

Income Tax Act

needs and help support the work undertaken by municipal authorities to turn the city into the important centre it is today and which naturally has economic repercussions on the whole area? The industrial and economic development of Rimouski could benefit all surrounding townships. When we speak of developing the Montreal area, we mean that very area and not as far down as Drummondville in the hope that it will affect the Montreal region. I think all this should be taken into consideration, given the fact that in this area there are three towns, Rivière-du-Loup, Rimouski and Matane, which need assistance because they have set up an infrastructure and opened industrial parks to meet investors' requirements. This was done with the help of government programs. It seems logical to me, considering that this area represents barely 1 per cent of the Canadian population, costs millions of dollars in unemployment insurance, and contains roughly 4 per cent of the Quebec population, and considering also that the local people have shown that they are able and willing to do good work, that the government, in view of the new economic situation, should re-open this case. It should also consider Rimouski on an equal footing with other cities, no more no less, with the same advantages, because municipal authorities have made considerable efforts to achieve a just and reasonable industrial development in an area which has suffered quite badly from socioeconomic hardships. I think the people of the entire area expect a great deal from a decision which, in their view, would be equitable and would answer their needs.

[English]

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, in the 20 minutes allotted to me on clause 1 of Bill C-54 I intend to put forward what I hope will be a reasoned and constructively designed proposal for the minister in the hope that he accepts the premise on which it is made, namely, how with this bill we can get more tax money into the hands of the minister by reducing taxes. With that objective in mind, I will discuss the question of renewable resources, how they are affected by several sections of this bill, and how I think this bill could be improved.

There is no question that every person knowing the problem of energy in Canada knows that no matter how you twist and turn, there has to be a concerted move toward the utilization of renewable energy to replace non-renewable energy.

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At this time we have a number of low-grade technologies which are either in the economic ball park or are marginal. Therefore, we can achieve this objective. In the budget of the previous government, which we will call the Crosbie budget, an effort was made to free up this creative force among individual Canadians in order to get at the districts which have tremendous potential in renewable energy resources. I refer to the districts of the Gaspé, the Atlantic provinces, the great majority of Quebec and Ontario as well as British Columbia.

What have we done, tax-wise, to give incentives in order to move forward on the very necessary social and economic

purpose of reducing the cost of energy to our people and at the same time making more money for the tax collector? Surely those are two laudable objectives.

There is no use trying to pretend to the Canadian people that at the present time there should be an over-emphasis on attempting to encourage them to go into active solar heat, for example. The capital costs are so high in relation to the benefits that it is uneconomic, even with all sorts of incentives, grants and inducements. However, with other forms of indirect solar energy, particularly on the passive side, there are many examples of low-grade technologies which, as I said in my opening sentence, are either economic or close to it.

Solar water heaters were mentioned in the Crosbie budget. They are economically viable. It only costs \$200 or \$300 to heat water for a year, \$500 in some cases, but you can show that \$100 spent on this type of low-grade technology will give you \$100 a year in savings at present prices. An incentive was therefore put in the Crosbie budget, namely, the removal of the sales tax. That did not make me too happy because I did not think it was a sufficient incentive. However, it was at least a start.

The Crosbie budget also talked about renewable energy equipment. Under the credit system, it gave a two-year write-off of 100 per cent. If the equipment cost \$3,000, \$4,000 or \$5,000, over a period of two years you could write it off at absolutely no cost to the government because we are not now collecting a penny on that type of equipment. There may be a few examples I do not know about, but generally speaking this type of renewable resource equipment is not being used in the way it should.

That deduction of 100 per cent would make a marginal operation attractive under the tax law proposed in the Crosbie budget. If you had to spend \$4,000 and were allowed a write-off of 100 per cent over two years, the average person would save \$2,000. Therefore, the capital equipment would cost only \$2,000. If you saved \$400 a year on that investment, you could pay that off in five years. I would think that of those who pay income tax today, to be able to save \$400 or \$500 a year indefinitely, and more than that in times of higher oil prices, a great majority would be willing to invest the \$4,000 and recover \$2,000 from their taxes over two years. They know they would get the \$2,000 investment back in four or five years. From then on they would be away ahead of the game and be using a renewable energy source.

In the present budget and the bill we are discussing we have an equally well-inspired system. The government has replaced this tax reduction incentive. In return for taking a risk and investing your money in this type of thing, the government offers a grant of \$800. That grant will cost money, but it is not enough to induce people to use that product. Therefore, the government will not have to spend a great deal as a result of this \$800 grant. Some people will say it is even taxable, but that is not the real issue.

Which type of proposal would provide more revenue at the end of each year for the next three or four years? I suggest that the tax incentive route would do that. We do not collect