

Oral Questions

the salaries of other leading administrators in the private sector of business, because CN is supposed to behave as a quasi commercial institution, which it is.

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CANADIAN PACIFIC RAILWAY**INCREASE IN CHAIRMAN'S EMOLUMENT**

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my supplementary question is directed to the Prime Minister who engaged the services of Mr. Ian Sinclair, the Chairman of the Board of Canadian Pacific, to oversee this great six and five program. Has the Prime Minister discussed the increase of some 35 per cent given to the President of CPR, and has he asked Mr. Sinclair whether or not it is his philosophy, as part of this advisory board, to "Do as I say, not as I do"?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, this is the first I have heard of this whole matter. I was listening attentively to the answers given by the Minister of Transport. It seems to me that, in so far as CN is concerned, he gave perfectly valid answers, that the increases were before the six and five program, on one hand, and there was a promotion of a Vice-President to the job of President, on the other. He presumably received the salary which the President was receiving. I do not know about the—

Mr. Hnatyshyn: What about the other "choo-choo"?

Mr. Trudeau: I do not know about the other "choo-choo", to quote the Hon. Member. Perhaps he will put the question either to the Minister of Transport or to Mr. Sinclair himself.

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FARM CREDIT CORPORATION**PLIGHT OF FARMERS LOCKED INTO HIGH INTEREST RATE LOANS**

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is directed to the Minister of Agriculture. The Minister will know by now, I believe, of the very great disappointment felt by Canadian farmers following their almost total neglect in the latest Liberal budget. Is the Minister aware, first of all, of a very specific problem which was not dealt with in the budget which has to do with those farmers who are locked into loans from the Farm Credit Corporation at 16 3/4 per cent, and have not, in any way, been given an opportunity to refinance? And does the Minister in fact have a plan to deal with that situation? Did he make representations to the Minister of Finance on behalf of this group of Canadian farmers?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, that does not have to be done within the budget, and the Hon. Member knows that. We have had discussions with

the Board of Directors of the Farm Credit Corporation regarding this situation. We believe we can come up with a plan which will help those who are paying those fixed rates of 16.5 per cent—I believe that was the highest that we went. At that time it appeared to be a very good deal because it was about 5 per cent to 7 per cent cheaper than they could get anywhere else. We know that this rate is high. We believe we can come up with a solution within a month which will alleviate that problem with which those borrowers are confronted.

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INCOME TAX**AUDITING OF FARMERS' INCOME—REQUEST FOR MORATORIUM**

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, my question is directed to the Minister of National Revenue. It is with respect to Section 31 of the Income Tax Act. It was a great disappointment to the agricultural community in Canada, as well as to some of the Minister's own backbenchers, that this problem was not addressed. Many farmers across the country who have been faced with tough economic conditions over the last several years are now being audited by insensitive auditors of the Department of National Revenue who have little or no agricultural experience. Farmers are being shifted from one class to another and being assessed as much as four years in back taxes, plus interest. Because of the ambiguity of this Section of the Act, until it is amended, will the Minister agree to call a moratorium on tax audits done under provisions of Section 31 of the Income Tax Act?

Some Hon. Members: Hear, hear!

[Translation]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, first it must be recalled that Section 31 of the Income Tax Act is one of a series of sections aimed at establishing the losses which may be deducted from the income so as to figure out an individual's taxable income. Section 31, which is outlined in an Interpretation Bulletin issued by the Income Tax Division of Revenue Canada, relates particularly to agricultural producers and, to be eligible with respect to losses such as those provided for under the Income Tax Act, one must first be recognized as an agricultural producer. No one is so recognized unless he or she runs an agricultural operation which generates enough income to be eligible. I would suggest to the Hon. Member that he examine each case submitted to him so as to make a distinction between a person who owns land and claims to be an agricultural producer, when in fact he or she is not, and who simply wants to deduct other income from other sources, which enables him or her to earn a living, and to deduct the losses incurred because of that property.