

Income Tax Act

The Deputy Chairman: Order. The hon. member is taking advantage of a point of order to ask this question. The parliamentary secretary also wants to say a few words on the point of order.

Mr. Mahoney: On the point of order, Mr. Chairman. If the hon. member checks *Hansard* he will see that the point which the hon. member for Battle River wished to include was the question of corporate farms. The indication at that point was that it was up to the House leaders as to what block they might consider. I was certainly not aware of any particular sections of the bill that deal with corporate farms as opposed to corporate anything else.

In the spirit of the debate we are entering into I am quite prepared to try to range over the field of taxation of agricultural enterprises. I do not think there has been very much in the speeches we have heard until now to indicate that we are dealing strictly within the terms of the four sections before us. I suggest, on the basis that the points are important, that they must be dealt with at some point during consideration in committee of the whole. Perhaps if we deal with them in the context of these four sections being our opportunity to deal with agricultural matters specifically, we will not have to re-cover the same ground when the particular sections involved come up for discussion.

I say this on the basis that the special averaging provisions applicable to farmers and fishermen have already passed the House. How you can talk about taxation of farmers without bringing section 119 back into the debate, I do not know. This is provided Your Honour does not feel we are straying too far afield. Certainly we on this side are quite prepared to talk about taxation of agricultural enterprises generally.

Mr. Gleave: On the point of order, Mr. Chairman, it was not my purpose to prevent discussion ranging into this area. My purpose was to point out that if we were to range into this area, those responsible for planning the business of this House and which sections of this bill shall be before us at a given time should have included the sections dealing with capital gains and estate taxes at this time. That is my point, Mr. Chairman.

The Deputy Chairman: Order, please. The Chair feels that the point of order might be useful to the committee although it does not have to rule on it. It is my feeling that the questions put were useful to members on all sides of the House. This will permit a better discussion on a very complicated subject, although the Chair can only be guided by agreement among House leaders or those working out the schedule of work of the committee and trying to be as fair as possible. One of the questions I must ask myself, in fairness, is how many questions I should allow the hon. member for Crowfoot to ask without depriving the hon. member for Saskatoon-Biggar of an opportunity to intervene.

Mr. Horner: I appreciate your concern, Mr. Chairman. I assure Your Honour that if anyone wants the floor to discuss these sections I will gladly contain my curiosity.

I wish to ask the question I was slowly approaching when the untimely interjection broke my train of reasoning. I will try and give a quick synopsis of the point I had

[Mr. Horner.]

reached. We were dealing with the application of the capital gains tax on the livestock industry, the purpose and reasoning behind the application of the capital gains tax and the possibility that there may be a growth factor in the application of that tax. The parliamentary secretary suggested that the best guesstimate he could give the House is that it would tend to reach a norm in five years. I believe he is being slightly optimistic in that figure. I think it will probably level out closer to ten years, and I would settle on nine.

Your Honour might ask what the capital gains tax has to do with the livestock industry. This was the question of the hon. member for Saskatoon-Biggar. I had just brought the parliamentary secretary to the point where he said he was basing his calculations on the American capital gains tax and the returns derived from it. My next question is whether the government is prepared to entertain and possibly accept an application of the capital gains tax on the livestock industry similar to the capital gains tax imposed in the United States. Basically, they have a situation where you can opt for either a short gain or a long period. There is written in a kind of roll-in provision with regard to capital gains in the livestock industry. I now pose that question.

I apologize for being a little lengthy. The parliamentary secretary may not be in a position to answer yes or no. If so, I ask him to please not answer no. Can the parliamentary secretary give the committee some idea on this? Has he studied it? Has the government looked at the application of the basic herd concept rather than bring in its dissolution? Has he looked at the capital gains tax as it applies to American cattlemen, and can he give us an opinion on that question? Perhaps then we will better understand why the government did not accept it. In light of the guesstimate being based on the United States system, maybe we would be better off with their system. I wonder if the parliamentary secretary will give us his views in that regard.

Mr. Mahoney: First, Mr. Chairman, the hon. member is perhaps giving undue significance to my reference to the United States. With regard to the United States system I was referring to the length of time it would probably take our capital gains system to mature. That was strictly a timing matter. It is not basically related to the system itself but, rather, to the fact that you have a capital gains tax and how long it will take to reach what might be regarded as a normal plateau in terms of revenue and transactions.

I must confess that I am not sufficiently familiar with the United States system of capital gains tax on this particular type of asset to discuss it with the hon. member. Therefore I can neither say yes or not. I suspect that the debate on this section may be continuing tomorrow. Perhaps by eleven o'clock tomorrow I will have had an opportunity for some self-education.

Mr. Horner: That is why I cautioned the parliamentary secretary. I am very reluctant to accept the answer "No" when a person does not have knowledge of the situation. I thank the parliamentary secretary for assuring me that he will look into the matter. I then ask him this question: what good is his guesstimate if he stands up within the next minute or so and says that our capital gains tax is not