

*Income Tax Act*

another feel that they are not getting the benefits that other portions of Toronto are. This might seem to be logical, but if you look at the matter closely you will see it is not logical at all but crazy to suggest, for instance, that one portion of Toronto should be named. It is a metropolitan area. Various municipalities joined together as a metropolitan area because of the benefits and advantages with regard to labour, industry, employment and so on.

The same reasoning should be applied to cities which are contiguous and form part of an economic unit. It has been pointed out, and it is quite reasonable, that today labour has a good deal of mobility. In other words, you might reside in the city of Brantford and work close by in one of six or seven other cities. I think that the amendment providing for the distance of 100 miles is completely within reason and for these reasons I support the amendment.

**Mr. Aiken:** Mr. Chairman, several questions have been asked about this particular clause. The objection which the amendment has been designed to eliminate is the designation of areas as depressed or distressed, or areas of future opportunity or whatever you may call them, where the municipalities and areas themselves do not ask for it. We recall that when the former government brought in somewhat similar but certainly not as drastic legislation there were great cries from the opposition of that day about designating distressed areas and calling them distressed or depressed. Some municipalities might have such a degree of pride that they would wish to try to get along by themselves rather than be branded distressed areas. Under the present situation the government is almost saying to an area: You are looking rather seedy so here is a little money to help you out.

I know that this is the basic objection to the legislation and this is what the amendment has been designed to cover. The municipality itself must say that it feels the advantages of the legislation will outweigh any disadvantages that might come about by the municipality being branded a distressed area. There is always the possibility that such a designation might have the opposite effect to that which is intended. Undoubtedly the intention is to give some assistance to the area which has been designated but the effect might be the reverse if businesses which might otherwise go there would not go because of the designation. They might feel it was not the kind of community in which their employees might like to reside. Communities certainly have to consider these matters.

[Mr. Pugh.]

As far as the distance of 100 miles is concerned, I am not sure whether I would want to go that far. I know that the hon. member for Wellington South, who has been so interested in this matter, would have been quite agreeable to setting the distance at 100 miles, and I believe it was his idea. This would eliminate the possibility of an industry moving from one area to another as happened in the change from Guelph to Brantford.

I do think the municipalities should be consulted in a situation like this. They should be given the opportunity to decide whether or not they want to be designated. In supporting the amendment we believe they should have the opportunity so to decide by resolution. If they decide that the benefits will outweigh the disadvantages, then the legislation should become effective. While I have some doubts about the distance of 100 miles, I certainly support the principle of the amendment.

**The Chairman:** Is the committee ready for the question?

**Some hon. Members:** Question.

**Mr. McIntosh:** Mr. Chairman, on page 14 of the bill there is a marginal note reading "business in a designated area". Subclause 3 reads:

For the purpose of this section, a person shall be deemed not to have been carrying on a business in a designated area in a fiscal period unless—

Then there are a whole lot of qualifications.

**An hon. Member:** It will not be long, just five minutes.

**Mr. McIntosh:** Do you want to take up the five minutes? When speaking on this bill on another occasion the hon. member for Edmonton East pointed out that it seemed that under the bill someone starting up a new business had to have machinery which was 95 per cent new. That is the understanding that some of us have on this side because the minister did not deny it. The amendment to section 71A (1) (b) adds these words:

"except that the provisions of this section shall apply only where the municipality in which such taxpayer carries on business has requested the benefit thereof, and that municipalities receiving such benefits must not be closer to each other than 100 miles."

That is the understanding some of us on this side of the house have because the minister did not deny that fact. I would say that the capital cost allowance for new depreciable property seems to be a further protection for big business, and there seems to be a discrimination here between those with a good line of credit and those with a limited