

tution and the whole question of how it should be amended.

Motion agreed to.

Resolution reported and concurred in.

**Mr. Gordon** thereupon moved for leave to introduce Bill No. C-131 for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1966.

Motion agreed to and bill read the first time.

**Mr. Deputy Speaker:** When shall the said bill be read the second time? Now?

**Mr. Knowles:** By leave.

**Mr. Gordon** moved the second reading of the bill.

Motion agreed to, bill read the second time and the House went into committee thereon, —Mr. Lamoureux in the Chair.

On clause 1.

**Mr. Knowles:** Are copies of this bill available?

● (7:10 p.m.)

Clause 1 agreed to.

Clauses 2 to 6 inclusive agreed to.

Schedules agreed to.

Preamble agreed to.

Title agreed to.

Bill reported and read the third time and passed.

## INDUSTRY

### PROVISION FOR PAYMENT OF DEVELOPMENT GRANTS IN DESIGNATED AREAS

**Hon. C. M. Drury (Minister of Industry)** moved the second reading of Bill No. C-129, to provide incentives for the development of industrial employment opportunities in designated areas in Canada, and to effect certain related amendments to the Income Tax Act.

**Mr. Peters:** Mr. Speaker, would the Minister consider making a statement, in the light of some of the discussion we have had on this matter and in view of the understanding of the House Leaders?

**Mr. Drury:** Mr. Speaker, in speaking to the resolution yesterday I said that the area development program had achieved a substantial measure of success during its period of operation. Members may be interested in a few facts and figures covering the period

### *Grants to Designated Areas*

from the beginning of the program until the close of the last fiscal year.

It will be recalled that when the program was announced in September, 1963, a total of 35 National Employment Service areas were designated, within which tax incentives to new manufacturing and processing industries would apply. Three of these areas were removed from the list following a review of conditions in all areas in December, 1964. Economic conditions in these areas had improved to a degree where special development incentives were no longer required.

During the period mentioned, no fewer than 150 firms indicated to us that they intended to take advantage of the tax incentives and establish in designated areas. These new establishments will employ some 14,500 workers in their own plants and indirectly will create an equal number of additional jobs in the construction, supply and service industries. The total investment made in these new facilities will amount to more than \$470 million, an average investment of about \$32,500 for each worker employed in the new plants. The number of new jobs created in these new establishments represents almost 3 per cent of the labour force in the 35 designated areas.

I should explain that 27 of the original 35 areas attracted new industries under the program. An analysis of the new businesses established in the 27 areas indicates that six of these areas accounted for 72 per cent of all the new direct jobs and for 55 per cent of total new investment. Some 60 per cent of the the new firms are located in these six areas. The new jobs created amount to some 5.6 per cent of the labour force, and this has resulted in a substantial reduction in the unemployment rate in the areas.

These 150 new firms embrace a wide range of industries. The papermaking industry accounts for about one quarter of the new investment. Firms producing transportation equipment account for about 14 per cent of the new employment and the same proportion of new investment. The chemical industry accounts for about 13 per cent of the new employment, but for over one third of all the new investment, reflecting the very high ratio of capital to labour in this industry. The textile group also accounts for about 13 per cent of the new employment but only about 9 per cent of the new investment, reflecting the labour intensity of the textile industry. Machinery manufacturers account for about 7 per cent of the employment and about 2 per cent of the new investment. A few large