

steady migration, in particular of our young people, from the rural communities to the urban centres because of the economic uncertainties of a future in agriculture. This fact, of course, has been well substantiated by Statistics Canada. The figures for 1971 reveal a drop of 24 per cent, in five years, of Canadians living on farms. Less than 7 per cent of Canadians now live on farms, compared with 10 per cent in 1966 and 12 per cent in 1961.

The declining number of farm residents coincides with a similar drop in the number of the nation's farms. In 1966 there were 430,522, and in the last year for which I was able to obtain statistics there were 366,128. In addition, there has been a decrease in the number of farmers who are living on their farms. In many instances they find it necessary to live and work in towns and cities to supplement their income so they can retain their farms.

I can assure the House that the agricultural community of Lambton-Kent is deep in tradition and proud of its farming heritage. When the initial legislation proposing the capital gains tax on the transfer of farmland was introduced, they were quick to realize that the gradual erosion of the family farm unit, which had been evident in the entire agricultural community, would not be greatly reduced. The farmers of Lambton-Kent are knowledgeable, capable of interpreting government action or, in the instance of that piece of legislation, government inaction in responding to their pleas. They realize this government has a paucity of ideas for an effective agricultural policy. Add to this the crippling capital gains tax on the transfer of family farms, and it is not difficult to realize why our farm community has lost confidence in the government. Indeed, farmers are entitled to ask if this government has an interest in Canada's primary industry, namely, agriculture.

I know this issue is of major concern to the entire farming community of Lambton-Kent and I know I speak for that entire community when I earnestly urge that amendments be made to the bill which is presently before the House. We welcome in principle the introduction of the provision which is in keeping with the position this party has clearly outlined in the past. Unfortunately, the provision, although a move in the right direction, is far too restrictive for sound farm planning and I am certain it is not too difficult for hon. members to visualize the innumerable awkward situations that can arise from such a restrictive provision.

I wish to remind hon. members that when the original legislation was introduced to the House, the Senate committee recognized that farmers occupy a special position in the society's economic structure. They realized that over the years this part of the economy has been subjected to pressures leading to changes in the nature and use of farmland. They realized that there was a continuing trend of dissolution of the family farm and they urged that measures should be taken to reverse it. They strongly recommended that land, together with any other capital property used by the individual in a farming activity, should be allowed to be transferred during the lifetime or on death to descendants without being subject to capital gains tax. I support that view and strongly recommend the proposal.

Income Tax Act

Another problem that frequently mitigates against sound farm planning, and on occasion has a deleterious effect on the family unit, is the inability of a farmer to sell his farm property to buy another farm which may be more socially or economically feasible in terms of the entire scope of his operation. I cannot see the logic of penalizing a farmer in this instance with a capital gains tax and would strongly urge the correction of this inequitable situation.

Another matter which I would like to bring to the attention of the government relates to the evaluation of land, or to land valuation. Mr. Speaker, I found it very disconcerting, on April 4, as recorded in *Hansard* at page 2968, when the following question was asked of the Minister of National Revenue (Mr. Stanbury) by the hon. member for Pembina (Mr. Hollands):

• (2120)

Mr. Speaker, I should like to direct a question to the Minister of National Revenue concerning the land evaluation taking place in Canada for tax purposes. Would he inform the House whether the property owners whose properties have been appraised for tax purposes have been notified, and, if so, is there an appeal procedure to handle these evaluations?

The Minister of National Revenue replied as follows:

Mr. Speaker, the evaluations that are taking place are for the purpose of future reference. They do not necessarily have any status in law at this point. Valuations from any source can be considered. This information is being gathered to assist parties in the future determination of values.

I believe the significant part of that statement is that they do not necessarily have any status in law at this point. Surely there should be some direction as to whether or not valuations will actually be accepted at this time. Surely, sir, the government must have the ability to arrive at some formula. I am sure many formulas could be devised for land valuations.

The last point I would like to deal with, which I feel requires attention and correction by the government, is an allied problem which discriminates against many of our farmers with the existing Income Tax Act. I can best illustrate this by citing a specific example recently brought to my attention by a constituent. A farmer and his son had hoped to convey their farm properties to their own corporation. The Income Tax Act in its present form states that any gain on a deemed disposition or sale of a principal residence of a taxpayer, including the one acre, is not subject to tax under the act. In the event that the dwellings were included in the farm sale to their company, they would not receive this benefit.

However, if the father and son were able to sever the one-acre parcels from the farmland and retain them as their own private dwelling, they would not have been taxable under the act. But the municipal act authorizes townships to pass bylaws controlling the severance of property, and in this particular township, as well as in many townships in the province of Ontario, a bylaw exists to the effect that no area of less than ten acres can be severed from the farm property. In such cases, the township committee of adjustment refuses the one-acre applications since they contravene their township bylaw. In other areas where it is not necessary for the township to have such a bylaw, one acre of land properties can be severed and the remainder conveyed to farm corpora-