

*Income Tax Act*

dealing with export markets. This, I believe, does relate to agriculture but I think the hon. member for Saskatoon-Biggar has pointed out it might be reasonable to confine references to taxation to those relating to the farming business. I think if we did that, no one would be confined too closely.

**Mr. Rynard:** Mr. Chairman, I realize the bind you are in because this is a very complex bill. I would say immediately that it should be referred to the committee on agriculture because it is so complex. If we are to be limited to any one point in it, then we will not have sufficient field, as the hon. member for Saskatoon-Biggar has pointed out, in which to do what we must do. We must try to cover the field on it or we will have to come back to it again and again.

I suggest without hesitation that it be referred to the Committee on Agriculture. I want to thank those members who have helped define how far this debate should go and along what lines. I am sure, Mr. Chairman, no one understands better than you the complexities of this bill, because you were raised on a farm and grew up in a farming community. You know what I am speaking about when I say that agriculture in Canada has developed to the point where we are proud of it. We do not want to sacrifice it through some bill which would tax everything which comes along. It was my distinct understanding that when the capital gains tax came in the estate tax was to go out. Now, we find there is some hedging on this which disturbs me because I feel most members thought this would be the case. Now, there would seem to be an attempt to have both types of tax because if the estate tax is established in four provinces it will likely spread across Canada, either in that form or in some other form which will be substituted for it.

Because I believe it is very apropos, I want to say that between the years 1949-1970 the average disposable income of the Canadian people after taxes and deductions has just about tripled, whereas food prices are about one and one-half times what they were in 1949. I am talking about the good deal the consumer gets in buying food. This does not take into account either that Canadians are eating more meat, poultry, fruits and vegetables. Putting it another way, it took the income from 20 hours of work in 1949 to buy one week's supply of food for a family of four. In 1970 just about half the number of hours were required. One may ask why this is so, and why the farmer has had such a small increase in the price of the products he grows. It simply means that each man in agriculture today is producing far more than his predecessor. With his machinery and the available technology, he is growing new grains and is using fertilizers. As a matter of fact, for every man engaged in agriculture a job is created for four other people. It is probably worth-while to note that the machinery and equipment which the farmer buys today costs him two to three times what it cost in 1949, and he receives less than 50 per cent of each dollar spent as compared to 60 per cent in 1949.

These are the points I wish to bring to the attention of the parliamentary secretary. The tractors, trucks and machinery used by the farmer have all been produced in industry where there have been strong labour unions to bargain for the increases in wages. As hon. members may

have noted, nothing like this has occurred in the farm sector, nor has there been any special benefit or shorter hours for the farmer over that period of time. It comes back full circle to the point that if the farmer is not going to be viewed in the light of what is transpiring, is not to be given the opportunity to build up, develop and obtain something for his labour and, in the final analysis, be able to accumulate an estate which will not be taken away by estate taxes or capital gains taxes, he will have no incentive to keep on farming.

There is another point with which I should like to deal. This is the matter of the hobby farm which involves perhaps the millionaire who makes his living in some other line of work but establishes a farm and brings in thoroughbred cattle to the area. I could name dozens of these people. They improve the breed of cattle. Some of these people actually live on these farms. I want to ask the parliamentary secretary what is proposed in respect of this type of farmer, and how it is proposed that he be treated. Some of these people, as the parliamentary secretary knows, have sold animals valued at \$50,000 or \$60,000. I could name these people. They have provided bulls and other animals to the small farmers in the community. This has helped the other farmers upgrade their animals. In the long run, this is of great benefit to the farming community. I would ask what the thinking is on this whole matter.

**Mr. Mahoney:** Mr. Chairman, we propose to continue to treat hobby farms exactly as they have been treated in the past. They can offset their farming expenses against farming income and then take any net loss and deduct \$2,500 of that from their other income and then take half the difference of the balance of loss up to an aggregate of \$5,000. I am sure if the hon. member for Simcoe North had had an opportunity to do his own research rather than rely on the notoriously unreliable research department of the Progressive Conservative caucus, he would not have misrepresented as he did the position of the government on the offered, collection agreement in respect of succession duties with the provinces which choose to go into the death tax business.

The hon. member suggested that the federal government somehow was renegeing on the commitment contained in the June 18 budget, and in this bill, to discontinue the collection of estate and gift taxes. That is simply not true. It could not be further from the truth. The federal government has said that in four provinces which do not presently have the machinery to collect these taxes—and this excludes the provinces of British Columbia, Quebec and Ontario—if those provinces adopt for themselves a fairly uniform succession duty system, the federal government, through the Department of National Revenue, will for a fee collect those taxes for the provincial governments. But it is very clear it would be the provincial governments that would be levying the taxes and it must be in respect of provincial governments which are not presently levying taxes of that nature. This, of course, is the result of a request from certain provincial governments who have expressed an interest in possibly levying that sort of tax.

**Mr. Rynard:** Mr. Chairman, I thought the parliamentary secretary would have learned by now that people in glass