

*Income Tax Act*

**Mr. Gleave:** Fair enough. But I think it is the responsibility of those who propose to levy this tax to tell us the basis upon which they will establish the valuations.

**Mr. Osler:** You are just mad because the prices are down since the NDP government got in out there.

**Mr. Gleave:** The NDP government didn't have that much to do with it.

**Mr. Osler:** That is what they tell me.

**Mr. Peters:** That was a very small minority you were talking to.

**Mr. Osler:** I was talking to the ones on the farms, not in the city.

**The Chairman:** Order, please. The hon. member for Saskatoon-Biggar has the floor.

• (9:00 p.m.)

**Mr. Gleave:** The other matter to which I should like to call the attention of the committee, as I have before, is the effect on farm machinery prices and the method of operating and trading in farm machinery that this legislation will have. I have asked if this factor has been considered, but I have not received an answer. The hon. member for Lambton-Kent spoke just before me and he touched on the subject. He said, "What are you going to do? Run the old piece of machinery into the fence corner?" He was coming to the heart of the matter.

As a practice, across the country farm machinery has been traded in. The dealer has taken it off the hands of the farmer and in due course has disposed of it. In order to operate in this way he needed a margin and a market for the machinery. But the system worked. I say to the minister and his parliamentary secretary that they are in the process of destroying this system, whether they know it or not, and I do not think they know much about the way business operates on the farms and in the small towns of this country. One can only come to the conclusion that they do not know, or they do not give a damn. It may be the latter.

If we are going to set up a system of taxation which makes it impossible for the method that has been used in the past to operate, then we must consider whether the new method is more, or less, effective and efficient in terms of cost. I do not think this has been figured out, but if it has I would be glad to know about it. If the parliamentary secretary or the minister will rise and tell me, I am quite prepared to sit down and listen. Mr. Chairman, I address my question to those gentlemen. I should like to know whether they have considered this matter and if they can advise the House what changes will take place and how they will be affected.

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

**An hon. Member:** No answer.

**Mr. Gleave:** Mr. Chairman, if they are not prepared to answer, I shall continue. When a government comes to this House and to the country and proposes a new taxation system, they should be prepared to tell the House and the people affected how it will work and how it will affect

their standard of living and their way of doing business. I cannot be indifferent to a method of taxation which will affect the people in Saskatoon-Biggar, the people who live in the city of Saskatoon and do business there and the surrounding rural area.

What shocks me is the government's indifference to the situation of the ordinary citizen, whether he is operating as an individual or as a member of a co-operative. I have received a great many letters which I have forwarded to the responsible minister, but these have not been answered to my satisfaction. We are suffering, and have suffered from the policies and machinations of this government as they affect farmers in western Canada through the Lift program and others. Before any new policy is introduced, those responsible for it should be able to tell this House what the effect will be on the ordinary citizen because it is the ordinary citizen, Mr. Chairman, who pays the taxes and who either survives or does not survive under such policies.

**Mr. Alkenbrack:** They can like it or lump it!

**Mr. Gleave:** Like it or lump it is right. That is why I have posed these questions and have brought this matter before the committee. I am not concerned about particular ideologies; I want to know how the ordinary individual is going to survive under it, and I have not had an answer.

**Mr. Benson:** Mr. Chairman, a couple of questions have been raised which I think deserve answers. The first is about the value of farmland at the beginning of the system. The beginning of the system is defined as valuation day. First of all, the value of the farmland on that day will normally be its fair market value. This is established in the same way as it is for estate tax. The owner of the land, when it is ultimately sold, will indicate what the value was at that particular time. That will be compared with the bank of knowledge that the Department of National Revenue will accumulate with respect to sales of similar farmland in the particular area around the time of the beginning of the system.

Beyond this there is the protection in the case where somebody has bought farmland and it has gone down in value at valuation day. It may be sold at some time in the future and what the owner is getting is not really a capital gain per se but a recovery of the decrease in value between the time he bought it and valuation day. There is a provision to take care of such circumstances. This, generally, is the system.

I think if my hon. friend looks back at the problems that have arisen for the provincial and federal governments under the Estate Tax Act and the Succession Duty Act he will find that there has not been a great deal of difficulty in establishing these values. First of all, it is established by the person filing the return and then it is up to the Department of National Revenue to say whether they agree. I think there have not been any great litigation problems in this regard.

**Mr. Gleave:** Mr. Chairman, in reply to the statement of the minister may I say that my personal experience in representations from my constituents has shown that there has been a considerable problem in establishing market value. I shall put it to the minister this way.