

Income Tax

program seems to offer a number of tax advantages to people already in the higher income tax brackets but does little to improve the position of low income families seeking accommodation. For example, as I understand the bill, a house now held in joint ownership could be transferred to registration solely in, say, the wife's name. The husband could then set up a registered home ownership savings plan in his own name, save up to \$10,000 which is tax exempt over a ten year period, and then proceed to buy the house from his wife. She at that point could establish a RHOS plan of her own to buy furnishings or a new house.

In effect this couple has had the advantage of a \$20,000 tax saving, perhaps without any house even coming on the market or having actually exchanged hands. If that is the intent of the bill, or if the bill does permit this to take place, it would seem that it militates against those who are not in this preferred financial position at the outset. Would the minister comment on whether or not this is possible?

● (1520)

Mr. Turner (Ottawa-Carleton): We have tried to make this incentive for accommodation as generous as possible, particularly for young couples who have not previously owned a home, and what the hon. member suggests is potentially possible. We have treated husbands and wives as separate people under this legislation, giving the same incentive to the wife as to the husband by treating each spouse equally in allowing transferability, if necessary, between them, and also recognizing that if each spouse works, or is in the labour market, the \$1,000 a year maximum applies to each for a total of \$2,000. In other words, in terms of equality of status we have reflected it in this particular piece of legislation.

Depending on the income level, it may be that people will be able to deduct up to \$200, \$250 or \$500. This all depends on the income level, a couple's savings plans and priorities. This is a new and revolutionary concept and we will have some teething troubles. We will be watching it very carefully, but we have leaned on the side of generosity to ensure that young people are induced to save for their own accommodation.

Having regard to those who have not got that income potential, my colleague, the Minister of State for Urban Affairs, supported by the Department of Finance, has been given an expanded budget for assistance to home ownership plans, for multi-unit housing, both rental and ownership, and higher leverage incentives to the private sector. We are dealing with both areas at the same time. What we really want to do with this particular measure is help those with income potential by giving them the means, added to by the taxation system, to provide for their own accommodation, or furnishings for their accommodation.

Miss MacDonald (Kingston and the Islands): I thank the minister for his explanation, but I am still not at all sure that the people who are in the greatest need of housing will benefit from either plan. Nevertheless, I should like to ask the minister if he would clarify for us more extensively what he intends to include as furnishings. This could very well become a bone of contention if it is not spelled out very precisely. As I understand it, furnishings are to be listed in the regulations, and I am

[Miss MacDonald (Kingston and the Islands).]

wondering if the items listed will be narrowly defined. Perhaps the minister would give us some idea of the sort of things he has in mind.

When the minister refers to furnishings we realize that he obviously intends that to apply to furniture, carpets, drapes and so on, but does it include such things as linens, dishes, appliances and pianos? Does the minister intend to define this in some meaningful way so that it is perfectly understood what items can be clarified as furnishings for the purpose of the plan?

I would like to go further than that by asking him if he intends to allow items which in some cases might be classified as repairs? For instance, will this plan cover the purchase of a new furnace for an existing home, and will it cover insulation, new wiring and new plumbing? It would seem to me that there is a real need to include these items in the plan. I would suggest that many young couples start out by buying a modest dwelling as a first home, perhaps even an existing dwelling that may need repairs. Would the minister provide some clarification as to whether this kind of repair or renovation will be allowed, because in many cases this could be classified as furnishings. Are these to be included under RHOSP?

Mr. Turner (Ottawa-Carleton): The simple answer to the last part of the question is no, this is not a renovation or repair plan, but a plan to encourage people who have not owned a home to buy or furnish a new home. As to the definition of furnishings, this will be defined by regulation and will include such things as furniture, household appliances, curtains and drapes. I doubt very much if it will cover the utensil field.

These regulations will be published and deposited under the Statutory Instruments Act. They will be available to hon. members at the standing committee which reviews that act. If the hon. member finds that the list is not extensive enough under the definition of furnishings she will have an opportunity to challenge it at that time. I am trying to give her the thrust of the plan, which is really to encourage the purchase of new homes, and furnishings have been put in as an ancillary item. Furnishings will include the major permanent items in a home, but will not go as far as to include utensils.

Miss MacDonald (Kingston and the Islands): As I read this clause of the bill I understand it to apply to purchasers of existing dwellings as well as new homes, but the minister has just referred to new homes. Am I correct in that?

An hon. Member: He said it twice.

Mr. Turner (Ottawa-Carleton): The hon. lady is correct. It is the first purchase of a home, not necessarily a new construction.

Mr. Baker (Grenville-Carleton): It could be the first purchase of a new home?

Mr. Turner (Ottawa-Carleton): In reply to the hon. member for Hamilton West, if I did own a home and I wanted to move to Hamilton and purchase his home and it was for the first time, I would be eligible for the RHOSP.

Mr. Alexander: You couldn't afford it.