

Mr. Turner (Ottawa-Carleton): No, I really could not afford to buy the hon. gentleman's home.

Mr. Alexander: You are quite right.

Mr. Clarke (Vancouver Quadra): Mr. Chairman, I realize that I am interrupting my colleague, the hon. member for Kingston and the Islands, but on this very narrow point I heard the minister say is was for the first purchase of a home, but the way I read this legislation it restricts it to one who does not now own a home. He could have previously owned two or three homes, however. Would the minister clarify that point?

Mr. Turner (Ottawa-Carleton): It does not necessarily have to be the first home you have ever owned, but you cannot own a home now if you are going to take advantage of it.

Mr. Munro (Esquimalt-Saanich): Then don't move to Hamilton.

An hon. Member: Why don't you move to Ottawa?

Mr. Brewin: Mr. Chairman, perhaps later if I get the opportunity I should like to deal generally with this Registered Home Ownership Savings Plan, RHOSP, or whatever it is called. For the moment I have a narrow point I should like to raise in relation to the answer the minister has just given to questions posed by my colleagues to the right.

Supposing a person owns a home and decides to convey it to a private company, which perhaps he incorporates himself, so that he is no longer the owner, and in the meantime rents the property from that private ownership, and then decides to buy a new home under this savings plan—could he get away with that, or would the fact that he had owned the house before preclude him?

Mr. Turner (Ottawa-Carleton): I do not know whether the hon. member is still in practice, but all we are talking about is \$1,000 exemption. If the hon. member were to play that game by transferring his home to a corporation he might be successful in that game to the extent of the \$1,000 a year, but he would lose his principal residence exemption for the tax-free disposition of the home. I really doubt that he would want to move that way.

Mr. Brewin: I would like the minister to answer my question. I think the answer is yes, but my friend says that if I were in practice I might know of some way of getting away with that.

Mr. Turner (Ottawa-Carleton): That is not what I said.

● (1530)

Mr. Brewin: I do not happen ever to practise in that particular way, but I still want to know whether, so far as this tax is concerned, he qualifies if he has disposed of it to a corporation.

Mr. Guay (St. Boniface): What you need is a lawyer.

Mr. Turner (Ottawa-Carleton): What the hon. member says is possible, but he would lose his principal residence

Income Tax

exemption for capital gains. I doubt whether it would be worthwhile for him.

Miss MacDonald (Kingston and the Islands): Mr. Chairman, I have a couple of additional points I would like to raise with the minister. Some confusion has been created in this bill as to who would be able to administer the RHOSP. The interpretation of the bill would indicate that these plans would only operate through trust companies, whereas the minister's statements would seem to indicate that it was the intention of the government to have the plans operate through banks or other financial institutions in the same way that registered retirement savings plans do. The minister has indicated through the press earlier that he hopes that the trust companies would come to an arrangement on this with the banks. Could the minister tell the House now whether any satisfactory arrangement has been reached?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, first of all RHOSP can only be administered by a life insurance company or a trust company. Under RHOSP, banks operate on the same basis with trust companies. The difficulty as between RISP and RHOSP is that the fiduciary relationship is far stronger under the RHOSP. As to the RISP, all a trust company or an insurance company has to do is to take the money, invest it, and return it at the termination of the period at age 71 to the depositor, either in the form of a lump sum or converted into an annuity.

But the trust relationship or fiduciary relationship under RHOSP is far more specific. The money can only be paid out for deductible purposes for the purchase of a home if the depositor does not currently own a home, or for purposes of furnishing a home. Therefore the fiduciary relationship is far more clear-cut. For that reason we have provided in the legislation that the vehicle for the fund be a licensed trustee under the provincial legislation. Whatever arrangement those trustees want to make, whether they are caisses populaires, which are registered for trustee purposes under the provincial legislation, or whatever the fiduciary relationship is, it is up to that fiduciary agency to supply its own delegation and enforcement of the trust; We are concerned that, from the taxpayer's point of view, those be not abused.

Miss MacDonald (Kingston and the Islands): I appreciate what the minister has had to say, but the question I had was based on the press report in the *Globe and Mail* of February 11 which said that the Minister of Finance had asked trust companies to review their decision not to act as trustees for RHOSPs being offered by the chartered banks. It went on to say:

In an interview, Mr. Turner said he hopes to have RHOSPs offered as widely as possible and has asked his officials to communicate this to the Trust Companies Association of Canada.

Then it went on to say that the minister replied: "I'll see how they react". I am asking if the minister has had a reaction, and what that has been?

Mr. Turner (Ottawa-Carleton): Yes, my assistant deputy minister, who has been good enough to accompany me here in the House, has had conversations with the Trust Companies Association of Canada. They have told him that while the trust industry is confident of its ability