

around \$10,000 or \$12,000. When I questioned him on this point, he indicated it was his intention to put a ceiling on it.

● (1620)

While the Conservatives preach spending restraint, in practice they almost daily come up with new proposals for increasing government expenditures. In their analysis of the budget, based on the results produced by their economic model, Professor Wilson and Professor Jump of the University of Toronto said that it was clear that the November budget "is providing a major, real expansionary impetus to the economy in 1975". They forecast that "beginning with the second quarter of this year, and carrying through to the end of 1976, the economy will likely achieve real growth at a rate above its potential growth rate."

So, Mr. Speaker, I think the opposition must try to get together and come up with one policy. They should either say there is to be restraint and not call for a lot of expenditures, or they should indicate that we should be spending more and so have a much larger deficit. I think that would be to the detriment of the Canadian economy. If we should find some expansion, in all likelihood we will find the hon. member for York-Simcoe, if he is still in his post, displaying once again the Conservative Party's unerring ability to come up with the wrong policy at the wrong time.

**Mr. Lambert (Edmonton West):** Mr. Speaker, could I ask the parliamentary secretary a question? Having given us an exercise in reading—which is unfit for a parliamentary secretary—could he also advise us the name of the author of the speech?

**Mr. Cullen:** To be fair—

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** I think it must have been his own work.

**Some hon. Members:** Hear, hear!

**Mr. Cullen:** Mr. Speaker, they asked a question but they will not remain quiet for the answer. I listened to the question, and I think as a courtesy they might listen to my response.

**Mr. McKinley:** If you said anything, we would.

**Mr. Cullen:** Mr. Speaker, I did a bit of research. I am one of the few members of the House who has sat through practically the whole of the debate. I have taken notes of every speech made by members of the opposition parties, and I have asked for clarification and information from officials of the Department of Finance as to what they think of the recommendations some of which I think are ludicrous. I am prepared to concede that I read a great deal from my notes because I did not want to tell the opposition anything that might be wrong. I thought I should do a little research for my speech, rather than mouth off from my seat.

**Mr. Bert Hargrave (Medicine Hat):** Mr. Speaker, if I may respond very briefly to the parliamentary secretary, I

### *Income Tax*

should like to suggest that he bear with us and take a few more notes. In my remarks today in the second reading debate on the amendments to the Income Tax Act, I want to refer specifically to those items covered in clause 38(7) on pages 89 and 90. This clause deals with the intergenerational transfer of farm lands and farm property. My special concern relates to the current status of this provision in that it only applies to individual family farm transfers, such transfers that take place during the lifetime of a farmer or on the death of a farmer.

When this exceedingly detailed bill was introduced, my first interest was to see if these same roll-over provisions that now apply to individual farm transfers would apply as well to incorporated family farms and farm partnerships. It is clear that this provision is not covered. In my opinion, this is a very serious omission. Representations were made to the Minister of Finance (Mr. Turner) on this subject on March 13 last year when the tax committee of the Canadian Cattleman's Association met with the minister. At that time the minister very graciously invited me to attend and participate in this meeting, along with the hon. member for Kamloops-Caribou (Mr. Marchand). I am sure it was because of our very obvious involvement in and concern for the cattle industry and this particular aspect of it that we were included.

I hasten to point out, however, that my interest and concern in this subject is not limited to cattle operations but extends to all farm operations. This concern must surely relate to any farming operation that has decided to either incorporate as a family farm or as a family partnership. Perhaps we should remind ourselves that farmers have been encouraged to go this route by both federal and provincial governments over the years. One of the most obvious and practical advantages of such a route was that wives could become legally involved in a farming operation and be paid for their services; children could be encouraged to become more involved before there was a need for transfer of ownership due to retirement or death.

It is important to remember that while only some 7 per cent of our Canadian farms are incorporated, they account for 28 per cent of our total farm production. These figures do not include farm partnerships. We should also take note of the fact that while we have some 336,000 farmers in Canada, about one-third of this number, 113,000, produce 80 per cent of our total farm production. It is a personal view, of course, but I make a clear distinction between a so-called family farm corporation and a business corporation in a non-farm sector of our society. Surely the fundamental reason for farm incorporation is to enhance and preserve the family farm as a meaningful farm unit.

While the roll-over provision is the most important aspect of my representations, there are two other items which are also important since they also relate to incorporated family farms. I refer to the provisions for five-year averaging for income tax purposes and the principal resident exemption under the capital gains tax provision. These options are not available to incorporated family farms. Surely there can be no argument that a farm corporation involving a farm family is entitled to and needs a residence as distinct from a business corporation that requires an office or headquarters but not a residence.