However, the bill is before us and I am sure there would be no difficulty at all in the minister proposing this kind of amendment. He has proposed all kinds of amendments to the act, and I am glad to see that a lot of work has been put into it. In the bill before us, clause 23 proposes quite a number of changes to section 80 of the act.

I appeal to the House and to the minister to take a few moments of our time to consider this question. I am sure most of us would agree that this man's case is extremely valid and his cause is just. We would like to bring about the kind of change which would finally bring justice to this kind of situation.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I am very pleased to take part in this debate. My remarks will be from the viewpoint of a farmer-rancher from western Canada. My main association with agriculture over the years has been in the production of beef cattle on the short-grass ranges of southeastern Alberta.

The provisions of the present tax structure with regard to family farm transfers were a most important issue in the last election. I do not think there was any topic that came up more often—perhaps not during meetings but at the back of the room over a cup of coffee—than this subject which most members from the rural areas are talking about tonight. It is most important to me.

The new proposals, in this regard, in Bill C-170 are of the utmost importance to agriculture. I refer, of course, to the tax deferral provision that will permit farmland to pass tax-free from one generation to the next within the family. At first glance, I suggest it would appear to be the complete answer to the criticisms of the existing tax set-up. However, it is really much too limiting in that the proposal only applies when the farm property is transferred by inheritance on the death of the father or mother. For sound estate planning, a farmer should not have to die in order to have his children take over legally and officially.

Let me give the House a typical example of a family farm transfer. This is a very real problem that is presently being discussed in a family in the Medicine Hat riding. It was brought to my attention a week ago when I was home for a visit. A 65-year old farmer and his two sons, aged 34 and 29, came to see me about turning the father's farmlands over to the two sons. Nine years ago the father had helped the eldest son get started on his own by backing the son's Farm Credit Corporation loan with some of the father's land as security. Five years ago the younger son got started on his own in the same way, with another FCC loan again backed by the father's land as security.

Now, at the age of 65, the father would like to retire and sell his land to his two sons. Because the Farm Credit Corporation's contracts with the two sons are not open-ended, they will not release the titles to the father's land and the proposed sale to the sons cannot be completed. In addition, the father had assumed he could turn over his farm at his cost to his sons without a tax and, of course, be able to enjoy his retirement—alive! In addition to the tax deferral provision, this situation also points out very clearly some of the inadequacies of the Farm Credit Corporation of the federal government.

We have all heard many times, and I am sure under many circumstances, of the so-called family farm problem. I am convinced, Mr. Speaker, that it is not so much a family farm problem as a "young farmer" problem. To me it is the most underestimated Canada-wide problem in agriculture today. It is no wonder our food costs are so high and are going higher. It is a case of fewer and fewer farmers on larger and larger farms that become more difficult to finance every time they change ownership.

The 1971 census shows that the average age of farmers in Canada was 49.1 years. This is an increase of 0.2 years in the five years since 1966. Less than 7 per cent of Canada's population are now farm residents. The number of farms in Canada declined 10.4 per cent between 1961 and 1966, and 17.2 per cent between 1966 and 1971. Young farmers, even with the best intentions, are having increasing problems in financing their own new farm, even from their parents. There is no stampede of investment capital into straight farmlands today. This is all the more reason why the Farm Credit Corporation and this capital gain deferral provision must be restructured to provide the incentives for young farmers to become established and allow their parents to retire at a reasonable age.

The new budget provision allowing livestock to be brought into inventory up to fair market value is a welcome provision. Once again, however, it does not go far enough in providing for a capital herd or the recognition in the tax law of the validity of treating breeding animals as a capital asset. In addition to these two suggested changes, three other tax items are suggested for inclusion in the approach to this new tax act. The capital gains roll-over provisions should also apply to what I term the family corporate farm as well as the provision for principal residence exemption. Five-year averaging for incorporated family farms should also be permitted.

• (2140)

The income tax definition of the term "farm" is much too broad. Surely it is time for a new definition that will more properly serve the more active and meaningful members in this industry. I have used the terminology "family corporate farm" in this debate. This type of farm administration has become necessary in order that a good many family farms can continue to operate as viable institutions.

I should like to bring these comments to a close by reminding the House what the Minister of Agriculture (Mr. Whelan) said in the throne speech debate, as recorded at page 343 of *Hansard*. He called for suggestions from all hon. members as to "what they think the Farm Credit Corporation can and should be doing to help young farmers and farmers in general." I say to the minister that he might begin by giving the Minister of Finance (Mr. Turner) the benefit of his experience and wisdom in matters relating to farm taxation and financing.

Taxation and Farm Credit Corporation policies must be redirected to give younger farmers a chance, so that they do not have to compete so openly against the more affluent farmer who is very often one or two generations older. We should all recognize that what the young farmer lacks in concrete collateral for loan purposes, he more than makes up for in youth, energy, ambition and much better