

*Adjournment Debate*

Third, the marketing quota tax is retroactive, as I have said, and this is not hard to demonstrate. In January, 1971, group one pool milk quotas in Ontario sold for an average of \$25.05 per pound. Let us assume farmer A purchased a 1,000-pound quota which cost him about \$25,000. The same day his next door neighbour turned his farm over to his son and gifted to the son the same sized quota. Under the budget provisions, neither farmer can have a valuation day value for their quotas. Farmer A gains a hollow victory because he can on disposal, ten years hence, for example, deduct his original cost. But even he can place no valuation day value on this asset. The neighbour's son, according to this legislation, has incurred no cost and is taxed on the full amount of disposal proceeds, subject of course to the usual provisions affecting all gains and to the transitory provisions respecting goodwill and similar assets.

The Minister of Agriculture and the Minister of Finance say this is fair because it cost the son nothing. Their attitude is absolute nonsense, Mr. Speaker. I and thousands of other estate planners spent years transferring assets by way of gifts, including real estate, shares in companies and other assets. Let us assume that on the same day the farmer's son received the \$25,000 milk quota, his cousin in the city received from his father \$25,000 in shares in the family business. The cousin is not subject to capital gains tax on the whole proceeds of disposal because he can deduct from such proceeds the value of those shares on valuation day. Will the Minister of Agriculture tell us the difference between a \$25,000 milk quota and \$25,000 in shares in an incorporated company? Of course he will not, Mr. Speaker, because insofar as capital gains tax is concerned there can be no difference if we are to be fair and equitable.

Since the first week of March I have been asking the minister to have the legislation changed. What has been his response? He says the legislation is good. I have pointed out to him that every farm organization concerned with the problem has been diametrically opposed to this inequitable, complex and retroactive taxation.

● (2220)

On March 6 I quoted the Canadian Federation of Agriculture's position. The minister replied that he had met with the federation and he said: "I am not of the opinion that they are that dissatisfied." Subsequently I received copies of briefs to the minister from farm organizations, and in light of the universal condemnation in these briefs of this taxation I asked the minister what steps he would take to correct the inequity. I quote his reply on March 20: "I am still of the same opinion as I was before".

Finally, I raised the matter on May 17 and pointed out the overwhelming criticism of this retroactive taxation. Again the minister said he disagreed that there had seen such strong criticism, and he went on to say that the president of the Ontario Federation of Agriculture had told him: "You are doing one hell of a good job, Mr. Minister". I do not know in what context the president of the federation made those remarks. He may have been speaking in general terms or, more likely, he may have been talking about the quantity of speeches that the minister has been delivering across the country. One aspect of farm life that the president was not referring to was the capital gains tax on farm marketing quotas, where he could have been accurately quoted as saying: "You are doing one hell of a bad job. Mr. Minister."

I say this without qualification or reservation, because exactly five days after the minister's reply in this House to my latest question there appeared in the May 22 edition of *Farm and Country* a feature story by the president of the Ontario Federation of Agriculture. The heading is: "Next target: no gains tax on quotas assigned before V-day". Let me quote briefly from this article:

However, there are many major inequities that still have not been removed. Capital gains tax on marketing quotas acquired before January 1, 1972, is still retroactive and unjust . . .

Obviously this must be corrected immediately.

Will the Minister of Agriculture again try to tell the House that the Ontario federation is anything but absolutely opposed to this legislation? This position is echoed by a multitude of farm organizations and marketing boards right across this country.

I referred earlier to the many speeches that the minister has been giving across Canada, and I hasten not to condemn him for this. But it surprises me that I have to remind the minister that he has an obligation not only to speak to farmers but to speak for farmers as well. If it had not been for the energy and determination of agricultural groups and the opposition parties in this House we would still have a capital gains tax on the transfer of family farms. I for one am going to do battle again on this unjust, complicated and retroactive taxation on marketing quotas; but it seems to me that if the Minister of Agriculture paused even briefly between his speeches to tell the Minister of Finance the truth about these positions, we would all save a lot of time and the farmers of Canada would receive no more than they deserve—fair and equitable capital gains tax legislation.

[*Translation*]

**Mr. Léopold Corriveau (Parliamentary Secretary to Minister of Agriculture):** On May 17, 1973, the honourable member opposite referred to "overwhelming criticism" of the Capital Gains Tax provision respecting farm marketing quotas. The minister has and does reject as an exaggeration the statement that the Federation is overwhelmingly critical of this provision as it now stands.