

amendments on child pornography proposed by the Minister of Justice last June.

INCOME TAX—AUDITING OF FARMERS' INCOME—
INTERPRETATION OF LAW—STAND TAKEN BY FARMERS—
MINISTER'S POSITION—DISALLOWANCE OF WIFE'S LABOUR

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, I wonder how long it is going to take this Government to realize that the Department of National Revenue is running amuck and harassing farmers under Section 31 of the Income Tax Act? I hope I receive answers from the Parliamentary Secretary tonight, rather than answers from some bureaucrat who has written those answers for him.

The last time I asked this question I received an answer from the Parliamentary Secretary I had mentioned in my question that Revenue Canada auditors have no agricultural experience. I would like to quote what the Parliamentary Secretary said to me and I quote from page 25215 of *Hansard* for May 5, 1983:

The Hon. Member has also commented on the qualification of the auditors performing the audit. In this regard I would like to say that the Department's auditors have the know-how to determine the profit or loss of an enterprise.

I challenge the Parliamentary Secretary, Mr. Speaker, to find five auditors in the Department who know one end of a cow from the other.

Today I asked the Minister why it is that farmers and chartered accountants who, according to Revenue Canada auditors, in past years have obeyed the tax laws implicitly are now suddenly finding that the interpretation of those laws has been changed by the Government? I should now like to read from parts of a few letters I received from farmers, and I would like to show the Parliamentary Secretary my file. This is some of the correspondence which I have on this issue. It is an issue which goes right across the country. Farmers in all ten Provinces are being audited and I am receiving many representations from Members on the other side of the House.

Let me quote from the letter of a farmer from 100 Mile House, British Columbia, to the auditors. He says, and I quote:

I am writing this letter grieving my recent audit.

How can one of your senior audit men (Mr. Bill Donaldson) come and do an audit of my farming operation four years ago and tell me that everything is fine with comments like "keep it up!" or "if you continue as you are." And then four years later, after all kinds of improvements are made (more machinery, buildings built, irrigation installed etc. at considerable expense) another audit is done, only this time disallowing the farming operation?

I have had Mr. H. A. McTavish, Chartered Accountant do all my returns since I began the operation to ensure what has happened now, would not happen. (As a matter of fact Mr. Bill Donaldson even recommended Mr. McTavish as the best accountant in our area).

This last audit was done by two of your field men who I felt did not understand farming and could care less. They made statements like "The Government needs money this year." and "We are only doing our job" etc. They did not go to see the farming operation at all! I tried to explain that beef prices were down and that we have had very wet haying weather for the past several years, but to no avail.

Please, I beg of you be fair.

It is signed, "Yours truly". It is not often, Mr. Speaker, that farmers beg anybody for anything.

I have another letter from the wife of a farmer in Quesnel, British Columbia. She says, and I quote:

The evening of April 7, 1983, we were called to our accountants' office to be informed that we owe Revenue Canada \$17,285.74. \$3,551.16 being interest!

To people such as ourselves who take pride in paying our creditors regularly it was rather a shock to find that we suddenly owe a sum like this, without prior knowledge, and that interest had been added to a bill that goes back 4 years without knowing anything about it. We have always filed our income tax on time, each year it has been accepted by Revenue Canada and now they decide that for the years, 1978, 79, 80 and 81, that they made a Big mistake, in fact a \$13,000.00 mistake, most naturally not in our favour, add interest and bill us, expecting that we have \$17,000.00 stuffed away in some sock somewhere!

• (1815)

I have dozens of these kinds of letters. I told the Minister that if he does not do something about this, he is going to have a tax revolt on his hands. An association has been formed in my riding called the Cariboo-Chilcotin Farmers' Alliance. It is contacting agricultural groups right across the country urging them to band together and fight this unfair and unjust process Revenue Canada is undertaking. I ask the Minister to consider that.

I also informed the Minister today that women are being discriminated against under this Section. The auditors have a very arbitrary set of rules and regulations which set out whether a farm is a farm. One of the things they insist on is that a certain number of hours per year are worked on the farm. As you know, Mr. Speaker, if the husband has had to work off the farm to try and make ends meet over the last couple of tough years, then his wife has had to pick up a lot of the slack and do a lot of the farm work. The auditors are not allowing the work of these women to count at all toward the labour provided on the farm. I have proof of that here in two letters.

The first letter is from a lady in Lac La Hache, British Columbia, who says, in referring to the auditor:

He also doubted whether I would be capable of managing the herd (being female, I guess) while my husband worked, a comment that raised my ire, to say the least!

Let me read another comment by the lady of Quesnel who I quoted a moment ago. She wrote:

For some reason, no doubt the usual, my own work on the farm is not given consideration in this matter. When we bought this place, I had to sign an affidavit stating that I was not buying under duress and that the payments on the farm would be my responsibility, should anything happen to my husband. I put in a full day's work, each and every day to make this farm pay! We know that a place is considered a farm where the husband stays home and the wife works out, so why not the reverse?

This problem is not going to go away, Mr. Speaker, and I would urge the Parliamentary Secretary to give me some kind of an answer that makes some sense.

Mr. Garnet M. Bloomfield (Parliamentary Secretary to Minister of National Revenue): The Hon. Member in his question today referred to the "unfair" application of Section 31 of the Income Tax Act, to the reply to a question he placed on the Order Paper about the number of farm audits, to