

income in circumstances where their annual income may have been insufficient to allow for the adequate funding of an RRSP. Eventually, I personally would like to see this measure extended to other sectors of the economy in those cases where, like farmers, there is a disproportionately large portion of income in the form of capital gain and where that annual income is not adequate for the funding of retirement savings plans.

The second important innovation contained in the Budget is a provision which will facilitate the transfer of family farms from one generation to another. We must recognize that in the long term, it may take several generations to build up a viable farm unit. Consequently, as an operation expands and everything is invested back into it and the second or third generation comes along having accumulated these various blocks of land and property which make a viable unit, there must be some form of protection to ensure continuity so that the farm does not have to be disposed of at death. This pricing arrangement is not allowed under the present legislation if the transfer is made after the death of a parent as the family farm bequest or inheritance. The Budget proposes to make a change so that on the death of a farm owner after 1983, the transfer of farm property will be allowed to be made at any amount between the property's cost and its fair market value. In other words, it would put family farm bequests and inheritances on the same basis as transfers made prior to the death of the owner of the farm.

As the Budget papers point out, an additional change will expand the types of properties eligible for inter-generational farm transfers to include farm properties leased by a taxpayer to his or her family farm corporation or to a family farm corporation or partnership of his or her spouse or child. This change is applicable to transfers made after December 31, 1983, and will address those circumstances where the farming activity is carried on within the context of the family farm corporation but the farm property is owned personally and is leased or rented to the corporation. Tax-free rollover treatment will also be provided in a special case where a child who received a farm from a parent dies while the parent is still living. In this situation, the farm could be passed back to the parent without immediate tax liability. As you can see, Mr. Speaker, the Government is doing all it can to ensure that the family farm as an important economic unit will continue, not only as a way of life but as a viable business entity.

Back about 29 years ago, Mr. Speaker, I well remember taking part in a series of debates over a winter. The topic of one of those debates was: "Resolved that farming is no longer a way of life but in fact is a business". We have seen that come about very emphatically in the last few years. I remember another debate which resolved that "The present practice of unplanned urban expansion is detrimental to agriculture in Ontario". That occurred back in 1955 and the problem still exists.

I would like to bring us up to date from that time by touching on Section 31 of the Income Tax Act. It must be made clear that the original intent of that section was to make

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sure that the wealthy, professional people who were looking for a place to invest their money did not take advantage of their hobby farm operation as an income tax writeoff. This Budget addresses that situation and the Minister very clearly pointed out that it is not to be used and was never intended to be used for those individuals who make farming their full-time business but, in order to become established, have to use the money earned from off-farm work to in fact subsidize their operation and get it started.

In closing, Mr. Speaker, I wish to point out that this Budget is one that is intended to ensure that Canadians realize the level of stability that has been brought to Canada over the last two years of recovery and to point out that we intend to maintain that recovery. As we look at the various comparisons in the Budget papers, we note that the GNP will increase dramatically over the next few years and as that increases, the amount of indebtedness that we have been hearing so much about will decrease. As the Hon. Member for Lincoln (Mr. Mackasey) pointed out this morning, we must look at the total value of our economy as a whole, including the GNP.

Mr. McKinnon: Mr. Speaker, I would like to address a short question to the Parliamentary Secretary, and I will be brief. I hope he will be brief as well because there are other Hon. Members who wish to participate.

The Budget provides that there will be \$25 in additional funds paid to those old age pensioners who are drawing the guaranteed income supplement and who are single and that those additional funds will begin to be paid on July 1 with a second equal payment on December 1 making \$50 extra a month. The war veterans allowance has for many years been based upon a certain figure and when a veteran who is entitled to war veterans allowance draws a guaranteed income supplement and an old age pension, those are deducted from his war veterans allowance, leaving a top-up that is paid by Veterans Affairs. Can the Parliamentary Secretary to the Minister of Finance (Mr. Ferguson) assure the House that that top-up will remain at least at its present point, over and above the OAS plus the GIS?

● (1730)

Mr. Ferguson: Mr. Speaker, I will certainly look into that. The Budget deals specifically with the guaranteed income supplement but, as the Hon. Member pointed out, there is no reference at this time to the war veterans' allowance, but I hope we will be able to make the appropriate adjustments.

When I looked at the amount of the OAS and the GIS paid out in my constituency last fall, I was quite surprised that in a community of 9,000 people, the Government was giving senior citizens something like \$4.7 million per year. This is made up of the old age pension and GIS payments. Normally the rule of thumb is that one-third of the amount paid out in old age pensions is paid in guaranteed income supplements. The amount of money the Government had paid out to senior citizens and pensioners is staggering. I hope that, as we look at the GIS increases and as we examine the war veterans' allow-