

*The Budget—Mr. Benson*

census. The measure, therefore, will apply to major urban centres and census metropolitan areas in Ontario, Alberta and British Columbia. In these urban concentrations in aggregate, commercial building construction this year appeared likely to rise by more than 25 per cent, and total building construction by more than 10 per cent.

Some holding back of commercial building in these centres will therefore ease the pressure of demand upon construction supplies and resources. It should help to divert more funds and resources to essential housing, schools, and municipal works, and to the industrial plants and factories needed to produce the increasing flow of goods and commodities which remain the basis of our prosperity. The beneficial effects of this action will also spread to all parts of the country. At the same time it is the intention of the government so far as possible to defer major new construction for its purposes in the same areas.

Earlier experience with the deferral of capital cost allowance suggests that this kind of procedure can be effective and minimize the problems of taxpayer compliance. The action will not be retroactive, since projects for which a firm commitment has been made will be exempt. The urban areas in which it applies, as I have indicated, will be clear, as will the definition of commercial building. In the case of multi-purpose projects, the regulations will provide a clear and relatively simple method of pro-rating the floor-space involved. I am also confident that the measure will lead to some postponement of commercial construction, since the financial effect of deferred depreciation of two years is substantial. This fact will not escape the notice of the lending institutions.

(8:50 p.m.)

In making this proposal, I do not believe the construction industry as a whole, or its labour force, will be seriously affected. Nor do I suggest that commercial building is not important in the longer-run growth of our economy. It is clearly necessary for the wide range of services which account for an increasing proportion of our consumption and total employment. My main thought, however, is that when the demand for capital and resources is unduly high in particular areas, it makes sense to postpone those things which are less urgent to ensure the successful accomplishment of more important needs. If there is going to be overcrowding, it is better that it take place in stores, offices and banks than in homes and factories.

[Mr. Benson.]

With respect to a different matter entirely, I should also announce that I propose to extend the provisions of the Income Tax Act relating to the two-year write-off of the cost incurred by firms in the installation of water pollution control equipment. These provisions expire at the end of this year and I suggest that they be extended until the end of 1970.

User Charges and Airport Costs

A further measure of budgetary significance arises out of a general policy to ask those who benefit directly from services or facilities provided by the government to pay charges more in line with the direct costs involved. We already obtain about \$200 million per annum from such user charges of various kinds, apart from postal charges but including rents for government property. In some cases these charges have not been recently revised to reflect current levels of costs or values of services, and we are carrying out a systematic review and revision of these charges. We shall probably introduce some new charges as well. In almost all cases this action can be taken under existing legislation. There is one important field, however, where legislation will be required to impose what will in effect be a tax. This relates to air transport.

It is well known that our expenditures on the construction, equipment, operation and maintenance of airports and other air transport facilities are now very large. In the last fiscal year they are estimated at \$73 million. The revenue we obtain from user charges, rents, etc. of one kind and another related to airports and air transport facilities is far less—only about \$41 million currently. In the general review I have mentioned, the Minister of Transport and the Treasury Board will be working out revised charges for various facilities and services. We have decided, however, on one measure which we believe should be enacted by Parliament as soon as possible to assist in providing more revenue in this field. We shall wish to consult the air carriers about detailed problems of defining and administering a measure of this kind before putting it forward to the House. Therefore tonight I am simply announcing the main lines of what we intend.

We propose that a charge, a tax, be levied on the price of tickets or other charges (such as charter hire) made by air carriers for carrying passengers in or from Canada on trips commencing with a date to be specified in the