

*Income Tax Act*

I would like to make it quite clear that I believe every member of the house is thoroughly in agreement with the good intentions of this legislation and the general principles behind it, but there are many hon. members, myself included, who take considerable exception to the methods used to attain these objectives and to the manner in which the legislation has been introduced.

Our objections and criticisms can be divided into two general categories. First, there is gross interference with provincial rights; and second, the methods used and the statistical formulae applied leave much to be desired and have resulted in some thoroughly ridiculous situations.

I shall deal first with the question of interference in provincial affairs. Ever since our country became an independent nation in 1867, from time to time its constitution has been open to considerable question with respect to rights vis-à-vis the federal government and the provinces. I agree it is sometimes difficult for even the most acute legal minds in this country to determine with any degree of accuracy which fields lie within the authority of the provinces and which lie within the authority of the federal government. When these matters are brought before the courts and, ultimately, before the Supreme Court of Canada, a decision is made. The first point I should like to make in this regard and I have discussed this matter with others, in this house and elsewhere, who have had considerable legal experience, is that it would seem to me that the government should take a careful second look at these clauses of Bill C-95, because it would seem that a good case could be made for the contention that they are ultra vires.

I do not wish to engage in a legal argument at this time. Indeed, it would be improper to do so, because any legal argument presented here would be a matter of opinion; it would be up to the courts to decide whether or not such arguments are valid. However, the reasoning behind my contention is that, by giving certain tax reliefs and exemptions to certain areas the relevant clauses of this bill are, directing the location of property, namely land and capital, within certain specific areas of the country in the provinces. The legislation may well be tested in the courts and I think the government should take a most careful look at these provisions before the measure leaves this house. An ounce of prevention, as the saying goes, is worth a pound of cure. Perhaps appropriate changes and amendments could be made as a result of a further examination by the law officers of the crown.

Let us assume, however, that this legislation is intra vires and will stand the test

[Mr. Nesbitt.]

of the courts. It is clear it is interfering in fields which normally belong to the provinces. There has certainly been no consultation with provincial authorities with respect to this legislation. There is ample evidence to support this assertion. For instance, the premier of British Columbia objected violently to his own home town of Kelowna being referred to as a depressed area, and the municipal officials of other places including Brantford, in the first instance, have objected to their areas being designated without consultation. So here we have a government, which has talked so much about "co-operative confederation," setting what does not appear to be a good example by putting forward, in the absence of consultation, legislation which clearly affects provincial responsibilities.

There is another point which might be raised in this connection. I know that the province of Ontario has prevented a price war, so to speak, between municipalities bidding for new industries. I suspect other provinces have enacted similar legislation. I know it has been the practice in the past for some municipalities to offer tax concessions to new industries such as free utilities, or utilities at a reduced rate, for a number of years; tax reductions, and the like. This practice has been prohibited by the province of Ontario and, no doubt, by other provinces. Legislation of the kind now being imposed by the federal government without consultation negates this principle and detracts from the usefulness of the measures taken by the government of Ontario and, as I have suggested, by other provinces. This is a field which has so far been left to the provinces, and the amendments we are considering represent an invasion of that field by the federal government.

The idea behind legislation of this type is a good one. If the minister and those responsible for this bill had consulted with the provinces, the difficulty to which I have referred might have been circumvented and the ground for the objections I am raising might not exist. But this was not done, and I would hope that in future it will be done before legislation such as this is applied.

Another question which arises is that of duplication. Most of the provinces have highly developed departments of industry and economic development. They have done a great deal to help themselves. I have more knowledge of the situation in the province of Ontario than I have of developments in other provinces, but in Ontario a great deal has been done to encourage industry to enter the province. Directorates, with staffs of civil servants and experts, have been set up for this purpose. What do we find in this Department of Industry? I have here a document