

Income Tax Act

We could thus end up with a situation where a sense of clear-cut ownership of a house could be an indication of very bad tax planning.

It is difficult to assess the exact cost of such a proposal from a tax point of view and I hesitate to put a figure on it. If we need \$18 billion or \$20 billion to operate this country, obviously people will have to pay taxes. If on the one hand we grant them a mortgage interest exemption, surely the amount lost which could reach \$500 million or more will have to be recovered by considering the abolishment of certain present deductions as a replacement for those I have mentioned. I think that if we look at the issue of income tax, budgets and estimates, that suggestion is not valid.

However, I want to congratulate the hon. member for Regina East for having raised that very interesting problem and I think it is good for the people of Canada to know the arguments voiced by the hon. member concerning housing and also to stress the effects that such a suggestion could have on government revenues.

In fact, there are still two aspects to those questions and I think it is very valid to allow hon. members to express their personal views through motions such as the one before us and to have them debated so people will be able to judge as long we can recover the amounts thus lost by the Treasury.

[English]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to take only a few minutes in this debate. I should like to commend the hon. member for Regina East (Mr. Balfour) on the statement he made in presenting his motion. If that commendation seems to imply that he said something in his speech that is not contained in the motion, that is precisely the implication I intend to convey.

As hon. members will be aware, there are times when this kind of motion is presented that we ask certain questions. Today, however, the hon. member for Regina East anticipated those questions and indicated the terms on which he would like such a policy to be administered. In particular, he made two points on which I commend him. I wish the hon. member for Laurier (Mr. Leblanc) had listened to the speech instead of merely giving us the prepared answer.

On the one hand, the hon. member for Regina East said that something comparable to the measure proposed in his motion should be available for persons who rent their accommodation. His second point was that there should be a limitation on the amount of mortgage interest that could be claimed for income tax purposes. These two problems arise in connection with a policy of allowing mortgage interest as an income tax deductible item, and I welcome the fact that the hon. member for Regina East has made it clear that in working out such a policy he would want these two points to be met. Therefore, the understanding is that this is what we are talking about in these income tax adjustments which will assist people to purchase their own home: we are not talking about borrowing money to buy boats or other things, which the hon. member for Laurier raised as a sort of strawman. I am getting mixed up here when I have boats turning into

[Mr. Leblanc (Laurier).]

strawmen. But what we are talking about is a policy which will encourage home ownership and at the same time provide comparable assistance to those who rent their accommodation. In our view, this is a commendable policy. I would like to see further thought given to it.

I know what happens to resolutions and bills in private members' hour. The only thing I must not do is take part in any talking-out process. May I say again that I think the hon. member for Laurier should have listened to the hon. member for Regina East when he said there should be a limitation placed on the amount of mortgage interest that would be allowed for income tax purposes. That certainly meets the point about an arrangement of this sort being a bonanza for the wealthy rather than one to meet its intended purpose.

As many members of this House will be aware, some of the provinces already have done something in this area. I know this because I am familiar with the situation in two provinces, namely, Manitoba and Ontario. This probably applies to other provinces as well. Rebates on account of property taxes are being allowed. The conditions vary in these two provinces, but not greatly. In both Manitoba and Ontario an arrangement has been made whereby persons who rent their living accommodation receive a tax credit similar to that which is available to home owners. So this is not a crazy idea about which no one could ever do anything: Manitoba and Ontario have done something about it. I think it is time this arrangement was looked into at the federal level with respect to the cost of shelter.

Another argument the hon. member for Laurier used was that if you start talking about expenses for which you allow deductibility for income tax purposes, where do you draw the line? This expense is allowed, somebody wants another, and pretty soon all of one's income is claimed as expenses and there is no taxable income left. May I suggest, again, that that argument is a strawman. May I also suggest that surely living accommodation is a pretty basic fact of life and it is not unreasonable to suggest that income tax exemption arrangements should take care of that fact.

• (1740)

The cost of accommodation is becoming so high that I do not think we can trade on the arguments against this sort of arrangement which for many years the department has ground out for government speakers in private members' hour. This has become a serious problem and I think something should be done about it. Let me say quite frankly that there are several ways: there are tax credits, there are special exemption amounts for home ownership or for home rental, such as the blanket exemption which we have for charitable donations, or we could adopt a formula such as the one proposed by the hon. member for Regina East. In any case, I think the House should take seriously the proposition that consideration should be given in our income tax arrangements for the cost of occupancy, whether it be for those who rent a home or for those who endeavour to buy one.

Mr. Jack Cullen (Sarnia-Lambton): Mr. Speaker, at first blush one reads the hon. member's motion with interest and certainly with approbation. The problem with the