

*Income Tax Act*

my opinion. Let me give the committee an illustration. I know a case of a house in a small town being valued for estate tax purposes as if it were situated in a city. It was not the true value. It was not possible to get a price of that sort for the house. But the officials insisted it was a true value. I believe it would be difficult to arrive at an accurate value of farm land for capital gains purposes. I have recently been arguing with the Minister of National Revenue on behalf of a farmer in my constituency about the value of a particular piece of farm land. In effect, I said: If the department is so certain that their value is a correct one, why do they not take the land at their price in payment of the tax the department says the farmer owes.

I suggest to the parliamentary secretary that the assessment of the value of a farm when it passes from father to son should bear some relationship to the capacity of that farm to produce well. Even this will present difficulties. For example, the price paid for a quarter-section of land purchased to round out an economic unit might well not bear a true relationship to what it was worth on the open market. Farmers sometimes pay much more than the true value of land in order to start a son farming or round out an economic unit. I am sure the government does not wish to penalize anyone in particular, but it appears to me there is room for debate here and considerable room for friction between the department involved and the individuals directly concerned.

**The Deputy Chairman:** It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Temiscamingue (Mr. Caouette)—Air Canada—Request for DC-9 Air Service in Rouyn-Noranda Region; the hon. member for Yorkton-Melville (Mr. Nystrom)—Grain—Wheat—Statement by Minister of Supply and Services on necessity for two-price system—government policy; the hon. member for Central Nova (Mr. MacKay)—Harbours—Pictou, Nova Scotia—Implementation of plans for improved facilities.

**Mr. Mahoney:** In response to the point raised by the hon. member for Battleford-Kindersley I would grant that the existing income tax law providing for straight-line depreciation and no recapture of depreciation applicable to farm equipment may be a contributing factor to the way in which some of the pricing mechanisms have been built up in connection with the farm equipment industry. It would certainly be the sort of thing which would encourage a policy of writing up the true value of a trade-in on the one hand and of the price of the new equipment to be sold on the other. I understand that the pricing mechanisms of the farm equipment companies are overdue for an overhaul according to suggestions made by those who have studied this question with particular concern. I would say that the amendments presently before the House would at least remove one obstacle to a significant revision of this pricing mechanism.

• (5:00 p.m.)

**Mr. Gundlock:** Mr. Chairman, the parliamentary secretary suggested in his answer that amendments to the Income Tax Act might correct this ambiguity. Or did I misunderstand him?

**Mr. Mahoney:** If the committee will excuse me, I suggested amendment might remove one obstacle. I am not for a moment suggesting it is a cure-all.

**Mr. Gundlock:** That is exactly what I am saying. We are not talking about the Income Tax Act itself; we are talking about income tax reform. The immediate subject under discussion is capital gains made by farmers. I should like to know what the parliamentary secretary is really saying. Is he going to tell us tomorrow that this matter will be corrected by the Income Tax Act or the regulations made pursuant thereto? We have plenty of time, so why does he not tell us now what he is really saying?

**Mr. Mahoney:** Mr. Chairman, I am sure that when the hon. member has had an opportunity to read my answer in *Hansard* tomorrow it will come through to him a little more clearly than it apparently has at the moment.

**Mr. Gundlock:** Mr. Chairman, we have had the opportunity of reading *Hansard* on so many occasions and also the act. What we are doing today is discussing capital gains as they relate to farmers. We are not talking about the Income Tax Act as such. According to the press, the parliamentary secretary from Calgary South has lamented the ineffective opposition in the debate on this bill, and now he tells me to read *Hansard*. The parliamentary secretary says that we are so ineffective, and I want to be effective. Since he is so worried about our ineffectiveness, he should be so magnanimous as to tell us why.

To turn to the amendment, I support it fully. Let me go back some eight or ten years to a time when we were discussing this matter in this House. As reported at page 4191 of *Hansard* for May 1, 1961 I said:

I am in the particular category of farming which the hon. member mentioned. That is what is commonly known as the category of family farms. I do not think it is the intention of this government—although it may have been the intention of former governments—to remove every other farmer, as I think was mentioned, or the small family farmer.

I wish to emphasize that. One of the previous speakers was a member of the Liberal government and he spoke about a very important act that meant a great deal to Canada, particularly to our farmers. The present government had an answer to its policies as recently as last week in Saskatchewan, but the amazing thing is that the parliamentary secretary today is speaking in exactly the same vein as the hon. member to whom I referred spoke ten years ago, because he is suggesting that the family farm should close down.

The hon. member can sit there and chuckle if he likes.

**Mr. Mahoney:** I am shaking my head, not chuckling.

**Mr. Gundlock:** It is about time he shook his head. There are a lot of other people a little closer to home who will be shaking their heads, too. The parliamentary secretary has failed to answer a very pertinent question.

I should like to refer to something I said very recently, and which I have been saying for over ten years. It is rather like the little boy butting his head up against a stone wall, but repetition is the only way to get through to the government and finally, to give credit where credit is due, I think the government is beginning to listen. I was