budget. He did not understand that it referred to the transfer of land on death only.

Mr. Whelan: I did so.

• (1410)

Mr. Neil (Moose Jaw): Let me quote from notes of an address the Minister of Agriculture made to the annual meeting of the Canadian Horticultural Council at the Chateau Laurier on February 27.

Mr. Whelan: Someone has already done that.

Mr. Neil (Moose Jaw): He said:

> Farmers specifically got an exemption from the capital gains tax for family farms passed from parents to children. I welcome this change for two reasons. First of all, it recognizes the importance of the family farm as our basic unit in agriculture. This tax concession does not apply to corporate giants, but to the family farm. Second, the change encourages farmers' children to stay in this business of agriculture. We need good, young farmers in Canada today. A high percentage of our farmers are at, or near, retirement age, and we need the help the budget gives to transfer farms to the next generation.

It is obvious that the Minister of Agriculture was not consulted by the Minister of Finance when his budget was prepared. It is obvious that what the Minister of Finance did was attempt to adopt one of this party's proposals during the election campaign, a proposal he thought was popular with the farmers in the west and one which would make him popular. He did not do his homework as well as he did when he adopted some of our other proposals, such as reducing personal income tax. He only adopted part of this proposal.

I suggest that neither the Minister of Agriculture nor the Minister of Finance understands the problems involved in passing on a family farm from generation to generation. I have practised law in an agricultural area for over 20 years, and I can assure both hon. ministers that even without the capital gains tax, without estate taxes or succession duties, there are numerous problems. It is very rarely that a farmer wishes to retain his farmlands until he dies and then pass them on to his son. He wants, in a majority of cases, to retire at 60 or 65 years of age and at that time turn his farm over to his son. Sons will just not wait and do not want to wait until their fathers die before establishing themselves in farming. If there is more than one child in a family a son does not want to run the risk of waiting until his father dies because, in many cases, the son is middle-aged before his father passes on.

During the lifetime of his father he could make a reasonable business deal with him for the purchase of the farm on agreed terms, whereas in many cases on the death of the farmer the son is faced with the fact that there are other members of the family who have a share in the estate, or is suddenly faced with the need to raise a substantial amount of cash in order to pay off the other beneficiaries. In numerous cases, and I have seen this happen often, a son has not been able to raise sufficient money to buy out his brothers, sisters and other members of the family and the family farm has had to be sold. The son then finds that he has spent most of his life working on the farm for nothing.

Quite often as well a situation arises in which a son has worked all his life on the family farm, only to find that in the final one or two years of the father's life they become involved in an argument, the father changes his will and the farm goes to someone else so the son is left with nothing. The most common arrangement over the past number of years between fathers and sons has been for the son to work for the father, building up some capital of his own, possibly acquiring some land of his own, and then, when the father is ready to retire, the son purchases the farm.

Farm prices in Saskatchewan, as hon. members are probably aware, are subject to wide fluctuation. Valuation day, December 31, 1971, was a time when farm prices were low, possibly 50 per cent lower than they were two years previous. Since December 31, 1971, farmland has started to increase in value and, if we continue to have good markets and good prices for grain, the price of land will continue to rise. I suggest that soon there will not be a farm in the province of Saskatchewan which will not be subject to capital gains tax when sold. I suggest also there will be a continuing and increased reluctance on the part of farmers to sell or transfer their land to their sons because this will attract a substantial amount of tax, and the result will be that instead of preserving the family farm there will be a destruction of the family farm.

I would urge the minister to give immediate and serious consideration to the elimination of capital gains tax on the disposal of farms during the lifetime of the farmer, not only when he transfers or sells the farm to his son or a member of his family, but also when a farmer disposes of his land to anyone during his lifetime. The Minister of Finance and the Minister of Agriculture might say that to eliminate the capital gains tax on any sale by a farmer would be giving the farmer an unfair advantage in relation to other citizens of Canada. I submit, Mr. Speaker, that this is not so, and I would point out that in a majority of cases the only source of funds many farmers have for retirement use is the proceeds from the sale of their farmland.

In rebuttal the minister might suggest that a farmer on retirement can draw the benefits provided under the provisions of the Canada Pension Plan. On March 19 I spoke in this House on a motion I submitted on January 12, suggesting that the government should give consideration to the advisability of allowing farmers to make contributions to the Canada Pension Plan, regardless of their net income. In that speech I pointed out that the income of a farmer is subject to great fluctuation and, generally speaking, in a five year period a farmer would have one or two years of substantial income and two or three years with little or no income or, in many cases, a substantial loss. The result is that the farmer probably makes Canada Pension Plan contributions two years out of five on the average and, therefore, when he begins to draw his pension on retirement it will only be nominal.

Many family farms today are small units and, generally speaking, after the debts most farmers have are paid following disposal of the farm, the net return from the sale is no more than sufficient to enable the farmer to retire comfortably. If we charge a capital gains tax on the sale of such a farm we will further reduce the amount the