

government in concert—I emphasize in concert—with the people and other governments of the country.

[*Translation*]

The economic strategy and specific budgetary measures proposed by my colleague support the point that I want to make. These proposals reflect a very cohesive federal policy which was greatly needed. Such proposals will enable us to take corrective action and develop in each area of Canada a solid economic and energy base in full recognition of both our energy dependency and our development potential related to this dependency.

[*English*]

In my opinion, Madam Speaker, the most important aspect of our strength as a nation lies in our diversity from region to region, combined with our willingness to share with each other the benefits, both economic and social, which this diversity brings.

In his budget speech, the Minister of Finance stated that the concept of sharing was for him close to the very fibre of the Canadian tradition. I share his vision of our tradition and I strongly support his view, and indeed the government's view, that Canada's economic and social destiny will depend upon the continued effort and commitment of every Canadian to share the wealth and economic opportunities which we have together made possible.

[*Translation*]

It is this concept of sharing, coupled with the sad realization that poverty and inequality still persist in the way of life of many Canadians, which have brought me to suggest the new special program of a 50 per cent investment tax credit. This program, which I shall describe in detail in a few moments—and I am very grateful to the Minister of Finance for having accepted what I suggested to him in co-operation with other members of my party—recognizes clearly the existence of disparities, not only among the vast regions of this country, but also within the same areas, and even, Mr. Speaker, within the richest provinces.

[*English*]

The special investment tax credit of 50 per cent which is under the broad direction of my department, is intended to stimulate investment, employment and economic growth in the areas of Canada where development is most desperately needed. In these specially designated regions, the federal government will offer eligible industries an investment tax credit of 50 per cent against federal taxes, payable for eligible capital costs.

[*Translation*]

This is certainly a very generous fiscal incentive. I would add that it is without precedent in Canadian history. No federal government and no provincial government has had the audacity to go as far in the past as granting a 50 per cent tax credit. And what should be noted is that there will be no minimum. The smallest investment in the authorized sectors

will be eligible for the tax credit. There will be no useless paperwork. This will be an automatic tax credit, which will therefore be very simple to administer. There will be no paperwork, no authorization is necessary, and the tax credit will apply to even the smallest investments, whether to purchase a machine or to enlarge the facilities of a small manufacturing industry.

[*English*]

Madam Speaker, as you and the business community are no doubt aware, there is a system of investment tax credits already in place which was stated in 1975 and amended in 1978. Under this program the amount of credit varies from region to region in three tiers. In the Atlantic provinces and the Gaspé it is 20 per cent; in other regions designated under the Regional Development Incentives Act it is 10 per cent; in the rest of Canada it is 7 per cent. To this, the government has now added a fourth tier—the specially designated areas to which I have referred, areas which by national standards are most in need of assistance to overcome their problems of low income and lack of meaningful employment opportunities.

[*Translation*]

Consequently we are proposing a fourth level tax credit of 50 per cent. This measure is unprecedented as no government, as I have said, whether federal or provincial, has ever gone that far. For example, a few years ago, Quebec and Ontario had a special program of tax credit as an incentive to small and medium businesses. The tax credit to investors was in that case of 25 per cent only. Now, the tax credit—I see that Madam Speaker has returned to the chair—will be limited to \$15,000, plus half of the taxes to be paid over that amount. For instance, if a company invests \$100,000 eligible for tax credit and its federal taxes are \$25,000, the tax credit will bring down the taxes thus: \$15,000 plus half the taxes for the year, which is \$12,500. Therefore, the tax credit will amount to \$27,500. As the tax due was \$25,000, the tax credit cancels out the federal taxes. It is interesting to note, Madam Speaker, that the manufacturing industry has already, in some cases, the privilege to claim, as a deduction from their income, an allowance on the capital cost called amortization, which may reach 50 per cent of the cost of acquisition of the eligible goods. This new tax credit formula will, in effect, substitute a tax rebate for the amortization deduction, which is, of course, much more advantageous.

When goods subject to depreciation are sold, the income tax law stipulates that, in some cases, the total amount of depreciation claimed over the years, becomes taxable. Whereas in the case of tax credit, there is no such taxation; moreover, the amount of credit which has not been claimed one year may be carried over other taxation years. In a word, Madam Speaker, a company which, for example, owed \$15,000 in taxes can completely cancel this out simply by making an eligible investment of \$30,000.