

I do not think that before going into that matter one should neglect the many important aspects of the budget which are touched on in the bills now before the House.

First of all, as a person from the west, I think of the further step taken to deal with the rollover of capital gains in the case of families engaged in the farming operation. It carries out the attempt to ease the tax burden in that particular situation and, to show the government's concern that farmers be able to pass their assets without difficulty from one member of the family to another and to recognize the special circumstances which can exist in terms of the amount of capital having to be put into this relatively modest income earning operation. The government has recently announced a similar kind of approach in connection with small business for a similar reason. In both cases the Liberal policies are designed to encourage those operating a family farm or a family business to continue to do so, to prosper, and to see the business or the farm handed over to another member of the family.

In the case of this budget, the extension of this rollover provision to the small corporate farm is simply the completion of a piece of work which was started in a previous budget when the direct transfer of a farm from parent to child was already made a matter of special consideration so that the capital gains tax need not be paid at that time.

Those were not the first items with which the government dealt in an attempt to give special consideration to our farmers and, if I may say so, particularly to western farmers. I refer to western farmers because I am thinking of another measure in another budget in which we provided, immediately upon the need becoming apparent, for the deferral of tax on the delivery of grain where, because of the particular western grain situation, the quota system on which farmers deliver led a farmer to want to deliver his grain even though it might have been against his tax interest to do so, and led the Wheat Board to accept his wheat because of the selling they were doing.

Therefore the Liberal government responded quickly to the needs of western farmers in that regard and created, without any great furore or demand for it in the west since we acted so quickly, tax deferral rights so that the farmer could deliver his grain and postpone his receipt, and therefore also his tax burden, until the following tax year. In effect, he could dispose of the grain but treat it as though he had kept it in storage on his farm so far as his tax position was concerned. It is important to notice the government's reaction in this regard. It was so fast that no great demand for this had been built up. We responded because we saw a need, and we acted effectively.

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There are a number of other provisions in the budget as well. We see the provision for improved tax positions for those who invest in research and development. Clearly, encouragement in research and development is important to all of us in this country. It is important for the development of businesses to come and for techniques of operating such which we would like to see developed. It is important in encouraging research

and development capabilities, which in turn encourages industries to locate here because the manpower to do other related things is available.

I need not go too far from my home area to find examples of the government acting effectively to encourage research and development in order to produce and develop home industries. I am thinking of the protein oil starch plant which has been created at the University of Saskatoon. It is an operation designed for research into the use of grain and its components. Also it makes it possible for those who have ideas to test them, put them into effect, move them into the developmental stage as real products seeking the market, and then hopefully follow up with the actual location of enterprises producing those products in the region where development is wanted. Accordingly we have designated the area for purposes of special grants when plants are created and set up. In that regard the budget is consistent, and is one further step toward the encouragement of research and development. It is important to all regions of the country, without any exceptions at all.

The budget contains special provisions with regard to the development of heavy oil plants. That measure is of particular interest to the west, Saskatchewan and Alberta. Hopefully that will lead those provinces to follow up, because it creates the necessary provincial tax climate which will encourage the development of plants and the processing of heavy oils in the Lloydminster area and across that broad expanse where a vast volume of this resource exists.

Also the budget contains provisions for improved depreciation for the railways. In terms of this country's development, that is a significant measure. We all know that the railways, particularly our two great national railways, have been carrying grain below the cost of carrying it to them. Part of their losses in passenger services were not paid for, even though they were directly related to maintaining the service.

The government believes that must be changed. Those burdens in relation to grain and passenger services are imposed upon the railways by the national policies of the government and the country. The railways should be compensated for the losses they bear in connection with those operations. We have committed ourselves in principle to doing that. We have gone a long way toward doing that in the case of grain by our commitments to rail line rebuilding, the purchase of hopper cars and the repairing of boxcars.

We have instituted and carried out those commitments to a very extensive degree. In the case of passenger service, we created VIA Rail. We have moved toward complete compensation to the railways for their costs in providing passenger service, and it is right that we should do so. If the railways are forced to carry losses in connection with passenger and grain services or any other aspect of transportation, either they will be short the capital and income to maintain a viable railway system, or they will have that income by obtaining more than they ought to from other goods and services which they perform. Surely that is not in our interests. By moving to clear these burdens from the railways, we are allowing them to have