some farmers have accumulated capital, although they may not have had enough cash each year to contribute to an RRSP, a retirement savings plan. Or if they did, it may have been for smaller amounts than other taxpayers.

Clearly, there have always been farmers which were very well off. As in any other area of economic activity, there are people with smaller assets amounting to the capital accumulated in their farm, which they could, so to speak cash in immediately if they decided to sell. And this is why over the years, they were able to amass capital without contributing to as RRSP because, for the better or for the worse, they were living off their farm. Their financial situation was stable, but in a way they managed to balance their budget thanks to what they could get from their land but did not necessarily have enough cash to contribute to a retirement savings plan.

But when they sold, it became very important for them to be allowed to deduct the $120,000 in capital gains on the sale of their property and to invest it into a retirement savings plan. This deduction is allowed for a ten-year period, from 1972-1983, provided one has ownership on December 31, 1983.

In other words, for that gain to be transferable to a RRSP the farm property must have been held by the taxpayer or his or her spouse on December 31, 1983.

So much for the agricultural sector and since last Wednesday, I have already received many comments, Mr. Speaker, from farmers who welcome this change regarding a RRSP.

Mr. Speaker, for these reasons, I think this is a Budget which, regardless of what some may say, provides for stability, and continuity and that it contains some job-creation proposals that will reassure many people, including farmers and small businessmen, and will allow our economy to sustain its growth and forge ahead so to speak, as it did a few years ago, but in fits and starts since then.

[*English*]

Mr. Taylor: Mr. Speaker, I was interested in the comments of the Hon. Member concerning capital gains. I was also interested in the comments made by the Hon. Member for Sudbury (Mr. Frith) the other day when he stated that farmers would now have $240,000 tax free. I tried to question him on that but was unable to get the floor.

Before asking my question, I might just say that a farmer's farm is his pension. He has no other pension. He works 20, 30, 40 or 50 years building up an asset, pays taxes all through the years, and when he gets to retirement he expects to be able to sell the farm to get enough money to buy a home in the city and live comfortably—not extravagantly—in his usual way for the rest of his life while looking after his wife and family if he has one. The regulations say "up to $120,000", which makes me wonder why the Hon. Member for Sudbury said that every farmer would have $240,000.

I do not expect the Hon. Member to answer for the Hon. Member for Sudbury, but I do want to ask whether this $120,000 is based on the price of the land or the size of the farm. If a quarter section farmer with 160 acres sells it for $200 an acre, that does not come anywhere near $120,000. A half section farmer with 320 acres sells for $200 an acre, which is a pretty good price in most places, which would be $64,000. Leaving aside expenses, $32,000 of that would be subject to capital gains taxes. What proportion of this $120,000 is he now going to be able to get tax free?

• (1750)

[*Translation*]

Mr. Dubois: Mr. Speaker, regarding the question about my colleague the Hon. Member for Sudbury (Mr. Frith), I must indicate at the outset I have not read his speech. Therefore, I am obviously not in a position to comment on what he said. All I can say about the situation of that particular person is that he deducted over $60,000 . . . You have to remember the actual amount depends on the number of years he has owned his farm. If he owned his farm between 1972 and 1983 and he really wants to put in $10,000 at that time in order to get the maximum benefit, he will be able to do it. I am aware that he could not claim $120,000 if he sold his farm for $60,000 but according to the notes I have here, he could claim as much as $10,000 multiplied by the number of years he has owned his business. So, according to the document, half of the taxable capital gain in such case would be $10,000 multiplied by the number of years between 1972 and 1983, if he has been a full time farmer during that period. That is the way I understand it and I stand to be corrected, but as far as the special deduction is concerned in the case mentioned by the hon. member, half of the taxable capital gain would be $10,000 multiplied by the number of years which have elapsed between 1972 and 1983. As far as the rates are concerned, there may be other explanations. Now, if my colleague is not fully satisfied with the answer I gave him, perhaps we could check with the Finance Department and obtain an answer. I would gladly send him a letter to that effect. I agree with him when he says that farmers who live and work for several years on a farm . . . My father was a farmer and I know that during several years he worked from dawn to dusk, and this is his only pension! I see that he is nodding his head meaning he agrees with me on that subject . . . and there was an opportunity there to help them.

Now, to answer more specifically, I can assure him that I will get in touch with the Finance Department in order to find out, based on the example he gave us, what these $60,000 will give him as exemptions under this program.

Mr. Deputy Speaker: Debate. The Hon. Member for Okanagan North (Mr. Dantzer).

[*English*]

Mr. Vince Dantzer (Okanagan North): Mr. Speaker, usually, as do other Members of this House, I express my pleasure at being able to speak because I still consider it a great honour. But on this particular occasion my feeling is what I may describe as a sense of profound discouragement. I have not