tax aspects of the last two budgets and of the recent economic statement by the Minister of Finance (Mr. Lalonde) will pass into law. As such, Bill C-139 contains important tax reforms and also reflects a need for fiscal restraint to limit growth in the deficit. In this context, it is inevitable that some individuals in certain circumstances will end up paying more taxes, but I hope they will recognize the importance of the goals being pursued in this Bill.

I am pleased to speak in support of Bill C-139 because it will provide assistance for those experiencing special difficulty, although the over-all framework has to be one of restraint. Moreover, in making tax reforms, the Bill shows sensitivity to the practical realities in the small business sector, especially agriculture.

In a fair system of taxation based on ability to pay, most people would see the importance of limiting opportunities for those with high incomes, to defer taxes. A postponed tax is a lower tax. If taxpayers with high incomes can defer tax, this shifts the burden on to those less able to bear it. At the same time, however, this Bill recognizes the importance of vendor financing in the sale of small businesses, and therefore preserves a meaningful capital gains reserve provision, so as not to cut off this source of financing.

I should like to review this provision briefly. The vendor will now have a maximum of five years to bring the total taxable capital gain into income. At least one-fifth of the taxable capital gain will be brought into income the year the property is sold. At the end of each of the following years there will have been brought into income, on a cumulative basis, an amount at least equal to one-fifth times the number of tax years ending after the property is sold.

About 99 per cent of all farms in Canada are family-owned and operated. They are the foundation of our successful agricultural industry. The Government supports the family farm as the most efficient form of farm enterprise, and that support can be seen in the Bill before us. Bill C-139 recognizes how important it is for farmers to be able to hand down their farming enterprises from one generation to the next within the family. It also recognizes the desire of many farming parents to help their children get established on the farm through easy terms of payment. Thus, the Bill doubles to 10 years the time limit for bringing into income, the taxable capital gain that results when an active farming operation is sold to a child or grandchild or great-grandchild.

The minimum amount of taxable capital gain which has to be declared as income in the first year, is reduced to one-tenth. At the same time, the minimum amount which must have been declared on a cumulative basis at the end of each tax year following sale, is also reduced to one-tenth times the number of tax years ending after the sale.

The agriculture sector has been quick to approve and support the federal Government's six and five restraint program. But in this period of economic restraint, Bill C-139 does not ignore the plight of debt-burdened farmers who are struggling to carry on until commodity prices improve. For incorporated farms and other businesses subject to the small business tax rate, the Small Business Development Bond has been continued to the end of 1983, and has been focused on the need for refinancing of existing debt at lower rates of interest. The Small Business Development Bond carries the potential of cutting interest charges almost in half.

I am particularly pleased that this Bill includes a similar measure for unincorporated farmers and other small-business people. I am referring, of course, to the Small Business Bond, which will also be available until the end of 1983.

These two bond programs mean that farmers who are in financial difficulty will be able to retain the benefit of a lower interest rate for up to five years, if they get their banker to refinance existing debt under a Small Business Development Bond or a Small Business Bond loan before December 31, 1983.

Many farmers and small business people will be helped by the provisions which allow more than one Small Business Development Bond or Small Business Bond to be granted, as long as the total of the original value is no more than $500,000 per borrower.

I am sure that farmers who have incorporated their farms and want to build up their businesses by investing their profits back in the farm, will be pleased to see another provision of the Bill. This provision increases from $750,000 to $1 million the cumulative amount of income they can earn before losing the low small business tax rate. I am sure a lot of people are not aware of that.

On the other hand, in those cases where earnings are paid out in dividends, the new 12.5 per cent tax on dividends will apply. However, I want to point out that the total tax on the farming corporation and farmer, including the tax on dividends, will be approximately the same if the income had been earned by an individual unincorporated farmer.

I know there have been questions about the chartered banks' participation in these programs. Many people accuse them of not participating at all. I can only say that the evidence I have so far is encouraging. As of September 24, Revenue Canada figures indicated that 758 unincorporated farmers had benefited from Small Business Bond refinancing, introduced in the November 12 budget, and that $146 million of debts had been refinanced for these farmers. Most of this refinancing probably took place in the eight-month period after the release of guidelines to lenders last January. In addition, a large amount of refinancing was provided in the same period to incorporated farmers under the Small Business Development Bond.

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I believe that these measures have provided a lot of badly-needed help for farmers who are going through a very difficult economic period. I would urge the banks to continue providing as much refinancing through the two bond Programs as possible. The federal Government stands ready to absorb the cost of these Programs, in terms of forgone tax revenue on whatever number of bonds the banks and other lenders issue. Of course it is only because the Government is not taxing