

Income Tax Act

income on a cash basis rather than on an accrual basis, the method that is required for most other taxpayers. This method will not affect the amount of income tax farmers will have to pay, and I do not think there is any suggestion that the Department of National Revenue wants to do anything differently in this area. Farmers will be allowed to continue averaging their income over five years. This provision is generally more beneficial than the general averaging provisions applicable to all other taxpayers.

Next I come to the question of farm corporations. Unfortunately, many of our farmers think of corporations as large companies. Nevertheless, many farm corporations throughout the country are, effectively, family incorporated farms. It is not only farmers with large operations who should consider incorporating. Those with medium sized and, in some instances, small farms, whose families wish to remain on the farm, should consider incorporating their farms. I believe that the young folk who are coming along in this field should also be considered. Their income often is inadequate. Often a young boy helps his father to work a farm. Often, because there is more inventory on the farm than can be used, cash is not readily available. Consequently, I feel that this type of farm help is often somewhat underpaid. Of course, there is a strong understanding in most cases that some day the young fellow will take over the farm from his father. If the farm is set up as a corporate structure, and there need not be more than two or three shareholders, it is possible through accounting procedures to eliminate a great many problems which might otherwise arise with respect to the transfer of farmland from the farmer to the younger people of the family.

Next, I come to succession duties. There is a difficulty in this area, since we, in the federal field, have given them up and we know that the provinces may introduce different types of succession duty. Such being the case, we are under a handicap. I do not think it is proper for us to advise the provinces as to what they must do, and I can see great difficulties arising if we become involved in any type of plan connected with succession duties. It is interesting to note, if one looks at this sheet entitled, "Comparison of Effect of Present Death Duties and Proposed Capital Gains Tax on a Farm Estate," that where the rate of capital appreciation on farmland is 20 per cent in ten years, a great deal of saving is brought about under the new system. As a matter of fact, the saving on an estate of \$200,000 would be nearly \$12,000 over ten years. The document in my hand shows the amounts various provinces would levy with regard to such an estate. The amounts vary because the provinces impose different levels of succession duty. I notice, however, that in every province of Canada there is to be a considerable saving and, if the new plan is compared with the old plan, it will be readily seen that there is to be a great deal of saving in this area.

I wish to reply to a few remarks that were made by the hon. member for Crowfoot. He talked about Operation Lift. The inference I drew from his remarks, and I do not know whether he intentionally wanted me to draw that inference, was that Operation Lift was foisted on the farmers of Canada.

Mr. Horner: Exactly.

Mr. Pringle: Operation Lift was an optional program.

Mr. Horner: Optional be damned.

Mr. Pringle: It was designed to place grain inventories in western Canada in a proper perspective.

Mr. Peters: So that grain could remain on the farm instead of in the elevator.

Mr. Pringle: It was brought in because there was a likelihood of more inventory than it was possible to move. I suggest that, in the years ahead, when we look back we will see that the program was of considerable help to the western grain business.

So far as the new quota system is concerned, may I say that when I was out west a week or so ago in my attempt to turn the tide, so to speak, I found that the quota system is generally well accepted by western farmers. The farm adjustment program, Mr. Chairman, must be mentioned. Although that program has not yet been proposed in this House, it would come into effect at the farmer's option and give farmers a method of determining their own future. The program would give them access to a realistic pension. The whole thing, so far as I can see at the moment, is to be financed by this government which is trying to give these farmers an opportunity to stay on their property and retire on it. They can participate in this pension plan right where they are and do not have to move. I wish the full story could be told.

You know, when I was in the riding of Assiniboia I was most amazed to see the way in which opposition members daily completely sabotaged and misrepresented information that was readily available to them. Of course, I am talking about the stabilization plan. Farmers thought that it was based on production, whereas they ought to have known that it was supposed to be based on farm income and that it was farm income that was to be stabilized. When people elect members to Parliament, they expect them to give the true facts. I am sorry to say, Mr. Chairman, that I found very little evidence that this axiom was being heeded. I found only confusion resulting from misleading statements by members of the opposition who had gone back to the Assiniboia area.

Some hon. Members: Shame.

Mr. Horner: That's a weak story, boys, a weak story.

• (5:10 p.m.)

Mr. Howe: Mr. Chairman, I am very happy to participate in this particular debate today because it has to do with changes in the Income Tax Act as contained in Bill C-259, as they relate to the agricultural industry. Like a lot of other people who come from areas in which there is a large agricultural population, I have been disturbed over the years by the fact that so many people are getting out of agriculture. If we look at the statistics, we find today that only 7.7 per cent of the working population are involved in producing food for the people of Canada as well as the food which we export from this great land of ours. More emphasis should be placed on incentive programs that will encourage people to stay on the land.

We talk about the family farm. I am happy to say that in my area there are many successful family farms, and this is one of the reasons I was so emphatic the other day that the wages of the wives of businessmen and of farmers