

*Income Tax Act and Estate Tax Act*

They can call it a middle of the road policy if they wish because that is what the Liberals like to call it. The trouble with the middle of the road is that it is neither on the one side nor the other, and it is always in the middle of the road that most accidents occur. When accidents happen, more often than not it is the innocent who are hurt the most. I am not easily insulted, but I am insulted when someone suggests that this legislation is socialistic, particularly when it comes from members sitting to my right. It was a conservative government that made major changes to our tax laws in 1958 or 1959. They instituted estate taxes as a substitute for succession duties. It is amusing when hon. members of the official opposition say this legislation indicates the socialistic attitude of the present Liberal government. Actually they are a latter-day version of the Mackenzie King administration, and you could hardly call that administration socialistic. I believe that history will put it down as a conservative administration, and I think the present government will prove to be a duplication of it.

I support the principle of a tax on estates and inheritances, but I say that in the application of such a tax there must be exceptions and exemptions which will help to maintain socially desirable objectives in our society. No one in this house will dispute that it is socially desirable in Canada that there be a maximum number of viable family-owned and operated farm units and small businesses.

**Mr. William Skoreyko (Edmonton East):** Mr. Speaker, after listening to this debate on a number of occasions it was not my intention to speak today because I felt that any contribution to be made by this party had already been made. However, there are a number of questions which I feel should be answered before this measure goes to a vote. This is my purpose in rising today.

Let me make it perfectly clear at the outset that I am not opposed to reasonable estate or inheritance taxes, but I am concerned about any legislation which attempts to reduce the future effectiveness of wholly owned farm or business units. I am concerned about what criteria will be used by his assessors in evaluating estates. Will valuations of estates in 1969 be based on today's inflated prices or on purchase prices? If a property was obtained 15, 20 or 30 years ago this might have a bearing on the eventual assessment.

I appreciate the minister's reconsideration which resulted in increasing the exemption

from \$20,000 to \$50,000. What criteria will be used in respect of a private home, forming part of an estate, which may have been purchased five years ago with a mortgage at 6½ per cent? Is it unreasonable to assume that today that home, with modest improvements, would be worth \$5,000, \$6,000 or \$7,000 more than a similar home, perhaps built by the same contractor, in an urban area with a mortgage bearing interest of 9¼ per cent? What criterion is to be used? Will the assessment be based on the purchase price, the market price, the asking price, or will it be based on the municipal tax roll? I think all these things could make a difference.

**Mr. Benson:** Mr. Speaker, if the hon. member would like me to inform him, let me say that the value of an estate is based on fair market value at the time of death. I should point out that this is the net value after deducting any debts. In addition, the value of an estate is subject to appeal.

**Mr. Skoreyko:** I am glad to hear there is an opportunity for appeal. What is the situation in respect of farm land adjacent to a city which, based on its production value as a farm, might be worth \$100 an acre? By the same token, in a year or two this land could be subdivided as a housing development and could be worth in excess of \$1,000 an acre. How do you arrive at fair market value? I hope the assessor will not evaluate property of that kind on the basis of the developed value because that could wipe out the estate.

The same principle applies to small business. What happens in respect of a small family farm when the farmer, because of ill health, continues to live on the farm but cannot contribute manual labour and holds back one of his sons, if you like, to continue the work of developing that farm? In this situation some consideration should be given to reward. This brings me to the speech made in the house yesterday by the hon. member for Norfolk-Haldimand (Mr. Knowles), who read into the record a letter from a farmer constituent who is 48 years of age, is concerned about buying his father's farm, and is also wondering what his son will do when he passes on.

• (4:00 p.m.)

This legislation is punitive in the sense that the bill affects all existing trusts. Most trusts are irrevocable. I would like to know what law is available or is contemplated by the federal or provincial governments so that trust adjustments can be made in accordance