

which we have been able to get we are looking at a loss of a further \$400 million to \$500 million. The Government is going to tighten the rules on unemployment insurance and tell people who are unemployed, almost all of them through no fault of their own, that they are going to receive substantially less in unemployment insurance benefits. There is something wrong with the scale of values of the Government and its ability to act.

Mrs. McDougall: Mr. Chairman, I think that the question part of that statement related to the grandfathering provisions. It is entirely appropriate and certainly with many precedents that arrangements which are substantially in progress, or near conclusion, should be allowed to go through. We cannot ask taxpayers to negate their planning to the extent the Hon. Member is suggesting.

The Chairman: Shall Clause 46 carry?

Some Hon. Members: On division.

Clause 46 carried on division.

Clauses 47 to 50 inclusive agreed to.

On Clause 51—

Mr. Althouse: Mr. Chairman, I note that, among other things, this clause provides some exclusions from co-operatives being considered as corporate citizens. Would the Minister give us the basic logic or rationale that is used for these exclusions so that we can understand what role is expected for co-operatives? Could she give us some guidelines as to what the rule is within the Bill for these exclusions?

Mrs. McDougall: Mr. Chairman, this clause applies to private Canadian controlled corporations. Co-operatives are not, by their nature, the same thing as private corporations. They are essentially on the same footing in terms of taxation.

Mr. Althouse: I think I may be one or two clauses ahead of myself here. I wonder how the Act views co-operative farms. We have had some difficulty with the National Revenue Department interpreting co-op farms as being very like the small corporately held farms. Yet it seems that the proposal in Clauses 51 and 53 may in fact have the effect of excluding those who choose to form a co-operative farm from the right to roll over their property from one generation to the next.

● (1550)

The Minister will be aware that Revenue Canada says at the moment that when four or five family members form a co-operative, it is virtually impossible to turn the land in that co-operative over to the next generation on a roll-over basis. The Department deems the operators in that case not to be actively involved in the farm.

I want to make certain that co-operative farms operating under those conditions will get the same changes that are proposed in this Bill as are being offered to those who have chosen to set themselves up as small corporations, at which time the shareholders are considered to have been active

farmers. Therefore, they have earned the right to turn over their shares in the land to the succeeding generation. I want to make sure that co-operatives are not excluded from that right.

Mrs. McDougall: Mr. Chairman, this section does not deal with the roll-over problem. In another sense, it does bring the two closer together. The co-operative corporations can obtain the benefit of the 35 per cent rate of investment tax credit and can obtain the right to a refund of 40 per cent instead of 20 per cent of any unused investment tax credits.

I would be happy to take the roll-over provisions into consideration. Apparently, it is not easy. It is a point well taken.

The Chairman: Shall Clause 51 carry?

Clause agreed to.

Clause 52 agreed to.

On Clause 53—

Mr. Foster: Mr. Chairman, this is the clause that I believe deals with the capital gains for farmlands. I take it from Clause 5.4(b) at page 78 that the amount that may be transferred to the Registered Retirement Savings Plan of farm capital gains is \$10,000 per year for the period from 1971 to the end of 1983.

We are almost at the end of 1984. The scheme is very straightforward if one is dealing with that period. The maximum amount is \$120,000. As we move into 1985 and beyond, with respect to the total amount of taxable capital gain that can be transferred to an RRSP, after that 12-year period, do you add the \$5,500 as the amount that can be put into an RRSP by any self-employed person? Is that just a window in time that does not extend beyond the end of 1983?

Would the Minister indicate what happens if someone sells his farm at the end of 1984? Is the maximum that can be transferred to an RRSP the taxable capital gain on \$120,000 over that period, or is it the \$120,000 plus the \$5,500 that any self-employed taxpayer can put into an RRSP?

Mrs. McDougall: The amount, \$120,000 being the maximum, is reduced by the amount of income you would put into an RRSP. As far as ending in 1983, the Minister's intent is to introduce some changes to pension legislation early in 1985 in which this will be taken into consideration and become part of a broader and more comprehensive pension legislation.

Mr. Foster: Mr. Chairman, I was rather surprised when this tax provision was introduced. According to the economic statement, the whole question of capital gains on farmland was supposed to be referred to a parliamentary committee.

I just wonder if the Government is adopting the former Liberal government's policy with regard to taxable capital gains on farmland, whether it is being adopted in Bill C-7 and perhaps further amplified on the basis of the report of the parliamentary committee, or is this the Government's position with regard to taxable capital gains on farm property at least