

Income Tax

is—and the minister can confirm this—that as of November 25 of this year, just six or seven days ago, there were only 5,096 applications received by CMHC for grants under this program, rather than the several thousand a day they were expecting from six of the ten provinces of Canada. I understand 2,270 cheques had been mailed out, for a total of \$508,000.

● (1532)

It appears that this program is not popular with the public which has realized its tremendous inadequacies. The public is not very keen on it. I compare that to the situation in P.E.I. and Nova Scotia, Mr. Chairman. In those two provinces, up to June 9, and I only give the figures to June 9 because that is all I have, because of the improved nature of their program—a much better program they have been given—there were 28,106 applications received, just from these two small provinces, with 15,845 approved, with 4,717 grants paid up to that date. That is just in those two small provinces. The amounts that have been spent in respect of the ones that have been received and approved is \$5,749,000. We can see that this is a very popular program in Nova Scotia and P.E.I., and justly so. It is a good program there. It is a better program. They get a better grant. They do not have the same restrictions, and the people down there are applying for it, whereas in the other provinces it definitely is not very popular.

I should like to ask the minister whether he can give us what his people calculate he is going to get in tax revenue by making these grants taxable in the other provinces? The estimate given by the Minister of Energy, Mines and Resources of what the program would cost across Canada in the other eight provinces, had they all gone into the program, not including Nova Scotia and Prince Edward Island, for the seven-year duration from September 1 to September 31, 1984, was potentially \$1.4 billion. It was estimated that this year the program is going to cover 133,000 units, at a cost of \$45 million. That forecast certainly seems wildly out, Mr. Chairman, if my information is correct that there are only some 5,000 applications, with only \$500,000 spent to date. We are now at the beginning of December and we have this month, January, February and March—four months left in the fiscal year—and it seems very unlikely that the program is going to cost \$45 million in this year or that it is going to cover 133,000 units. The estimate given for next year, 1978-79, is that it would cover 462,000 units, at a cost of \$145 million. There is no indication, from the acceptance of the program to date, that this will be so at all.

I want to start with two questions. I have a lot of other questions and a lot of other observations too, but I am sure other members have so I will start with these two questions, Mr. Chairman. Will the minister tell us why he is discriminating against eight provinces in favour of two? Secondly, would the minister tell us what revenue he thinks he is going to pick up from that provision this year? In addition, what are the new figures in respect of what it is going to cost? It certainly is not going to cost \$45 million.

[Mr. Crosbie.]

Mr. Chrétien: Mr. Chairman, perhaps I could save some argument if I explained now that there are two different programs. One was introduced because of a particular situation in Nova Scotia and P.E.I. Those provinces are almost completely dependent for their power on the importation of oil. Prince Edward Island is 100 per cent dependent on oil for its power. As you know, the cost of this energy has increased at the fastest rate anywhere, and faster than all other alternatives available. In terms of Nova Scotia, it is 84 per cent dependent on imported oil.

When we introduced that first program it was because we realized we needed some flexible policy. This is why we have some policies that apply under regional economic expansion, and so on, in different regions of Canada depending on their problems. The Canada Works program does not provide the same amount of money to everybody, and nobody claims that it is discriminatory because the situation is different in some areas than in others. We started that program with \$500 in Prince Edward Island and Nova Scotia. After that we realized that this was a good means of saving some energy, perhaps other types of energy, and we decided to introduce a new program for the rest of Canada in the amount of \$350. This was introduced by the Minister of Energy, Mines and Resources. It was decided that, rather than give \$250 to everyone, it was better to give \$350 with a tax on it. In this way the benefit to the rich from the program would be less than to a person who does not pay tax at all. This is another form of equalization. If we followed the other route with the money available to the government we would have given \$250 to everyone, whatever their income. We decided to make the amount higher, but some will have to reimburse part of it if they are making greater revenues. I believe there is some element of justice there between the rich and the poor provinces.

There are two different programs. The one for P.E.I. and Nova Scotia had been established for the reason that these were the only two provinces so dependent on oil imports—100 per cent in P.E.I., 83 per cent in Nova Scotia, 32.5 per cent in New Brunswick, 1.7 per cent in Newfoundland and only 0.3 per cent in the province of Quebec.

Mr. Crosbie: What are your figures?

Mr. Chrétien: Mr. Chairman, I just explained that we decided on this program because of the added cost of oil in the Canadian economy to those provinces dependent on imported oil for the development of electricity rather than other forms of energy. We started that way, and expanded the program to cover other provinces with a different type of scheme. I just wanted to give that explanation. It is not my program, it is the program of the Minister of Energy, Mines and Resources. He decided to go with the \$350 on a taxable basis rather than \$250, not taxable, because we did not want to give exactly the same subsidy to each of the provinces, rich and poor.

[Translation]

Mr. Lambert (Bellechasse): Mr. Chairman, I should like to make a few remarks on this program which is likely to improve