

Income Tax

sympathy with the minister's interpretation of remarks relating to spending. I suppose the task for the minister and for all of us is to rationalize spending into those areas where it could do the most long term good, and simply eliminate it in those areas which are non-productive.

During second reading debate on Bill C-11 I raised a question as to whether the minister has considered the roll-over provision for primary property. The question was whether the roll-over provision for primary property would allow the sale of a family farm or family business, and whether taxes could be deferred by buying into a bigger unit. Can a farmer or businessman roll over his farm or business to a close family member without the assessment of capital gains? I am willing to put an upper limit, that is, a dollar value, but without question capital gains taxes militate against sons and daughters taking over farming operations. Can the minister give me some indication as to why that was not extended?

Mr. Chrétien: Mr. Chairman, I understand that 98 per cent of farmers qualify for that roll-over, so I do not see why the hon. member is preoccupied with this. Most family-owned farms can be rolled over.

Mr. Epp: I am not speaking about the roll-over of a farm where a farmer buys a larger unit. Because the average age of Canadian farmers is now approximately 60, many people want to get out of their farming operations and roll them over to close family members.

Mr. Chrétien: They can be rolled over for children or wives, but not for third parties. If this is done within the family, there is no problem.

Mr. Crosbie: Mr. Chairman, I want to make one last attempt to see if I can talk any reason into the Minister of Finance. I doubt that I can, but I am going to speak dispassionately. I do not want to get excited or to rouse any partisan impulses on the part of any member. I want to speak in a tone of sweet reason. I have not tried this tone with the government opposite before, but I am going to try it now just to see if I can get through to it.

Before getting into this insulation business I would like to mention that the minister of mines and energy from Newfoundland is in the gallery. He is not in the distinguished visitor's gallery or in the diplomatic gallery. He is a humble man, and he is in the people's gallery tonight. He is in Ottawa attending a conference.

Mr. Knowles (Winnipeg North Centre): All Newfoundlanders are humble.

Mr. Crosbie: The hon. member for Winnipeg North Centre says that all Newfoundlanders are humble. That is very true, and one of the most humble is the person now speaking.

I would like to get back to clause 6(5) which has to do with the Minister of Finance and the government wanting to make taxable certain grants which will be paid to people who want to re-insulate their homes in all the provinces of Canada

except Nova Scotia and Prince Edward Island. I want to make it plain that we are not suggesting that more money be spent in Canada. We are saying we believe the Nova Scotia and PEI programs are good programs, and we are delighted that the people of Nova Scotia and P.E.I. have them and are going to get grants to help them insulate their homes, which will save on the use of oil, coal and so on for heating their homes. What we say, however, is that the same program should apply to anybody in Canada no matter where he lives, and that the half-baked program which now applies in the other eight provinces should be changed to correspond with the Nova Scotia and P.E.I. program. However, if the government will not do that, at the very least the grants it makes in the other eight provinces should not be added to taxable income, just as they are not added in Nova Scotia or P.E.I.

The Minister of Finance has stated what the government has said from the start of these two programs, and that is that the reason there is discrimination in favour of Nova Scotia and Prince Edward Island is that they have higher electricity costs and that they are highly dependent on oil for the production of electricity. I agree that they are more dependent on oil to produce electricity than any other province, but that is no reason to give them a special program for the insulation of homes. If we are going to institute a program on the basis of need, we should look at all the costs which face the householder.

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For example we have a man who lives in Nova Scotia with his family and makes \$10,000; a man and his family in Quebec who makes \$10,000; and another man and his family who live in Newfoundland who make \$10,000, so we have to try to see who is the most needy of these people. It may be the man in Nova Scotia who has the highest electricity bills because in Nova Scotia they use oil more than the rest of us do to produce electricity. Let us assume, which is not true, that the electricity bills are higher in Nova Scotia and that they are lower in Quebec and Newfoundland. But, then we have to go and look at everything that affects the requirements of that man and his family. We have to look at the cost of living in Nova Scotia compared to Newfoundland and Quebec; where is it highest? We have to look at taxes and all the costs the man has to bear, what he has to spend his disposable income on, and we have to look at the people in that province to see what their per capita disposable income is. You have to look at all these factors before you can decide where there is the most need.

Simply because Nova Scotians have the highest electricity costs, which I do not agree they have, but if we assume for the purposes of argument because they have the highest electricity costs, it does not mean they have the most need.

Mr. Chairman, in Newfoundland in 1975 the per capita personal income of an average Newfoundlander compared to the national income per capita was 69 per cent. In Prince Edward Island it was 68.6 per cent. Newfoundland and Prince Edward Island were pretty well the same as far as disposable personal income per capita was concerned. In Nova Scotia it