

reason that the insurance companies, trust companies and private lenders are not lending money under this scheme? What is back of that? Let me tell you that in my city it is practically impossible to get a loan from anybody except C.M.H.C.

Mr. CARON: I will answer that question to the best of my ability as a builder. Apparently the lending institutions have not the same volume of funds to lend. Therefore, they are going to take the very best ones they can. If they can lend money at a higher rate of interest at a larger volume per loan they are going to do so. That is my impression, and I think that is the answer to your question.

Senator HAIG: I suggest to you another reason. About five years ago the private investor in house building was prohibited from taking a depreciation on income from housing property. The Income Tax Act prohibited it. Prior to that time there was a good deal of investment in housing by private investors. They will let you take depreciation now but if you sell the building in 10 years for more than the depreciated value, they make you pay income tax on that. I live in one of the smallest cities in Canada,—

Senator CONNOLLY (*Halifax North*): Name it.

Senator HAIG: These witnesses wouldn't know it anyway. They are from Ontario. In my city a great many people, men like yourself, builders, invested in two or three houses. Sometimes they would own five houses and they delighted in making that kind of an investment. That sort of thing has all disappeared and I say it is because of the income tax regulation with respect to depreciation that was put on. They get practically nothing now but in most other things you get the benefit of depreciation.

Mr. CARON: I am afraid, Mr. Chairman, I do not quite follow the term depreciation as it has been used. You say, senator, that prior to a certain date the lending institutions—

Senator HAIG: The owners. They can get loans from the local institutions because the value has been depreciated and they are getting the benefit of it. Loan companies make a larger claim against it and get larger payments because they have that depreciation earned and they take that payment into account. I know what I am talking about.

Mr. CARON: I am sure you do, sir. Incidentally, may I ask: did you say that I was from Ontario?

Senator HAIG: I am not from Ontario.

Senator CRERAR: He lives in the "village" of Winnipeg.

Mr. CARON: I am sorry but I had not heard the part about Winnipeg. I was quite sincerely interested in knowing because I like to know where people come from.

Senator HAIG: I have only been here a little while. You wouldn't know me.

Senator CRERAR: I think the point raised by Senator Haig has some validity. I presume it applies to urban dwellers as well, but take a farmer who builds a new house. He cannot claim depreciation on that house on his income tax return but he can claim depreciation on his binder, for instance.

Senator HAIG: Yes, he can.

Senator BRUNT: And he can on part of the house.

Senator CRERAR: What part?

Senator BRUNT: I think he can take depreciation on 25 per cent.

Senator CRERAR: When did that come into effect?

Senator BRUNT: I think it has been in for quite some time.

Senator CRERAR: I will have to take another look at it then.