

Mortgage Tax Credit

ments are legitimate governments, responsible to their citizens for what they tax. To some extent that tax is allowable from federal tax in much the same way that provincial tax is recognized as being to some extent allowable from federal tax. It is important that we recognize the various levels of government in this country, Mr. Speaker.

This is a nation of communities. I come from the community of Mississauga which the world heard about last week, though not in a way we would have liked. In this country of communities, each community has a responsible government. This bill to amend the Income Tax Act is a recognition of the responsibility of the municipalities and their right to raise taxes, and the merit of that tax being to some extent allowable from federal tax is an important recognition which makes municipalities even more responsible in spending money on any programs they may initiate.

The hon. member for Broadview-Greenwood (Mr. Rae) offered certain amendments on behalf of the New Democratic Party. He said that the credit should not be tied to ownership. I think I have said enough about the situation as it concerns tenants, Mr. Speaker. He said that the credit should be refundable through a negative income tax scheme. The idea has some merit but I am sure he will realize, as I do, that it is probably beyond the fiscal competence of the government. The criticism that the bill only helps young people and does not help senior citizens is a legitimate criticism, but it is not a valid criticism considering the limits imposed upon the government with respect to fiscal action.

The government is being very responsible and is phasing this tax allowance in over a four-year period. The cost to the treasury in this year is less than \$600 million. The program will be phased in as the money is available. It will be phased in because we want to get the stimulus through the system now. People will be able to buy up some of the surplus repossessions and so on, and thus get the housing market moving. It is phased in so that it will not totally upset the treasury.

I am sure the hon. member realizes that at this stage it would be totally impossible to bring in a negative tax scheme that would give rebates to people from whom no tax was collected. The hon. member also said that the tax credit should somehow be indexed backwards. I do not know how that would be achieved, but I assume it is a scheme that is graduated so that the more a person makes the less credit they get.

One of the advantages of a tax credit scheme as opposed to an interest deductible scheme is that the tax credit scheme treats all people equally. Surely a system of equity is what we should promote in this country. I really cannot make any sense of the proposals advanced by the New Democratic Party, although I appreciate the philosophy behind them.

This bill is an important thrust toward improving the housing of all Canadians, particularly young Canadians who want to raise families. If this bill is defeated, then clearly there will be an election. Hon. members opposite had better realize that.

Some hon. Members: Hear, hear!

[Mr. Blenkarn.]

Mr. David Berger (Laurier): Mr. Speaker, the hon. member who just spoke and the Minister of Finance (Mr. Crosbie), have stated that the government may call an election if this bill is not passed by Christmas. I should like to ask them what they suggest I should say to my constituents this Christmas? After seven months of Conservative government what can I show them that has benefited my riding?

Yesterday I received a call from an 85-year old woman in my riding. Although she is in relatively good health, she has received home care service through a Canada Works project in the past. As of this date, however, our projects have not been approved. Last year most were approved on September 25 and the balance on October 10. I think it might be appropriate to ask this government what the cause is for the delay.

We have asked the government where it will get the money to finance the mortgage tax credit plan, but I suppose we will not get answers until the budget comes down on December 11. We know already that \$50 million has come from the Canada Works program. The budget in my riding was cut from \$500,000 to roughly \$280,000. Am I to tell my constituents that I supported a program which deprived them of these services?

So much has been said already about the pros and cons of this bill that debate seems almost superfluous. Nevertheless, Mr. Speaker, I feel it is important to stress several points. First of all, everyone knows that this is not a housing bill. Instead, it is a tax cut directed to a certain segment of the population—those who own houses. As everyone knows, the proportion of those who own homes in Quebec is much lower than the national average. In the city of Montreal it is 38.2 per cent as compared to the 68.1 per cent which is the national average.

At the Standing Committee on Health, Welfare and Social Affairs on November 1, I asked the minister responsible for Canada Mortgage and Housing what this bill would do to help solve some of the problems in our cities, such as housing for the elderly and low income earners, the flight to the suburbs, and the deterioration of the urban core. The minister acknowledged that the solution of these problems was not, and I quote, "the primary purpose of this program".

I also drew the attention of the minister to the CMHC Residential Rehabilitation Assistance Program and the problems I have noted in the operation of this program in my riding. It is a familiar story now, because it occurred on a number of occasions and with a number of projects, since the election last May. Some low income tenants who have been living in the same apartment for over 30 years, some of whom are ill and handicapped, have been advised that their leases will be cancelled at a future date, when government approval is obtained. Owners are unable to set rental dates before undertaking the construction. The tenants doubt that the projects will ever be undertaken but feel that the owners would rather make some superficial repairs to take advantage of government subsidies at their expense. Tenant associations are set up to fight against the projects, or set alternatives. When tenants move out and the buildings become half empty, services worsen.