

Chairman, and surely this is not the situation we want to encourage.

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, the hon. member for York-Simcoe has just nodded—giving me permission to say something. The simple answer to the question of the hon. member for Kingston and the Islands is, first of all, whether or not a plan is filed, the expenses incurred after May 6, 1974, are the ones disallowed until the land is brought into development. She is perfectly right in her assumption that once the land is brought into development the carrying charges become expenses calculated against income for taxation purposes.

**Mr. Kempling:** I have a couple of brief remarks on clause 7 that I should like to place on the record, Mr. Chairman. With this proposal to discontinue the practice of permitting land developers to deduct the cost of carrying land from income earned in the taxation year, I assume the minister's position is one of not allowing the deduction of the carrying charges it would cost the land developer to bring the land on to the market.

The fact is, however, that it is not the cost of the raw land that is the problem in bringing more land on to the market. This is not the holdup stopping lots for housing coming on the market, and I am sure the minister knows this. The holdup is the red tape at the municipal and provincial level, and the lack of funds for servicing land. It is not true to say in general that land developers are holding back land that would otherwise be developed quickly, in the hope of a rise in prices.

In my view this clause will do nothing to bring land onto the market more quickly; indeed, it may be counter-productive. If developers have to increase their lines of credit with the various banks and places where they get money, that is going to be reflected in the price of land. This provision is, in a sense, inflationary. Maybe the minister will not agree, but if a careful study is made I think we will find it will increase the final price of serviced land and add an extra burden to housing prices and the market in general.

Could the minister tell the House if his department has done an in-depth study on this subject and the income tax laws that, in my view, preclude the deduction of the carrying costs of land pending development, will only increase the overhead expenses of the developer, and which will do little to bring more land onto the market quickly? Has the minister done a real good study of this area, or is it a popular political move?

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, that is almost throwing my motives into question, but I know the hon. member well enough to know that was not his intent. The government has done an in-depth study, particularly the Minister of State for Urban Affairs and CMHC.

**Mr. Gilbert:** Last night the hon. member for York-Simcoe got up and pleaded on behalf of developers, and the Minister of Finance quite rightly pointed out that the amendment really does not affect the individual—because the individual in the first place who owns property cannot charge any carrying charges against income—but directs itself to the developer.

#### *Income Tax Act*

Then the hon. member for Kingston and the Islands made a careful plea this afternoon on behalf of developers, at the same time saying that the land encircling the large urban areas is owned by five or six big developers. This is the substance of the Dennis report, which quite clearly said that in all the major cities across the country land is controlled on a land banking basis by five or six developers.

The CMHC report, which indicates the CMHC estimates of ten year requirements, and the acreage controlled by six leading developers, shows that in Calgary 7,500 acres are required for the next ten years, and it is all controlled by those six developers. In Montreal, 12,000 acres are required, and of this the six big developers control 3,000 acres. In Toronto the requirement is 19,600 acres, and six developers control 18,000 acres of that. That is the very reason why one of the main components in the high costs of housing is the cost of land.

Let me direct the attention of the hon. member for Kingston and the Islands to the names of the developers in these areas named who control such vast amounts of urban land. In Toronto three firms own in excess of 15,000 acres. They are Bramalea Development Corporation, Canadian Equity and Development Corporation, and S. B. McLaughlin Associates Ltd.

Canadian Equity, which owns Don Mills development and the Erin Mills New Town, is controlled by the Cadillac Development Corporation and by the Bronfman (Seagram's) interests. A large shareholder in Bramalea is Eagle Star Insurance, which also holds an interest in another large corporation, Trizee Corporation.

● (1420)

**An hon. Member:** When will you deal with developers in B.C.?

**Mr. Gilbert:** I will come to those in B.C. Other large land holders in the Toronto area are George Wimpey (Canada) Limited, Monarch Construction Limited and Richard Costain (Canada) Limited. All are wholly owned subsidiaries of British building companies.

Another is Markborough Properties Limited, among whose major stockholders are George Wimpey and the Royal Bank. Kaufman and Broad, Inc., a major American developer, recently acquired the prime land holdings of Revenue Properties Limited by having acquired all the shares of its subsidiary, the Victoria Wood Development Corporation.

These are Toronto developers about which the hon. member for York-Simcoe, the hon. member for York Centre, the hon. member for Kingston and the Islands and the hon. member for Halton-Wentworth are so concerned.

**Miss MacDonald (Kingston and the Islands):** No. The hon. member is all mixed up.

**Mr. Gilbert:** Let me draw the attention of the committee to Cadillac Development Corporation Ltd. This corporation is one of the major holders of land in and around the Toronto area. Let me put on record the earnings of the company and the taxes it has paid because some hon. members suggest that we are striking at the small developer. There are few small developers engaged in hous-