

of Agronomists and many other responsible groups. They all made their representations to the committee.

● (1230)

I think the views of Canadian agriculture groups and other non-agriculture groups were quite well canvassed. I hope that we will receive support from the House of Commons for concurrence in this report. This would be a signal to the Government that we want action in respect of the farm credit crisis. As the report of the Farm Credit Corporation indicates, without action there will be many young farmers—the real cream of our agriculture group—who will face the loss of their farms.

There is not one member of the committee who believes that farmers who have lost all equity can be saved by the program recommended by the Standing Committee on Finance, Trade and Economic Affairs. There are some farmers with off-farm income who will probably not require any assistance. From its studies the committee believes that there is a group of farmers, possibly 12,000 to 14,000, whose situation is such that they could be assisted. I hope that the Government will take action. We fully expect that it will.

I believe that every member of the committee and every Member of the House thought that there would be action in the Budget on May 23. We were disappointed, as was every farm organization in the country, in that Budget. It took no action whatsoever with respect to the farm debt crisis. In fact, it worsened the situation because of the downward trend in international commodity prices. We had thought that there might be assistance in terms of the farm debt crisis. We thought there might be some assistance in terms of the input cost side of agriculture. In fact, there was little funding for the Farm Credit Corporation. Its budget was slashed from \$494 million for the year 1984-85 to some \$90 million for this year. The input costs were increased by nine cents a gallon effective September 1, which will cost some farmers \$1,200 to \$1,500. The sales tax will also be increased on January 1, which will not only affect farm fuels but all farm input costs from the cost of new tractors and new combines to all input costs which farmers have to face. In fact, the situation has been exacerbated.

The committee report also dealt with the question of Section 31 of the Income Tax Act. A large percentage of farmers work off the farm. They are moving into farming or have to work off the farm. Many of them become caught in the maze of regulations with regard to section 31. In this respect the committee recommended an increase from \$5,000 to \$10,000 of expenses which could be written off against off-farm income. There has been no action taken by the Government in this respect.

One section of the report which the Government adopted is the section dealing with the capital gains exemption for farmers. Of course, this is not a measure which will affect farmers exclusively. It is something given to everyone. However, it was given to farmers initially and it is to be phased in for other sectors.

### *Committee Reports*

We held our breath somewhat last week when the Minister of Finance (Mr. Wilson) brought in the minimum alternative tax. We thought that if the Government were to keep faith with its election promise this minimum alternative tax would somehow not break the promise in relation to the capital gains exemption for farmers. In fact, the minimum alternative tax nullifies a good portion of the capital gains exemption which was provided for farmers. Thus, we face the prospect of the minimum alternative tax being applied to all farmers. This is important because farmers depend on whatever equity they have on their farms when they sell it for retirement income and for pensions. Often they do not have enough actual cash-flow or free funds to contribute to a registered retirement savings plan. However, they plough back their profits into the equity in the farm. We now face the prospect of the minimum alternative tax applying to farmers and those who depended on the exemption will now have to pay the minimum tax unless they sell their farms within the 18-day period between today and the end of the year. That is the only way of which I am aware whereby they can avoid paying this tax.

I hope Hon. Members will support concurrence in the report. We are aghast at the cavalier, callous and irresponsible way in which the document referred to the Standing Committee on Finance, Trade and Economic Affairs and prepared under the name of the Minister of Finance deals with taxation issues and agriculture. If there was ever a document that was stacked against farmers it is this document. It is entitled *Taxation Issues in Agriculture*. It portrays farmers in a most unfair way in terms of their financial situations. It compares, for instance, the net worth of the average farmer with an employed person. It compares the value of an economic farming unit with the value of a house owned by a homeowner. In this respect it takes the average value of a farm in the year 1981 and compares it to the average value of a Canadian home in 1977. Because of this, the popular press reports that the average farmer is eight times better off than the average homeowner. That is a most unfair approach. If a comparison is to be made, one should compare a farmer with someone who has a capital intensive business. This is what farmers face. Then, we have the media saying that farmers are eight times better off than the average Canadian.

A second aspect of the report which was carried fully in the popular press was with respect to the average farmer earning twice as much as the average Canadian. If the comparison were done with an average Canadian with a capital investment of \$400,000 or \$500,000, depending on the region of the country, I am sure no disparity would be found. In fact, I believe it would be found that the small-businessman with a similar capital investment is doing much better than the farmer. This is certainly true for the year 1985 in which the average realized farm income has dropped by 14 per cent.

The third unfair presentation which was made portrays the average farmer paying only half as much tax as the average Canadian. Of course, the whole document prepared by the Minister of Finance is negative toward any of these issues.