

*Income Tax Act, 1986*

peculiar that we are now debating an amendment which, fundamentally, is seeking to help young families who wish to purchase their first home. Basically, that is the purpose of the Registered Home Ownership Savings Plan. The Government has now moved to remove this provision. I am more concerned with the symbolism involved in this particular act. I am concerned with the type of signal it sends out to young people in Surrey and Richmond in the greater Vancouver area who are working hard to save for the purchase of their first time.

**Mr. Blenkarn:** It is just a small tax shelter we are getting rid of for those who can afford to save an extra \$1,000 a year!

**Mr. Riis:** To those people who obtain incomes from capital gains the Government is saying that there will be no taxes imposed in this respect.

**Mr. Blenkarn:** It is just a small tax shelter—merely a loophole.

**Mr. Riis:** The Hon. Member for Mississauga South (Mr. Blenkarn) indicates that this is a tax loophole which, presumably, we wish to keep in place. He is absolutely correct. We feel that this is a tax expenditure with a great deal of merit. We feel there are other tax expenditures which have little, if any, merit. I will mention one of them just for the interest of the Hon. Member.

I refer to the decision that no tax be paid on capital gains of up to \$500,000. That is the type of expenditure which will cost the people of Canada a considerable amount of money—in fact, hundreds of millions of dollars. Those people who derive their incomes from capital gains at the moment only pay tax on half of those gains. We feel that is wrong. We also feel it is wrong to pay no tax at all on the first \$500,000 of income spread over a number of years. One can call it a loophole or whatever one likes. One can even call it a boondoggle. We say it is ethically inappropriate and morally wrong. It is simply not the right way to treat people in our tax system.

On the other hand, we feel there are some tax expenditures which do make sense. We believe everyone should have access to decent shelter and that they should be able to purchase their own homes if they so wish. Because of the Government's high interest rate policy and because of a number of other reasons which have caused the prices of homes to inflate beyond the means of most Canadians, we feel that this provision could encourage people to save for that very important first down-payment. I have no hesitation in saying that that is the type of tax expenditure which we would like to see more of. We would like to see people being encouraged to save for their first home. We like to see people being encouraged to start their own business and being encouraged to find ways and means to start their own farms. Those are legitimate uses for tax expenditure programs. To even think that they are not being used for those purposes and that we want to eliminate this particular provision is wrong. This amendment simply suggests it be restored. In this way young Canadians could save for the purchase of their first home while being assisted through our tax system.

I would like to hear my hon. friend from Mississauga South stand in his place and explain why he feels that this particular amendment is inappropriate. I would like to hear him once again wax eloquently with respect to those people whose incomes are derived from capital gains and who should not pay any income tax. I would like to hear him explain the thought that if one obtains income from capital gains then tax should only be imposed on half of that gain. Perhaps he could go back a bit further and go into other administrations in order to explain that. In other words, he seems to say that dollars earned by capital gains are evaluated differently from dollars earned by labour. He says that labour should be taxed on the whole dollar. However, if you obtain your income from capital gains, only half of that should be taxed. Now, none of that will be taxed up to \$500,000 over a number of years.

● (1730)

This is the kind of useful debate I think we should be hearing in this House and I assume my colleague from Mississauga South will be reacting to some of these comments. I simply want to say that we feel Motion No. 5 is certainly in order. The revenues lost to the federal Government will be more than offset by the generation of investment in new homes, home furnishings, and the assistance that would provide to our manufacturing, construction and forestry sectors. We feel very strongly about this amendment and we will certainly be looking forward to supporting it when the opportunity to vote arrives.

**Mr. Deputy Speaker:** Is the House ready for the question?

**Some Hon. Members:** Question.

**Mr. Deputy Speaker:** The question is on Motion No. 5 standing in the name of the Hon. Member for Saint Henri-Westmount (Mr. Johnston). Is it the pleasure of the House to adopt the motion?

**Some Hon. Members:** Agreed.

**Some Hon. Members:** No.

**Mr. Deputy Speaker:** All those in favour of the motion will please say yea.

**Some Hon. Members:** Yea.

**Mr. Deputy Speaker:** All those opposed will please say nay.

**Some Hon. Members:** Nay.

**Mr. Deputy Speaker:** In my opinion, the nays have it.  
*And more than five Members having risen:*

**Mr. Deputy Speaker:** Pursuant to Standing Order 81(11), the recorded division on the proposed motion stands deferred.

We will now proceed to Motion No. 6.

**Mr. Don Blenkarn (Mississauga South)** moved: