

*Income Tax Act*

represent them. These figures are now about two weeks old, but if I walk in to a bank with money to invest in a certificate for three to five years, I am paid 8.5 per cent. That is not much compared to what it was a couple of years ago when interest rates were up close to 20 per cent, but it is quite a bit more than when I first started to farm and interest rates were 4 per cent or 5 per cent. But when I go to borrow money from the bank or from the Farm Credit Corporation, it is in the neighbourhood of 13 per cent. In fact, the FCC loan rate came down to 13 per cent, I believe, just two weeks ago. There is a 4.5 per cent spread. If the Government were really serious about long-term financing in agriculture, I do not see why it could not have addressed some of these areas in the Budget. It is a simple, straightforward question. You put money in the bank at 8.5 per cent, and the FCC has to lend money to you at 13 per cent. That seems to be an excessively large spread. Why? I do not have an answer, but I am sure that if we had sat down with some of the best brains in this country—and we do have some very capable people not only in industry but on the academic and government side—we could have come up with a program which would have allowed a limited amount of long-term financing for farmers at a reduced rate.

I am not advocating that all farm financing should be at a preferential rate, because we would get into all kinds of problems. We do not want to give advantages to people and have them simply turn around and recapitalize that advantage back into the value of the land or the assets they are buying. That is basically counterproductive. But I am sure there must be a way that we could get a certain amount of money for new farmers starting up at a lower rate than 13 per cent.

There is another area which does not make any sense and which I think the Government could have addressed in the Ways and Means motions, in last year's Budget, and finally in the Bill we have in front of us today. Excuse me if I am parochial about the Province of Manitoba, but we pay an excise tax on farm fuel of 7 cents a gallon. It is collected, and then you submit your bills and get your money back. That fuel is not allowed to be used in any vehicle other than a farm vehicle. It is coloured differently than the gas you get at the gasoline pump. The Government collects the money and then refunds it under certain circumstances. The tax paid on farm fuel is less than the tax on gasoline used for any other purpose. Now, it would make more sense to me, to anyone who understands what I am saying, if the tax were not collected in the first place. It would save all of the paper work that goes into collecting, remitting and refunding the tax. It would save I do not know how many people in the Revenue Department in Winnipeg from having to audit all these bills. It would also save a lot of hard feelings that people have when they have to pay the tax and submit bills for audit in order to get the refund. In fact, I know of a lot of cases where people get so upset that they do not think it is even worth bothering to get the refund. Here is a case where simply addressing that problem would make people feel better about the tax system, would convince them it was fair and would save the Government money.

I see the Minister of Agriculture (Mr. Whelan) and I hope he is listening. In Manitoba it would at least alleviate a bit of the cash flow problem. Admittedly, seven cents a gallon is not much but it is better than nothing. The money would not come out of the farmer's pocket and he would not have to wait six or seven months to get it back.

I have raised this matter in committee. I do not understand why this situation could not have been in the Bill we are debating here today. It goes back to the way people look at government. If they felt a little bit better about it, there would not be the inclination which is developing in the country to do whatever you can to minimize your tax, even if in some cases you end up bending the rules a little bit. I strongly suggest to the Parliamentary Secretary, if he is serious about addressing some of the inequities in the Act, that that is one area at which he should look, and as quickly as he possibly can.

The Hon. Member for The Battlefords-Meadow Lake talked about Section 31 of the Income Tax Act. That section is causing severe problems for people in the sense that they do not know how to budget. They do not know whether to work very hard at two jobs, or in some cases three jobs over a period of time, and whether in fact that is going to give them any kind of advantage as far as ever owning a piece of land is concerned. I think that is very sad. There was a recent case in Ontario where a hog farmer won a case against the Department of National Revenue with specific reference to Section 31 of the Act. I suspect he was a very meticulous fellow and kept very good records and very good track of the hours he spent on his hog operation. You have to feed hogs every day. Some of us who have done so know that you have to "slop" hogs a couple of times a day. We do not do it like that any more because there are all kinds of modern equipment for feeding the hogs, but it has to be done every day. In this case the farmer could prove that he spent more hours on his farming job than he spent on his regular job. But there are other cases. The Hon. Member for The Battlefords-Meadow Lake made a very good point that the tax people are not at all knowledgeable about farming operations. Even if they are, they are not at all sensitive to what goes on. I am referring to the so-called Graham case in Ontario. But a farmer could be very much involved in farming and spend very few hours at certain times of the year on the farm. If you are a grain farmer, you have a very busy time in the spring and in the fall. If you are a beef farmer, you have a very busy time when your cows are calving and in the winter when you have to feed them every day. But there are times of the year when you do not necessarily have to spend a lot of time on your farm. The problem I have is that I am not so sure that this Graham case will be used as a proper test case, as I think it should be, in the sense that a hog or poultry operation requires attention every day of the year. I would like to see it pointed out to the Department of National Revenue that there are other cases where a farmer can be every bit as much involved in farming as in the hog or poultry operation and still not spend nearly the number of hours on a continuing basis as in this one case.