

Income Tax Act

impact on the areas now designated. He mentioned as well that Ontario and Quebec are minor exceptions and that partial census divisions were designated in the north in order to preserve the criterion of isolation to which he referred.

● (1710)

The minister confirmed that the three designation criteria applied to the different census divisions were: highest family unemployment rate, lowest per capita income, and isolation. In addition two other constraints were applied. One was to have the program applied to only those areas where approximately 5 per cent of the neediest people of Canada reside. The other constraint was to limit the designation to a maximum of about 40 per cent of the population in any one province in order to induce industry to locate in the most needy areas in the province.

The precise criteria applied with respect to the family unemployment rate and the per capita income are as follows: the family unemployment rate had to exceed the national average by at least 30 per cent, and the per capita income had to be less than 89 per cent of the national average. The minister felt the combination of these criteria resulted in a very stringent and severe approach to designation. It appears the figures of 30 per cent and 89 per cent were not based on any objective criterion of what constitutes hardship but on the colour coding system used to define different levels of unemployment and income on the maps. This is arbitrary in the extreme.

Moreover, the department utilized an isolation factor to add a few more census divisions to those otherwise designated. For example, they added northern census divisions or partial ones in Quebec, Ontario, and some of the western provinces. In the west, in particular, the department felt this criterion of isolation would also serve to include many native people who are not accounted for in the unemployment and per capita income data provided. Yet northeastern Alberta and northwestern British Columbia, excluded from the program, have larger native populations than the census divisions included from these provinces. Again I must ask why?

I have yet to receive the economic indicators on which the minister based his selection of the different census divisions to which the new special investment tax credit program will apply. But the maps he supplied show that the information base was the 1976 census for unemployment and the 1976 Revenue Canada figures for income. Since income data are available for census divisions for 1978, the use of such out-of-date data disturbs me. But leaving that aside, on the basis of the information which he has given me it seems serious discrepancies exist which he should want to remedy.

It is difficult to offer constructive criticism of a program with a view to its improvement when the data base which accompanied most other government programs, particularly those winter works programs promoted by the Department of Employment and Immigration, such as Young Canada Works and programs of that nature, have always had the data information released and made public so that the designations and

allocations of funds made out of those programs could be verified. This program appears to be an exception.

In closing, I think the principle of this program is an excellent one. I should like to see its implementation perfected, and that is the reason why I offered the constructive criticism the minister invited.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Claude Tessier (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, the purpose of my speech today is to inform and reassure the people with regard to the Canadian tax policy, to stress the responsiveness of our Deputy Prime Minister and Minister of Finance (Mr. MacEachen) and finally to expound, with a great deal of pride, on the typically Liberal decisions contained in the last budget.

Indeed, Mr. Speaker, although political observers had predicted a tough budget with increased taxes for everyone, Canadians were pleasantly surprised to find a budget where the government had sought on the one hand to recover all that was humanly possible for the administration of government programs and on the other hand to plan an even fairer distribution of the economic load, and finally, to be more constructive, positive and dynamic, to prove that the Liberal government wanted to involve every sector of our economy in the solution of our current economic problems on a short, medium and long-term basis.

However I do not claim to be a tax expert and it is as Parliamentary Secretary to the Minister of National Revenue (Mr. Rompkey) that I want to comment on a bill which has been consistently described as very technical and yet which meets in a positive way the needs of the people. Therefore, I do want to assure all Canadians, Mr. Speaker, that one of my concerns is the equitable distribution of the tax load, the other being our desire to help the most vulnerable and have-not members of our society overcome present economic hardships.

Mr. Speaker, I would like to discuss in the House today one of the most equitable tax systems in the world, applied in a country where the quality of life continues to be one of the best in the world. The Canadian tax system was inaugurated, out of necessity, in 1917 to allow the country to collect the funds needed to administer the country. It has greatly expanded since that time with the implementation of various social programs aimed at promoting the well-being of all Canadians, as for instance old age pensions, family allowances, the Canada Pension Plan and unemployment insurance. The tax reform helped this system make Canada one of the best places in the world to live. It is a good idea to mention this in the House and to convince ourselves of it, and the opposition in particular should know that its masochism is very costly for Canada and all Canadians, and today more than ever before. All governments are faced with serious economic problems at this time, we all know this, and ours is no exception.