Official Opposition (Mr. Lewis) asked for additional time to consult with his caucus before coming forward with a decision