

Income Tax Act

ing development. Cadillac owns over 5,000 acres in metropolitan Toronto. It has a 40 per cent interest in Canadian Equity and is responsible for managing the Erin Mills New Town development. In addition it controls, entirely or in part, some 13,200 residential dwelling units.

Cadillac had net earnings from 1966 to 1971 of approximately \$62,968,000. Since Cadillac has been more adept at utilizing the loopholes provided in Canada's tax laws than most other companies, it paid during this period a total of \$20,506 in taxes, an infinitesimal amount.

Let me put some more figures on record concerning another developer, Markborough Properties, Ltd., about which the hon. member for Kingston and the Islands and the hon. member for York-Simcoe are so concerned. Markborough Properties is developing 3,000 acres north of Toronto in the Mississauga-Streetsville area, to be known as Meadowvale. In addition the company is planning a residential development in Agincourt North, to be called either Brimley Wood or Brimley Forest. Markborough did not pay one cent in income tax to the federal and provincial governments between 1966 and 1970. During this time the company's net earnings were \$12.1 million. Is this a small developer who needs our protection?

Large developers can get away with not paying taxes because of large loopholes in existing tax laws. The hon. member for Kingston and the Islands, who has become the spokesman on this topic for the Conservative party, may not be aware of all the tricks of large developers. For example, a developer will set up another company, to which he will charge interest, carrying charges, municipal taxes, and so on; and these amounts are set against profits or income from properties. The result is that the developer incurs little or no liability for taxes. Another result has been that developers have been able to charge higher prices for land.

The Minister of State for Urban Affairs is aware of the problem, and has attempted to make the large developers put some of their land holdings in urban areas on the market.

Mr. Stevens: Of course you are laughing when you say that.

Mr. Gilbert: Only if we close tax loopholes which developers like Cadillac, Bramalea, Markborough and all the others have taken advantage of can we bring more of their land on stream. These companies have used tax loopholes which provide for the setting off of carrying charges, municipal taxes, against income and profits to avoid paying taxes.

I approve of this amendment to the Income Tax Act. Land banking is important if we are to bring down the price of land. At present five or six major developers bank land around our major cities. The federal government itself has engaged in land banking, in an effort to bring down the cost of land. It has not succeeded too well; prime land in the major urban areas of the country still remains in the hands of five or six large developers. The provisions of this bill will make sure that these private developers will not keep on doing what they have done for the past ten years.

[Mr. Gilbert.]

The Minister of State for Urban Affairs will not achieve his target of 210,000 homes unless we close tax loopholes and force these large companies to sell their properties. If they cannot charge interest and municipal taxes against income, they will not find it profitable to hold on to their properties. No longer will they escape taxes; they will pay tax on profits and income. The Income Tax Act must be so amended if the Minister of State for Urban Affairs is to achieve his goal of 210,000 starts for 1975.

Last night the Minister of Finance said that no private individual, no private home owner, can charge interest paid or municipal taxes against income. Why should these large developers be given an advantage that is not available to the home owner? Eliminating these advantages would result in lower land costs, and this I support. Probably the most significant factor in today's housing costs is the high cost of land; that is why I was mortified to hear the hon. member for Kingston and the Islands, the hon. member for York Centre, and the hon. member for York-Simcoe, talk in support of developers, to the disadvantage of the average Canadian home owner. It is useless talking about a \$500 grant for first time home buyers unless we can bring land costs down, and we can only do this by closing tax loopholes. This the Minister of Finance is about to do.

I commend the Minister of Finance for what he has done in this area in Bill C-49. I do not like what he has done with regard to oil corporations but I commend him for what he has done in closing tax loopholes available to land developers. His reasons for so doing are obvious. His officials, and the Minister of State for Urban Affairs, must have told him what is happening around our large cities and how five or six developers control all land. He knows that the federal government must engage in land banking on a massive scale, for only in that way can we bring land prices down across the country.

This being so, I was most surprised to hear the comments of the hon. member for Kingston and the Islands. She is certainly progressive on social issues. However, when it comes to economic issues it would be a retrogressive step on her part to condone the outright pillaging of moneys from ordinary people with regard to the cost of homes. I would think she would assume the basic principle that has been stated so many times by members of her party, and indeed all parties, that housing is a basic human right to be enjoyed by all Canadians. It is their right to have a home at a reasonable cost. If we are to have this as a basic right we have to bring down one of the main components in the high cost of housing. That is the high cost of land. For the hon. member for Kingston and the Islands to make a tearful plea to me on this point is really shocking at this time of the day.

● (1430)

Mr. Cafik: Mr. Chairman, I had no intention of intervening at this particular stage. I already made my position clear with regard to the subject matter presently being considered.

I share some of the concerns of the hon. member for Kingston and the Islands in terms of the effect of this on small developers. I must say I do not feel that the comments made by the hon. member for Broadview in any