

*Income Tax Act*

unfairly treated or that different criteria have been used in one place as distinct from another.

I believe that if the federal government had waited to consult with all the municipal governments on this matter, and with all the municipal councils, as I have heard it suggested should be done, we would never have had such legislation as this passed in Canada. This measure is designed to encourage industry to move into areas which need them, and it is my belief that members should not support an amendment which would, in effect, force the municipalities to come cap in hand to the federal government and ask for help.

**Mr. Winkler:** After listening to the parliamentary secretary, I think he and his minister should re-examine exactly what they are doing. He has said, in effect, that the whole measure is meant to be discriminative. He told us it would be better to withhold the entire measure than to consult the provinces and the municipalities. I think he was placing the emphasis on the municipalities.

In the years prior to coming to Ottawa as a representative, I had the pleasure of working with business people in my own home town in Ontario. Anyone who has had a similar experience will know very well that provincial legislation prevents municipalities from competing for industry. Municipalities are not able to offer certain attractions such as tax relief; nor are they under provincial law allowed to use these as inducements. However, here we find the federal government offering such incentives—incentives which, as I have said, the municipalities themselves are not allowed, by law, to offer in my own fair province. Is this not extremely discriminatory?

I do not know whether the amendment now proposed will serve the precise purpose which it is intended to serve. Possibly it has been put forward because of the situation at Brantford. This is the reason I have chosen to take part in this discussion. I do so because this situation is mentioned in an article which I intend to place on record. It has been stated in the house on a couple of occasions that on the very day on which it was publicly announced that Brantford was to be declared a depressed area, industry in that city was advertising in cities less than 30 miles away for skilled, semi-skilled and unskilled labour. Does that not make the decision with regard to Brantford ridiculous? There is much more in this than meets the eye. I have endeavoured to impress on the government the odd methods they are pursuing with regard to their practice of patronage. This is evident in other pieces of legislation, too. Since this

[Mr. Benson.]

measure was instituted they have possibly thought twice about it, and declared the odd other area as depressed for the purposes of the bill. But to designate one area, so closely located to another, as being depressed while doing nothing about its neighbours is an unfair thing to do, whether the reasons are economic or political.

Today, there is no industry which would not like to have some tax concession to enable it to expand or to become more competitive so as to do better in either the home market or the export market. But this government has seen fit to restrict this expansion in various ways. Were it not for the restriction on debate I should be glad to go into this aspect at greater length. However, all this has another connotation for the riding of Grey-Bruce, a constituency which for long supported the thinking of the party opposite. I should like the hon. gentleman, and the Prime Minister, who is now sitting near him, to pay particular attention to this. I am reading from an article which appeared in the *Hanover Post* on October 17, 1963:

As parliament reopens, there are other financial problems beside pensions arising to plague the Pearson government. When the government announced plans for aiding depressed areas by making tax concessions to new industries establishing plants there, the proposal went through without much discussion.

The paper is, of course, referring to the first stage of discussion.

But implementation of the proposal has brought practical difficulties. One of the areas labelled as depressed is the city of Brantford, Ont., and Brantford has obtained a new industry which had almost decided to locate its plant in Guelph, about 30 miles away, the principal factor in the final decision being the tax advantages offered because Brantford has been labelled a depressed area.

Guelph and other municipalities in the general area are rightly annoyed, but when representatives of seven municipalities in the general area went to Ottawa to remonstrate with the government, they received no satisfaction.

I suppose that in this respect the situation is as described by the parliamentary secretary. The government could not listen to every municipality in the country before making its decision. Nor, apparently, could it listen to the provinces.

C. M. Drury, Minister of Industry, told the delegation that the decision about making Brantford a depressed area had not been made hurriedly and he would not promise to remove that city from the list of those areas qualified for special treatment.

The delegation had asked that nearby cities be given the same consideration (tax decision?) as Brantford if the government would not alter Brantford's status. This seems to be a reasonable proposal, but it did not impress Mr. Drury. Industrial centres in the same general area as Brantford, such as Guelph, Galt, Kitchener and Waterloo, are subject to the same influences industrially,