

Income Tax Act

will include deferment on any capital gains tax when a father transfers his farm to his children while living.

What a vain hope that was, Mr. Speaker. In the same publication there is a story concerning Gordon Hill, president of the Ontario Federation of Agriculture. The story is headed, "Budget moves undermined Whelan, Hill warns federal cabinet session", and reads in part:

Federal budget proposals hurting Canada's farm population 'have undermined the confidence we have in (agriculture minister) Gene Whelan,' the federal cabinet was told recently.

'Also, it's undermined the confidence we had in the government,' Gordon Hill, president, Ontario Federation of Agriculture, added. In an open confrontation, he said the move on capital gains and elimination of the tariff on imported fruit and vegetables plus beef had 'shocked farmers.'

'It's bloody well not good enough,' snapped Hill. Exempting farms from a capital gains tax only on the death of the father 'keeps young men hanging around waiting for the old man to die.—'

Hill said the appointment of Whelan as Minister of Agriculture met with farmer approval. 'He's doing a good job. He's talking the farmers' language. He was convincing farmers that the federal government was trying to solve their problems. Then came the Turner budget. Now we've got a lot of doubts.'

Finally, let me read an editorial in the same publication, written by Don Coxe. It is headed, "Tax deferral misleads farmers". According to the story:

Turner's budget move was hailed in government press releases as 'solving the problems of family farm inheritances.' In reality, what Turner has done is to give a tax deferral to those heirs who are Canadian residents at the time of the death of a parent owning a farm which they inherit; those who stand to benefit most are those whose families have done no estate planning.

He concluded this thought by saying:

'Better dead than in the red' could become the watchword of farm estate planning.

In order to be absolutely fair to the Minister of Agriculture, let us consider for a moment what he has been telling farmers and farm organizations across this country. I believe I have read every speech he has made since the budget speech, and there have been many. Let me begin by quoting what he said to the Canadian Horticultural Council, at the Château Laurier on February 27, 1973:

Farmers specifically got an exemption from the capital gains tax for family farms passed from parents to children.

Later in this speech he said:

—the budget has brought important gains for farmers, and in particular the exemption from capital gains for transfers of family farms from parents to children.

Next let me read from the speech he delivered to the Waterloo County Federation of Agriculture. He said:

The capital gains tax was changed for farmers who pass their farms on to their children.

From there he moved to Port Elgin, Ontario, and addressed the farmers during the Saugeen and district farmers rural-urban night. He said:

In closing, I would like to review some of the gains farmers made as a result of the new budget announced last month. First of all, farmers got a cut in income taxes—by as much as 47 per cent for those with an income of \$5,000. Second, there was the exemption from capital gains tax for farms passed on from parents to children.

[Mr. Jarvis.]

Finally, let me quote from the speech he made to the Farm Forum at Weyburn, Saskatchewan. He said:

In the budget speech last month, we announced a change that will exempt family farms from the capital gains tax if they are passed down from parent to child.

Those are fine words, Mr. Speaker, but one must be particularly impressed by what the minister did not say to the farmers of this country. First, he has not said a farmer must die first; he has not said that in any speech. Second, he has not said that the tax is only deferred. He spoke repeatedly of tax exemptions. Third, he has not told farmers of the residency rule. Fourth, he has not told the farmers that the provisions apply to land only, if indeed that is his understanding and that of the Minister of Finance. The minister, even though he will not deign to inform the farmer, has given him some advice. I refer to his remarks as recorded at page 1580 of *House of Commons Debates* for February 22, 1973. He said:

I am happy to see that the budget aims at preserving the family farm. The tax concession does not apply to the corporate giants but to farm families who pass on their farm from one generation to the next.

I think the change is important enough that farmers should consult a lawyer—and even for a farmer this is a concession—or an accountant if they are planning a transfer of their farm to their son, son-in-law, daughter or whoever it may be. There are several methods of transferring a farm from father to son or daughter including gifts spread over a number of years. A good accountant can tell them how this can best be done. The change announced in the budget changes the rules of the ball game, to the benefit of the family farm, and I want every farmer to get the most he can out of these concessions that are rightfully his.

From the day this session commenced to the present day, the Canadian farmer has been misled, misinformed and mistreated; and not one incident can be found of this government's willingness to inform farmers of the exact nature and import of the capital gains tax legislation in a frank, open and honourable manner. In closing, sir, may I quote again from the remarks of the minister to this House as recorded at page 1582 of *House of Commons Debates* for February 22. He said:

• (2030)

We have talked about the family farm. It is easy for many people to talk about a family farm, people who really have no feeling in this regard. I think one has to be raised on a family farm to really understand what it means and to have the feeling of having produced crops. One must be in this position to know what it is to create things. I have been criticized before for saying I feel that farmers are the salt of the earth and closer to God because they create things.

In light of what has been produced by this government with regard to the family farm, I can only say, Mr. Speaker, that it is a good thing our farmers are close to God, because about all the Canadian farmer can hope for now is divine intervention. Finally, I wish to quote what my leader said in Regina on September 15, 1972:

We will act to ensure that capital gains tax does not apply to transfers of average sized farms within the family unit.

Some hon. Members: Hear, hear!

Mr. A. P. Gleave (Saskatoon-Biggart): Mr. Speaker, I wish to say a few words on this bill. First I wish to quote from a letter sent to one of the British Columbia members by a farm organization in that province. It lists three items