

Income Tax Act

program. For example, projects in fishing and logging are excluded in certain areas. If these basic resource industries are excluded in a region where they are the major economic input, how will that region benefit from the program?

I wrote a letter to the Minister of Regional Economic Expansion with regard to this program. He said in his reply that the DREE officials in Winnipeg had informed him that only Fire firms in the Churchill constituency had received development incentives since 1969. This fact, he said, supported my point that the criteria are too strict for many northern residents. The area of the province which is designated under this program is the northern region. In order to qualify for this program one must meet the criteria of the RDIA, which has given only five corporations in my riding any money at all, and the amounts given were very small. Perhaps the minister could answer those questions.

[Translation]

Mr. Bussières: Mr. Chairman, first I would like to reassure the hon. member by saying that it is not at all a new way for the government to promote regional economic development. I think that the basic objectives of the Department of Regional Economic Expansion remain unchanged and still represent government philosophy.

I find the odd contradiction in the remarks of the hon. member. To begin with, he is afraid that the measure will turn out to be a financial bottomless pit and he says that major companies will stand to benefit, as in the case of other government programs. According to him, a glance at the map is enough to be convinced that a large part of the country will be eligible under this measure. But then he adds that, for instance, it does not apply to forest or mineral resources, etc. I would like to indicate to him that certain investment sectors are ruled out precisely because in such regions those investment sectors fall within the investment field of large companies. As an example, mineral or forest resources seldom require very enticing incentives for investors. What we do want, however, is that at Causapsal, Saint-Charles-de-Caplan or Grande-Entrée in the Magdalen Islands, we can have small businesses benefit from a generous tax credit to create local employment. For instance, we do not necessarily want to offer very generous tax credits to a large forest company which might be anxious to set up shop in the Matapédia valley. That is not the purpose of the measure and that explains the restriction. I hope this will allay the fears of the hon. member who does not want this to turn into a tax loophole or a financial bottomless pit.

[English]

Mr. Murphy: Would the minister answer my specific question with regard to estimates on the number of jobs which will be created, where these jobs will be created, and the cost of the program?

[Translation]

Mr. Bussières: Mr. Chairman, it is difficult to say how many jobs will be created with this investment tax credit, because we do not know how many applications will be received, of what type they will be, from what kind of businesses, and what they do. So it is hard to say until the program has been put to the test and implemented for a while, just where, in what regions it will create so many jobs, cost so much, judging by the number of applications, and so on. Unfortunately we cannot provide figures until the program has been tested for a while.

[English]

Mr. Murphy: Mr. Chairman, I would like to speak on specific problems which concern my constituency. Earlier I mentioned that the only part of Manitoba included in this particular program was the northern area. The designated boundaries are almost the same boundaries which exist for the federal Churchill constituency. The one exception is the city of Thompson. This exclusion creates a problem with regard to industrial development under the criteria mentioned earlier. If there are to be any jobs created from this program in the north, they will probably be created in the larger communities. Thompson is the largest community in the north.

● (1730)

We have high unemployment in northern Manitoba among both the white and the native communities. We have a lot of one-industry towns in the north, but because the criteria the government settled on exclude the community of Thompson, the community where the development will most likely take place, the program in itself will probably not benefit the north.

My question for the minister is this: what process will be used to change the areas of the country that are designated? It is not set out in the act. What process can be used to change those areas?

[Translation]

Mr. Bussières: Mr. Chairman, throughout the debate, various members—for instance our own member for Rimouski-Témiscouata and the hon. member himself—have questioned this dividing into regions and especially the fact that certain cities have been excluded. The hon. member spoke of his own town of Thompson. The hon. member for Rimouski-Témiscouata a few days ago mentioned Rimouski and another member intervened on behalf of another town. I would like to indicate that regulation provides that the governor in council on the recommendation of the Minister of Regional Economic Expansion may, on reasonable grounds, recommend certain changes within this general category as to areas that could qualify. But I would also like to indicate that the stronger, more prosperous and populous a city is, the more chances it has of attracting and generating investment.