

Grants to Designated Areas

In addition to providing funds and establishing formulae for making development grants, the bill before you proposes amendments to the Income Tax Act relating to definitions of "manufacturing" and "processing". The main effect of these amendments is to ensure that the basis of eligibility for the tax benefits which will remain in effect until March 31, 1967, will be the same as the basis on which eligibility of assets for development grants will be determined.

Hon. Members should note that the bill establishes an expiry date of March 31, 1971, for grants under this program.

As I said earlier, we are in a new and dynamic field when we undertake to influence industrial location in particular areas. We will no doubt learn a great deal as our program proceeds, as indeed other countries have done in the past. As we gain new experience, and learn from the experience of others, it would be my hope and intention, Mr. Speaker, to come before the House again with further proposals, which would be designed like the present ones, to make more effective the Government's efforts to ensure the growth of our industrial sector and the better employment opportunities that this expansion will provide to our people in all parts of Canada.

Mr. Douglas: May I ask a question of the Minister before he sits down. He said that he would endeavour to have these regulations tabled in the House soon after the House resumed its sittings, and that he would endeavour to have them referred to the Committee on Industry, Research and Energy Development. He said he would "endeavour". I was wondering whether that was a slip of the tongue. Do I take it that the Minister is undertaking to have them referred to this Committee?

Mr. Drury: I did undertake unequivocally to table the estimates because this is within my control. I have learned in a very short parliamentary experience not to give undertakings as to what the House may or may not do. I will use my best endeavours to see that these are referred as early as possible after tabling—and I do undertake to table them immediately—to the House Committee. Specifically, I think it has been understood, Mr. Speaker, with respect to this question of tabling and referral, that the Government undertakes that the Order in Council designating the designated areas in clause 2(c) will be tabled on the resumption after the summer recess and referred to the Standing Com-

[Mr. Drury.]

mittee on Industry, Research and Energy Development. This will include an opportunity to discuss the criteria.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I do not want to take very much time but I am interested in the fact that overnight the Minister has learned a considerable amount about this matter, and I congratulate his officials in the gallery for having written this very interesting statement that the Minister has just read. I hope that during the summer recess he will take some opportunity to learn something about the department, so that he will keep familiar with the many points which were raised by hon. Members yesterday. Some of the staff of the department, perhaps not known to the Minister, have already learned some lessons, and this resulted in the discussion which took place on the changing of the criteria for deciding the designated areas. I should like to draw the Minister's attention to one sentence of the Prime Minister's statement made on June 7 and recorded at page 2023 of *Hansard* for that date. The Prime Minister said:

● (7:30 p.m.)

The third major change we propose in the policy is an extensive revision and broadening of the areas to which it applies. With this objective we propose to establish new guide lines for the designation of areas where, under the terms of the Department of Industry Act, the industrial incentives will be made available. These guide lines will be the basis for objective standards which will be put in statistical terms by the Governor General in Council.

Then he goes on to say:

The importance of the present proposals is that Canadians living in areas where jobs are most needed will have a better chance to improve their lives, because of the scope that this program provides for constructive industrial development and improved skills.

Mr. Speaker, I will not take the time of the House to go over some of the changes which have been discussed by Members in all parts of the House, but I should like to say that the Prime Minister clearly indicated in his statement that he was prepared to move this program along the road of progress. This program really has been in effect for a number of years and has been modified more than once. A change is already needed again as indicated by the fact that out of 35 areas originally designated, 27 have new industry while four have been removed from designation, yet the areas which have been assisted have faced a very heavy increased capital cost because of the additional number of