

## GOVERNMENT ORDERS

*[English]*

## INCOME TAX ACT

The House resumed consideration in committee of Bill C-49, to amend the statute law relating to income tax—Mr. Turner (Ottawa-Carleton)—Mrs. Morin in the chair.

**The Assistant Deputy Chairman:** When the committee rose earlier today an amendment to clause 100 was under consideration. Shall the amendment carry?

**Mr. Brewin:** I have a few brief remarks to make on the generality of this Registered Home Ownership Savings Plan. I come from a constituency where we are deeply concerned about housing, and naturally I have looked at this clause to see whether it will help my people there.

I have sometimes been reproved for taking perhaps too broad a perspective of my responsibilities in this House. However, for the moment I want to concentrate on this legislation as it may affect my own constituents. I regret to have to tell the minister that I do not think it will help more than a handful of them. There are very few people in my constituency who will be able to benefit from this particular provision. I think there are very few who can save up to \$1,000 in a year to buy a house at present prices. There may be a handful and I do not begrudge them some income tax exemption, but there are so few that in my view this really does not amount to anything.

● (1620)

The real and urgent need is housing for those people whose income gives them no chance of buying a house. The minister says this provision will benefit young people. I wish it would, but I do not know very many young people in my riding who could possibly save \$1,000 a year and avail themselves of this tax exemption. If there are such it is a small and exclusive group who are perfectly well able to look after their housing needs without these special exemptions from income tax.

I think every cent available should be poured into two forms of housing for which there is real need. I refer first of all to public housing with rents geared to income. I have people in my constituency who are being forced out of their houses because they cannot afford to pay the rents charged. Many of these people are elderly. Secondly, I know of young people going into co-operative housing, and more funds are needed to assist development of co-operative housing. I regret to say that I find this legislation pretty barren and useless in meeting the housing problem in my own constituency.

Another matter of concern to me which, perhaps the minister can help me on is, that as far as I can make out, if you want to take advantage of this provision you must deposit your money in a savings account in a bank, trust company or similar institution, no doubt at a fee. I do not see any arrangement made regarding the fee charged for holding these funds. Is there no machinery whereby the government itself could accept deposits, which it could then put into bonds or savings accounts that would make a reasonable return while the person concerned awaited acquisition of his new house? There is a resentment

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among some people about being required to use these particular financial institutions to avail themselves of this provision.

The only other thing I want to say is that anybody who thinks that this legislation is a serious means of dealing with the housing crisis in this country should have his head read. It is nothing of the sort. This is tinkering. The expression the hon. member for Broadview used was that it is a gimmick, and we are not really very much interested in it. It will help a few, yes, but there will be so few in my riding that you could count them on the fingers of your hand.

**Mr. Stevens:** Madam Chairman, before we move on from this clause I have some questions to put to the minister. There is one thing I feel the committee should have clarified. As I understand it, a person contributing to the plan may not own a house in the year he makes a contribution. For example this means that if a person contributed to the plan in 1975 he would not be eligible to buy a house in 1975 because this would be the calendar year in which he contributed and he has retroactively disqualified himself.

Is my understanding correct, and how does this work in conjunction with the post-dated contribution down to April 1? Is this post-dated contribution treated as a payment in 1974, so that he can buy a house in 1975?

**Mr. Turner (Ottawa-Carleton):** The hon. gentleman is right on both counts.

**Mr. Stevens:** I am very encouraged. That is one of the least evasive answers we have had from the minister for some time. My second question is this: in view of that, would the minister not agree that the main impact of this program will certainly not be in 1975 or 1976 but probably in subsequent years? If a person cannot purchase a home in the year of his contribution, there will be a tendency for him to contemplate buying his home in future years. Consequently, any suggestion that this provision will have a good impact in the sense of stirring up money to be used for house purchase in 1975 is not too realistic. Does the minister agree?

**Mr. Turner (Ottawa-Carleton):** Madam Chairman, the hon. member is right in the sense that the demand will gradually build up as funds accumulate. But as I have said before, this is just one element in the government's housing program. The other purpose is not only to sustain demand but to allow the tax system to help young people accumulate funds for house purchase.

**Mr. Stevens:** Following along that line of reasoning, would the minister also not agree that the plan may take money out of the home purchase field in 1975 and 1976 because people who might have bought a home will be attracted to the plan, but instead of going out and using their available cash they will start contributing to the plan with a view to buying at a later date? As a consequence, rather than helping the 210,000 starts objective of the minister, the plan may actually work against the purchase of new homes in 1975.

**Mr. Turner (Ottawa-Carleton):** Not necessarily, Madam Chairman. The money invested will probably be