

*Income Tax Act*

education, and that these non-material, intangible items are his strength and, indeed, Canada's agricultural strength.

**Mr. Bill Knight (Assiniboia):** Mr. Speaker, it is with great reluctance that I take part in this debate, in view of some of the changes which have been proposed to this legislation. I am sure my colleagues realize that the whip does not spend all his time attending debates in this House, and therefore they will not mind my having a few words to say. I promise to be brief, which will be a change.

I am always amused to see that when we deal with income tax and the Income Tax Act is debated, we take up parliament's time with amendments, subamendments and amendments to those subamendments. Not long ago we saw the Carter commission report on taxation. After that we saw Mr. Benson, who has been sent to the Canadian Transport Commission to retire, introduce a bill that was 1,500 pages long, and almost too heavy for any Member of Parliament to carry, on the subject of income tax. He had to make some 200 amendments to that piece of legislation which he introduced.

Next we have the Minister of Finance (Mr. Turner) bringing in more legislation to change the amendments that were made previously to change the Income Tax Act as proposed by the previous minister. That legislation was forced through, by closure, in 1971. I suppose we shall see more amendments to that legislation. This reminds me of a story. It seems that the Income Tax Act and the amendments thereto go through as many stages as a cocoon goes through in changing into a butterfly. This evening we are dealing with more changes.

Having mentioned that the Minister of Finance is introducing changes, let me say that there are parts of the legislation relating to western agriculture that bear mentioning. The government, in talking about the great changes to be brought in has, as usual, taken that great position espoused by liberalism and has not gone the whole way but only half way. When proceeding with income tax changes in 1971, the government was told, in the form of amendments proposed by members of the NDP, that transfer of the family farm from one member of the family to another should be exempt from capital gains tax; those exemptions should apply across the board if the farm went from the father to the son, daughter, or another member of the family. The idea was that the farm should stay within the family and remain a family farm. That amendment was moved by the former member representing Regina East, Mr. John Burton.

**An hon. Member:** Who is he?

**Mr. Knight:** He will be back. The second amendment proposed was for retaining the concept of the basic herd. Again the government said no, it could not be done. I expect the mandarins of the Department of Finance who sat just in front of the Minister of Finance and conferred with him said, "No, we cannot make this kind of change." Then we saw a general election that brought an interesting result on October 30. Suddenly, this minority government decided that it could be more open-handed in a number of ways and, following the concepts of classical

[Mr. Hargrave.]

liberalism, it went half the way. We did not see the re-establishment of the concept of the basic herd—I see my hon. friend for Medicine Hat (Mr. Hargrave) is interested—we got half a loaf. Perhaps in one or two years further amendments will be introduced, because half a loaf creates complications.

Next we come to the capital gains tax. I listened with great enthusiasm to the Minister of Finance when he said that we had done away with the capital gains tax as it relates to the family farm. Members of the other side cheered, and some of us on my side even smiled. The Minister of Agriculture (Mr. Whelan) jumped up from his desk, ran over to the Minister of Finance and shook his hand as if salvation had come. They are still behaving that way over there, Mr. Speaker. That minister suggested the government's action would bring salvation for western producers and they would think he was a really great Minister of Agriculture.

Then we read the details of the proposals of the Minister of Agriculture and the Minister of Finance and found that there is to be a very limited change in the provisions relating to capital gains. They will affect the family farm and are related to the time of death.

**Mr. Turner (Ottawa-Carleton):** I said that on budget night.

**Mr. Knight:** That was a very limited change, in view of the proposal put forward by the former member for Regina East, one of my party. We will continue to press for further revisions in this respect. I suppose that we are seeing the old story re-enacted. The hon. member for Northumberland-Durham (Mr. Lawrence), who wants a freeze on farm prices, will vote the same way as other members of the Tory party, who I suspect will vote the same way as the NDP will vote on the measures before us, namely, with the government. After all, half a loaf is better than no loaf. If he is here for a few more years or for as long as the member for Assiniboia, he will learn.

**Mr. Turner (Ottawa-Carleton):** He is already in the deep freeze.

**Mr. Knight:** I am pleased to see further exemptions respecting old age pensioners. Some exemptions are to be increased to \$1,000. I believe these will provide relief to those who are supporting young persons going to university, high school and institutions of higher learning. These further tax exemptions are welcome. I believe that \$50 a month for expenses is to be allowed. I support and welcome that proposal.

Before going on with any more complimentary remarks, let me say that the hon. member for Perth-Wilmot (Mr. Jarvis) made an excellent speech. I am not always that generous, let me add. In any event, he quoted from some of the speeches made by the Minister of Agriculture. I want to end on this note. So far as I recall, at no time did he bring out in those speeches what the minister's position was with respect to capital gains tax. He quoted from only a few of those speeches. If he had produced all the speeches the minister has made, he would have needed about five wheelbarrows.