

### Income Tax

I appreciate that, on each instance, it is only the earnings that are taxed and not the amount of the premium contributions of the policy holder, but is this fair in either case? A policy holder only cashes a policy in or borrows on it if he needs the money for some purpose. In addition, the bill provides that if one borrows on the policy, the interest that is paid to the company will not be allowed as an expense for income tax purposes.

There are many small businessmen throughout the country and many farmers who make use of this borrowing feature in their businesses, and I fail to understand how the government can refuse to allow the interest to be claimed as a business expense, because actually that is what it is. Is this an attempt on the part of the government to assist the banks and other lending institutions? If it is not, I would like to know what it is. As I read the present legislation, an individual can take an insurance policy into the bank, use that insurance policy as collateral to borrow money at relatively higher rates than he could borrow from his insurer, and claim that interest as a business expense. Yet if he borrows directly from his insurer, the interest cannot be claimed.

Small business and farming are the backbone of this country. Government should help rather than hinder, yet here is yet another example of the government failing to appreciate the problems facing small businessmen and farmers, and attempting to gouge a few extra dollars of income tax out of them. I ask the minister through you, Mr. Speaker, to give serious consideration to withdrawing these particular clauses in order to permit small businessmen and farmers to deduct the interest they pay to an insurance company as an expense for income tax purposes.

I now turn to the question of Registered Home Ownership Plans. I have had many calls with respect to the changes in the rules respecting this program. I will not go into the details of the changes but it is sufficient to say that when a program is brought in, whether it is a RHOS Plan or otherwise, that is widely advertised by the government, the public should be able to participate in the program with the assurance that the rules will not be changed during the course of the program.

Can you imagine, Mr. Speaker, what the game between the Toronto Argonauts and the Ottawa Roughriders would have been like yesterday if, suddenly in the course of the game, the officials had announced that the rules of the game were being changed? This is what happened with the RHOS Plan. Surely the bureaucrats, or whoever it was who developed the plan, should have had the foresight or the ability to see what ramifications the introduction of the program would have, and prepare the rules and regulations accordingly. Perhaps it was simply a case of a government hungry for power, Mr. Speaker, instituting a program with the intention of buying some votes.

I am sure that the public from now on will be very cautious about participating in government programs of this nature unless there is some assurance that the rules will continue throughout the whole programs.

I was pleased to see that there is a provision in the bill to provide, and I am quoting from the Income Tax motion, that:

[Mr. Neil.]

Where a taxpayer disposes of a capital property after March 31, 1977, that is real property (other than a rental property), or eligible capital property used by the taxpayer primarily for the purpose of gaining or producing income from a business, any recapture or capital gain be permitted to be deferred provided that by the end of the taxation year following that in which the property was disposed of, the taxpayer acquired a replacement property.

This amendment was a long time coming and should have been brought in at the time the government brought in a capital gains tax. It is particularly important to farmers who, from time to time, dispose of certain of their farmlands, not to make a capital gain but to consolidate their holdings in order that their farm units be more of an economically viable nature. In the past they were penalized, and in many instances this created hardship. This change was proposed by our party for years, and it is interesting to note that the hon. member for Wetaskiwin (Mr. Schellenberger) moved a private member's motion to that effect last session. Here again, I think it was a case of bureaucrats in the minister's department not understanding the economic situation in western Canada, particularly as it relates to farmers and farmlands.

● (2112)

It is disappointing to me to note that there is no amendment in the bill to provide for a tax free rollover of farmland from father to son where they have operated as a corporation. I will make no further comment on this because the hon. member for Wetaskiwin spoke at length on this subject when he participated in this debate on November 7 last. I hope, however, that the minister will instruct his officials to give consideration to bringing in an amendment to allow such a rollover, because there are a great many family farming corporations in western Canada which are being penalized under the present provisions of the act.

I have read the remarks of the Minister of Industry, Trade and Commerce (Mr. Horner) as reported in *Hansard* of Wednesday, November 9, and quite frankly, I was disappointed. He has become an apologist for this government and its policies which over the years he attacked so vigorously. He stated, to quote from page 756 of *Hansard*:

I was rather shocked during the debate this afternoon on the question of privilege that arose, as I have been shocked by the debate that has taken place in the House of Commons this week and last. The only conclusion I can draw is that in the absence of that right hon. gentleman, the hon. member for Prince Albert (Mr. Diefenbaker), the Conservative party has attempted to ride to power on the backs of the Mounties.

The hon. minister, I am sure, knows perfectly well from his long-time association with members on this side of the House that all of us hold the Royal Canadian Mounted Police in the highest esteem.

**Some hon. Members:** Hear, hear!

**Mr. Neil:** We are proud of that force, which is one of the finest police forces in the world.

If the minister will review *Hansard*, he will note that the thrust of questioning has been directed to ministerial responsibility. The government has attempted, supported by some of the media, to make it appear that our motives are otherwise. I am disappointed that the minister, who, I know, holds the