

*Income Tax*

"We do not care who owns the oil and gas industry as long as we can tax it." Isn't that an admirable attitude for members opposite who are guiding our country? So be it. History is history. That is not the only mistake that has been made in this country.

Now is the time to remove that provision. As a country, we will need more exploration and development. Canadians should be given an opportunity to participate in that. They must be encouraged to do so.

Let us remove this principal business test which discriminates against the oil and gas industry. No other industry is affected. That is a fact. Members opposite ask what is behind western alienation—why do people out there feel like that toward Ottawa—don't they know this is a strong government acting in the interests of all Canadians? I have given one reason for this alienation. I could also deal with transportation.

That tax provision should be removed so that all Canadians can participate in this industry. Canadians should be encouraged to invest in the exploration and development that are necessary for all of Canada. Alberta is not going to freeze in the dark, because the oil is there. However, those living in other places just might, unless we come up with the oil and gas we are going to need. We must have that activity. By a minor change in the Income Tax Act, we may be able to accomplish that.

When the bill was introduced the other evening, I shouted to the Minister of Finance, "How about the principal business test?" He proceeded to give me a lecture. He stated the government was working out with the provinces the matter of where the corporations are located so the total cash flow can be divided equitably. The minister does not even know what I am talking about when I refer to the principal business tax. His total preoccupation is what share of the pie will go to the government. A government which is preoccupied with that simplistic, idiotic notion really has no right to be here.

I see it is getting near the hour of adjournment. I only hope that someone, somewhere, will look at this question of the principal business test. I hope that members opposite who feel it is important for Canadians to have an opportunity to participate in the growth of this country will so inform the minister. Maybe, just maybe, if the government is confronted with the facts often enough, it will learn, and we will have these positive changes.

**The Acting Speaker (Mrs. Morin):** It being six o'clock, I do now leave the chair until eight o'clock this evening.

At 6 p.m. the House took recess.

**AFTER RECESS**

The House resumed at 8 p.m.

**Mr. William Knowles (Norfolk-Haldimand):** I am pleased to enter the debate on Bill C-49, Mr. Speaker. My remarks will, as usual, be short and to the point. Although the Minister of Finance (Mr. Turner) is not in his place I see that his parliamentary secretary, the hon. member for Sarnia-Lambton (Mr. Cullen) is here; I know him to be a

[Mr. Andre.]

reasonable man and I am sure he will pass on to the minister the representations I shall be making.

I want to discuss that part of the bill which has to do with capital gains tax on farm property. Hon. members who were here at that time will recall that in 1971 a voluminous bill was passed making many changes in the tax laws. That bill was forced through the House by the government; closure was applied in order to get it through before the end of the year, as a result of which its contents were only partially scrutinized.

There are some who say we are talking too much about the bill now before us to amend the Income Tax Act, but I suggest if we had spent more time in 1971 examining the details of that year's tax measure we might not have to spend so much time on Bill C-49.

Back in 1971 members on this side of the House opposed the government's decision to extend the capital gains tax provision to apply to the family farm. For the most part those representations went unheeded, but the former minister of finance and his colleagues did yield on one point—they made it possible for a father to pass his farm over to his son without capital gains tax being exacted. I think it is time for the government to go all the way by allowing a once-in-a-lifetime exemption for a family farm, regardless of whether it is sold to a relative or not. This is what we contended in 1971, and we are still of the same view. My hon. friend from Medicine Hat (Mr. Hargrave) was arguing logically this afternoon that this provision which applies to family farms should also apply to family farms which are incorporated or held in partnership, and I heartily agree with him.

The capital gains tax as it affects family farms comes into sharp focus in Norfolk-Haldimand, the constituency I have the honour to represent. It is largely a rural area, but the rural countryside has been subjected to instant industrialization. First, Ontario Hydro located at Nanticoke, a small fishing village on the north shore of Lake Erie, the largest thermo-generation plant in North America. Next, Stelco announced it was moving a portion of its steel rolling mill from Hamilton to the Nanticoke area. The plant is now under construction, and in this connection 4,000 acres of land have been purchased to become an industrial park for ancillary industry. Texaco is building the largest refinery in North America in this rural area. It is now under construction.

The provincial and regional governments foresee a large influx of people to man these various projects, so they are planning two satellite cities to house approximately 200,000 inhabitants each. Two giant land assembly programs have been undertaken, and approximately 26,000 acres have been accumulated in connection with these satellite cities. This land was, of course, purchased from farmers. They had no choice but to sell. Some of them gladly did so; others were loath to give up the farms where they had lived all their lives. All were forced to move out under the threat of expropriation. Now they are face to face with the grim reality of the capital gains tax and what it means. For some of the farmers in the area it spells hardship and ruin. A farmer has a choice: he can sell out and retire, or he can use the proceeds of the sale to purchase another farm—I suppose the nature of his decision would depend largely on his age.