

replaced by a global structure which allows the farmer to farm well and make a living.

**Mr. Greenaway:** I have a question for the Hon. Member, Mr. Speaker. On several occasions we have raised the subject of Section 31. I think all Members in the House agree that it is a problem as it is presently enacted in the present legislation. Could the Hon. Member give us his ideas as to a possible solution to that problem or his Party's solution to the problem?

**Mr. Hovdebo:** Mr. Speaker, our Party has discussed this as I suppose has every other group of people interested in agriculture. I cannot say we have a particular position. We have, however, put forward a number of suggestions. We hope to have the opportunity to put these possibilities before the Government and talk about them.

● (1600)

The idea that Section 31 might harm bona fide farmers is most often raised as an argument against changing it. I suppose we should be looking at an increase in the minimum if we think it must remain in place. That is a decision which all of us in the House may have to make. If we think the limitation should remain in place, we will have to decide on its size. Many of my constituents have indicated that they would be happy with it remaining in place if it were raised at somewhat the same level as inflation over the years. As we all know, the \$5,000 of a few years ago is a pretty small sum today. That is one of the suggestions which has been put forward and which we would like to discuss with the Government.

Also we should define in Section 31 a little better than have the income tax people what is a commercial farm and what is a viable farm. We have to recognize the needs not necessarily of young farmers but of beginning farmers. I have discovered in my constituency that many farmers 40 to 45 years of age are just now trying to get into farming. They thought they could get into it in three years but they have found that it takes from five to seven years. They are getting caught in that section. That matter needs to be discussed. I am not saying that we have a particular position on it, but we have a number of ideas we would like to put before the Government and to discuss.

**Mr. Blenkarn:** Mr. Speaker, the Hon. Member was with myself and others on a trip to Washington in connection with the United States program of what amounts to agri-bonds. I would like to hear his comments on whether he felt that that was a proper way to assist farmers in terms of their long-term capital requirements. Keeping in mind the experience in the United States, does he think we should do something different from agri-bonds, or does he think it would be important for a Commons committee to study the report on tax issues in agriculture which was tabled the other day so that we could obtain evidence in Canada with respect to agri-bonds? Also, in terms of Section 31, does he think that we should take this matter before a Commons committee?

### *Supply*

**Mr. Hovdebo:** I would think that a Commons committee with very specific terms of reference to deal with agri-bonds and Section 31, if possible, would be a good idea. What we need in this particular area is input from many people other than ourselves, because we become isolated if we stay in the House too much.

As far as agri-bonds are concerned, I recognize, as did all of us who visited Washington, that the biggest factor against the agri-bond program or the exempt bond program in the United States is the loss of money or funds to the Government over a long period of time. As Members of Parliament who were elected to govern Canada, not just one section of it, we have to look at that as a detriment to putting into effect the agri-bond structure as it was described to us in the United States. However, that program in the United States got money to the farmers when it was needed. I guess it was at a larger cost than we would like to expend. However, I am quite certain that we in Canada have the ingenuity to take that program and develop it in such a way that we do not have that loss. For instance, our Party's position on that is that it should be done at least in those cases where elderly farmers want to sell their land. Then the agri-bond becomes part of their retirement benefits. There are a number of such approaches. That particular suggestion was not made in the report on tax issues in agriculture. It is the kind of suggestion which needs to be made. This is the reason I think a committee or task force to study the matter and bring some suggestions to Parliament should be set up as quickly as possible.

**Mr. Greenaway:** Mr. Speaker, I have a question for the Hon. Member concerning Section 31. When one reads the discussion paper, I think one begins to worry that Section 31 will be buried in a lot of bureaucratic mumbo-jumbo and that nothing will happen. That is my worry.

Would the Hon. Member and his Party be willing to suggest that at least when an audit is being conducted by income tax auditors, they should be forced to call upon an expert in agriculture to accompany them when they inspect the farm? Then they could come up with some concrete ideas and thoughts on whether or not a farm is capable of producing a profit, whether it is a viable farm or, in other words, in what category the farm should be placed. I have found in my riding that auditors would just arbitrarily place a farm in the hobby class, although they did not have the expertise to do that. Would the Hon. Member agree that that is the very least for which we should settle?

**Mr. Hovdebo:** Mr. Speaker, I know the exact problem to which the Hon. Member referred. I have many of those people in my constituency as well. I think it is important that a definition be established, but I worry about establishing such a definition. I recognize that the Department of National Revenue has been inadequate in that particular relationship, in the use of that section in the past. It has been used mainly retroactively. I think that is the biggest problem. However, I am not at all sure that establishing a definition for farmers, for farming or for valid farms is what we want to do. Does it mean