

*Income Tax Act*

principal payments on his farm. The government should take a positive look at changing this direction in the interests of agriculture. At this time I should like to ask the minister, through his officials, whether they will take a look at this direction.

In the agricultural industry today there are many farmers who are not delivering grain because they find themselves in situations with which they cannot cope because of the income tax department. This is very restrictive to production in this country. I am not saying that farmers should not pay a fair level of income tax. They realize that they can average their income over five years, which is a benefit, but I believe that we are operating under 1949 methods. The department has never implemented an up-to-date method of operation in regard to agriculture which takes into account the inflation factor of the 1980s. If we do not meet this present challenge which is causing serious problems, particularly in the agricultural industry and also in the area of small business, the economy of Canada will face an even greater challenge.

I have been receiving letters daily from my constituents concerning this matter. Just the other day I received a letter from a businessman in Assiniboia, Saskatchewan. He pointed out that the Income Tax Act has not kept pace with the importance of development in this country and is restraining production to the point where our production capacity is not being utilized.

Last evening I pointed out—and it bears repeating—that the policies of the government have laid the oil industry of Saskatchewan flat on its back. Seemingly the minister laughed about that today, but it is no laughing matter in the towns in my constituency and in all of western Canada. Yet the Minister of Employment and Immigration announced some \$4 million aid programs for the province of Saskatchewan which will come out of the pockets of taxpayers. This simply does not make sense. On the one hand they restrict the industry to the point where unemployment is increasing, service rigs are leaving the country, and oil wells are being shut down because it does not pay to bring them into production as production is so low. On the other hand they ask the taxpayers of Canada to pay x millions of dollars to subsidize people who find themselves unemployed. You cannot blame the Canadian people for that, you must blame the Government of Canada for it.

● (1630)

A very good example within the tax structure of Canada today concerns rebates to farmers on gasoline. This is an example of circulating paper and creating jobs. I know the department says that the tax or rebate—10 cents or seven cents a gallon—cannot be taken off at source at the bulk station. I do not know why they cannot find a way to do that. There is a very simple method, but they would rather circulate paper. You see offices full of people sending out circulars to the farmer telling him how to apply. The farmer finds himself unproductive because, instead of being able to feed another pen of steers, he is filling out the papers for the rebate, which get him all confused. Then he needs an accountant and a

lawyer to help him fill out the forms. So, what do you have? You have big government circulating paper, and no production. There is not one more hoof of beef, one more roast, or one more bushel of wheat. There is no production whatsoever. This is the type of program suggested by too many government big idea men.

I want to suggest to you, Mr. Chairman, that the people of Canada, farmers and small businessmen in particular, are fed up with this kind of administration. I say to the department and to the minister that it is most important we take a look at this area in Canada today. Do you know that Canada should be having the biggest boom in its history today? Mr. Jarvis, who is responsible to the Wheat Board, made a statement the other day to the effect that this could well be the golden age of western Canada in agriculture. We know what could happen in western Canada with respect to oil and production. Make no mistake about it, so does all of Canada. We should not be beggars in the boardrooms of the world. We should be leaders of production, both in oil and agriculture. And we will be. We mean to put into place some legislation with regard to the Income Tax Act which will allow Canada to produce in the way that only Canada can.

I suggest to you that we must take another look at some of these areas. I would like to deal again briefly with valuation day and its importance to farmers. I have had a number of calls to my office, and a number of farmers have stopped me on the street to ask me about this. They ask: when will the government keep its promise to the people of Canada? I think what is important, is that it keeps a promise.

More important than that is the very serious situation which exists for farmers because of the Income Tax Act. I again ask the government and the minister's department to take a look at this valuation day and the capital gains situation. It is altogether out of tune with the time in which we live. It is archaic, in terms of being up to date with what must happen with respect to agriculture and capital gains.

I wish to speak of another matter about which I have some knowledge. I filled out a payroll for some 25 years. The Income Tax Act—

**The Deputy Chairman:** Order, please. I regret to interrupt the hon. member but his time has expired. He will be allowed to intervene again on the second round. Right now I must recognize the hon. member for Pembina.

**Mr. Elzinga:** Mr. Chairman, I, too, appreciate this opportunity to participate in Committee of the Whole on Bill C-54. Prior to making my comments I would like to take this opportunity to congratulate the hon. member for Assiniboia. I would like to align myself with his statements with respect to capital gains. He indicated the approach that both the New Democratic Party and the Liberal party are taking in regard to state ownership of our farm land, or of any land in Canada. It is interesting to note that the Liberals and the NDP voted against our property rights amendment in the constitutional debate. It is also interesting to note that in 1976 at the Habitat Conference the same Liberal administration supported a reso-