

*Adjournment Debate*

our policy concerning financial assistance to the Highland units along the lines which I have just described.

NATIONAL REVENUE—REQUEST THAT GOVERNMENT NOT SEEK RETURN OF OVERPAYMENTS TO FARMERS UNDER WHEAT INVENTORY REDUCTION PROGRAM

**Mr. Bill Knight (Assiniboia):** Mr. Speaker, on May 25 I asked a question of the Minister of National Revenue (Mr. Stanbury) relating to the long-outmoded policy of the Lower Inventory for Tomorrow, or Lift, as it relates to the western producer. It appears that under this program the government overpaid some 4,000 farmers to the tune of \$365,000. It has collected some of this money; the farmers concerned now owe about \$288,000. According to the Auditor General's report, the government can write off moneys to the tune of \$6 million owed to the federal treasury by such illustrious individuals as United States automobile manufacturing companies.

● (2210)

The Auditor General further pointed out that this government, according to its philosophy, is prepared to ignore joint-owned corporations in joint ventures to save corporate income tax. The essence of it is that the government is trying to collect \$288,000 from 4,000 farmers. This amounts to between \$40 and \$50 per farmer. They are also trying to collect overpayments under the old age security program in the neighbourhood of \$1 million. I understand they have made a recovery of half that amount. While trying to collect these overpayments, the government is willing to allow a United States automobile manufacturing company a forgiveness of \$6 million owing to the federal treasury.

This government has a philosophy of free enterprise—free for the rich but not for the poor. If that is their philosophy, there are two points that should be made. They ought to forget about the overpayments under the LIFT program. It was disastrous; it was an act against humanity to tell the farmers not to grow food while millions were starving. Second, the government will present figures which probably will not add up to \$288,000. If they keep at it each year, it will probably cost more to try to collect than it is worth in terms of money owing by these thousands of farmers. If the government is going to operate with the philosophy that it can write off \$6 million for their large corporate friends, they should be prepared to write off the \$288,000 owned by western farmers.

[*Translation*]

**Mr. Léopold Corriveau (Parliamentary Secretary to Minister of Agriculture):** Mr. Speaker, the question which was asked by the hon. member of the opposition to the Minister of National Revenue is the same as the one he asked exactly a year ago to the Minister of Justice. In view of the pertinency of the reply given by the then Parliamentary Secretary, may I be permitted to quote this reply as recorded on page 2874 of the Debates for June 5, 1972. Here it is:

Mr. Speaker, the hon. member in directing his original question to the Minister of Justice (Mr. Lang) sought to draw a parallel between two distinctly different circumstances. The situations mentioned were the Canada-United States automotive agreement on the one hand and the Operation Lift program on the other. The minister in his reply stated that he could see no connection

[Mr. Richardson.]

between the two situations and frankly, Mr. Speaker, neither can I.

Although the Canada-United States auto agreement is not administered by the Canadian Department of Agriculture, perhaps I may still reply to that part of the hon. member's question which pertains to this agreement. It is my understanding that this agreement was based on the principle of free trade. As such it did not envisage collection of duty or sales tax by either party. The amount the hon. member interprets as being a direct liability is, in my understanding, what has been referred to as a contingent liability, not a direct liability nor an outstanding debt owing.

The overpayments to farmers are examples of direct liabilities and as such are quite different both in terms of accounting principles and of actual fact. Under the terms of the Lift program, farmers who elected to participate in the program were paid a specific amount for each acre taken out of wheat production, with an additional payment made when this acreage was diverted to perennial forage production. These payments were made subject to a definite set of governing regulations.

I am certain the hon. member is well aware of the reasons behind the Lift program and I need not go into them in detail. However, I should like to mention the fact that the government, in an attempt to put needed cash into the hands of farmers as soon as possible, made advance interim payments to farmers who submitted claims. Final payments were made when on-farm inspections had been made. Some overpayments did result. Some of these overpayments arose out of arithmetical errors and misunderstanding of the regulations. In other cases there were definite inconsistencies when the actual farm inspections were made.

In conclusion, and to answer the hon. member's question, the government does not intend to forgive or writeoff these overpayments. Rather, we have already collected much of the amount owing and have been and are, judging each outstanding case on its own merits. Where, according to the regulations, recovery is justifiable we shall attempt to collect the full amount owing.

[*English*]

AGRICULTURE—TAXATION OF MARKETING QUOTAS—POSSIBLE REVISION IN LIGHT OF REPRESENTATIONS BY FARM GROUPS

**Mr. Bill Jarvis (Perth-Wilmot):** Mr. Speaker, the capital gains tax provision respecting farm marketing quotas is bad legislation and this, I suggest, is the responsibility of the Minister of Agriculture (Mr. Whelan). There are two fundamental principles of these capital gains tax provisions: first, capital gains tax shall not be retroactive, that is, the cost of acquiring an asset before valuation day, January 1, 1972, is not material. Second, this tax applies only to capital assets. These are sound principles and should lead to little or no confusion but somehow, between the Minister of Agriculture and the Minister of Finance (Mr. Turner), the whole area of farm marketing quotas has been turned into a hopelessly complex system of unfair and retroactive taxation.

The two ministers to whom I have referred have agreed between themselves that these quotas are the same as goodwill and should be taxed accordingly. This must mystify thousands of farmers who have purchased these quotas at auction sales, for example, just as they might purchase a piece of machinery; the purchaser was buying a capital asset worth, in the case of many milk quotas, tens of thousands of dollars. The purchaser would be astonished to hear from these ministers that he was purchasing goodwill. Similarly, when a broiler producer purchases a barn with a broiler quota, will the Minister of Agriculture tell him he is not buying a capital asset?