

*The Address—Mr. D. Neil*

calculating depreciation. The majority of farmers I have dealt with have been making use of the straight line method. The few who have been using the diminishing balance method have done so at the suggestion of officers of the Department of National Revenue, much to their sorrow for they were locked into that method and could not change. This meant that on the sale of a piece of farm equipment they found that, unlike those on the straight line basis, they had to recapture the depreciation, if the article was sold for more than the undepreciated capital cost, and pay tax on the difference.

Under the new act, on new equipment purchased after January 1, 1973, a farmer has no option; he is compelled to calculate depreciation on the diminishing balance basis and to pay tax on any recaptured depreciation. With the rising cost of farm machinery over the past number of years, it is not uncommon for a farmer to trade in a piece of farm machinery, and obtain a trade-in price that is more than the undepreciated capital cost. This gave him a certain advantage when he was dealing in farm equipment, in that the difference in value between what he received for his trade-in and the undepreciated capital cost was not taxable in his hands. The effect of compelling a farmer to convert to the diminishing balance method of depreciation will, in the end, mean that the cost of a new machine is increased by the amount of income tax paid on the recaptured depreciation.

I think most hon. members are aware of the spiralling cost of farm machinery. For the government to add even more to its cost by the changes in the Income Tax Act is something that has not been well received by the western farmers. I would urge the Minister of National Revenue (Mr. Stanbury) to consider seriously an amendment to the act to allow a farmer to continue to use the straight line or part 17 method of calculating depreciation.

Further, Mr. Speaker, the institution of the capital gains tax as it affects the family farm, coupled with the provincial succession duties that we have in Saskatchewan and with the recaptured depreciation provision, will have a disastrous effect at the time of the death of a farmer. Very few farm estates are liquid, and the combination of these three taxes will mean that farmland will have to be sold in order to pay them, thus destroying the farm as a viable economic unit.

I can appreciate that this subject may be discussed when the federal and provincial ministers meet later this summer, but I feel that conferences of this nature generally discuss policies and not the results of the application of the policies. Politicians and civil servants administering acts do not appreciate the implications of taxing statutes.

Perhaps the answer is consultation with solicitors, accountants and trust companies actively involved in estate practice, as they are in a position to give concrete examples of the hardships involved and of what the practical application of a change in tax laws can mean to a particular segment of our society.

There are a number of other matters of vital concern to my constituents, Mr. Speaker, but time will not permit me to discuss them this afternoon. They include such items as rail line abandonment, the rationalization of grain handling and transportation facilities, the marketing of feed grains, the effect of the elimination of the basic herd, the

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Canada Pension Plan as it applies to farmers, low-cost housing, and pensions. I hope to be able to deal with these matters in the future.

Finally, I might say that while we in the west have sometimes felt ignored by eastern Canada and that we were being treated like poor relatives, we are proud of Canada. We believe in one Canada, a Canada that has regional differences but not a Canada of five countries, as the Minister of Transport (Mr. Marchand) suggested last Friday. We, as members, cannot afford the luxury of being supersensitive. We must be able to accept criticism or comment without taking it as a personal affront to ourselves, our constituency or region. The freedom to criticize or comment is basic to our democratic way of life. Criticism, Mr. Speaker, is not bigotry.

**Mr. Mark MacGuigan (Parliamentary Secretary to Minister of Manpower and Immigration):** Mr. Speaker, first of all I would like to join those who have preceded me in congratulating you and your deputies on your well-merited election to office.

Since there is such a short time left in the Speech from the Throne debate, I have been asked to keep my remarks very brief so that another hon. member can follow me. I shall try to do that, but I do want to say a few words about a very important subject which I do not believe has yet been broached in this debate, and that is the high water condition on the Great Lakes. I know that many other honourable members of the House—I mention the hon. member for Sarnia (Mr. Cullen) in particular—are very concerned about this problem and I want to bring it to the attention of the House.

In the past year we have seen some record and many near-record water levels established on the Great Lakes. It is being freely predicted that in 1973 all records during the previous 70 years of record keeping will be surpassed. For the sale of perspective I think we should keep in mind that as recently as 1964 the water levels on the Great Lakes were at a critical low point, but, while this may be some consolation, it is no solution to the problem.

The Great Lakes system is comprised of some 95,000 square miles and is probably the largest body of fresh water in the world. It is bordered by eight of the American states and by the province of Ontario, has some 10,000 miles of shoreline and there are some 40 million people living on its shores.

The lake in the system with which I am most particularly concerned is Lake St. Clair, not one of the larger ones but nevertheless a very important lake, lying roughly halfway between Lake Huron and Lake Erie. As I have mentioned, the predictions for the present year are not encouraging ones. One engineering expert forecasts that all previous records may be surpassed, including records of damage done in the past, and most recently the damage done in 1952. I believe that in mid-November we had only a foretaste of what may be in store for us with the flooding that occurred in Lake St. Clair and Lake Erie.

There is considerable disagreement about what causes the present high levels. The position taken by the International Joint Commission, which has some responsibility for supervision in this area, is that there are no practical measures within its jurisdiction that can be taken to