

this afternoon—when he says that the tax shelter for proposed apartment construction will do little good for the majority of Canadians. In the light of the kind words said about our leader by the hon. member for Broadview (Mr. Gilbert) last week, I may even go so far as to say that there is certainly some justification in that party's request for further attention to public housing. If this provision is to be at all meaningful, if it is to help in any way with housing starts ever, even if not this year, it must be extended. After all, the Minister of State for Urban Affairs needs all the help he can get. While he may not make his quota this year, another year might be better.

The proposed capitalization of property tax interest expenses will increase housing costs to the home purchaser in the long run. This resolution was probably intended to discourage the land speculator. Unfortunately, it would appear that the builder will be penalized as an innocent party and the consumer will pay for this. There seems to be a constant trend to equate a legitimate land developer with some kind of pirate. In fact, the very word "developer" has fallen into disrepute; this is also unfortunate.

In the void left because of this government's inability or unwillingness to provide adequate land banks, the legitimate developer who invests a tremendous amount of capital to put on the market large tracts of land for housing is the only reason there is housing of any sort now available. Certainly developers are making a profit out of their work, but invariably the trends are cyclical. Given the keen edge of competition, costs are usually kept in line. It has been the usual state of affairs for this government and others to tax hell out of the developers but not even to give a moment's sympathy for some of their losses. Manufacturing and processing profits are specifically exempt from the corporate surtax in this legislation. Why then are not profits earned in construction? With all the government's restrictions being placed on the construction industry, entrepreneurs could use some incentive to compensate for the high risks involved.

Perhaps an 8 per cent mortgage on a home has become a thing of the past. Perhaps a new resolution should be incorporated in the budget which would permit home owners to deduct mortgage interest in excess of, say 8 per cent per annum from their taxable income. This would reduce the effective cost of mortgages and would make a mortgage with an interest rate of, say 11 to 12 per cent—the current market rate—more palatable for the home owner.

Like many other programs in the legislation, the registered home ownership plan is sadly lacking. For example, you cannot contribute to the program in the year in which you buy, which means that a prospective home owner meeting his target has to wait at least an extra year. A couple with a home already in one name can take full advantage of the plan for a number of years and own another home, having had all of the savings plus the sale of the first home. In other words, if you do not really need help, this government stands ready to give it to you. How the government can expect

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low income earners to pay rent, raise a family and live—in this time of high inflation—and still save \$1,000 a year for this or any other program, I fail to see. In addition, rising cost of two-digit inflation proportions will mean that the funds on deposit will hardly keep up. These savings will be wiped out, as are many others.

There are so many holes in this piece of legislation with regard to housing that I suggest we might better give the builders a better deal, bring in some of the Arab money that the Minister of State for Urban Affairs is talking about and let them go to it. I am sure that in the long run they will do a better job. After all—once again—the Minister of State for Urban Affairs needs all the help he can get.

Among some of the provisions of the legislation which leaves one in wonderment is the \$1,000 interest exemption provision. For example, farmers who borrow and pay interest have to deduct this interest from any interest income from the various sources allowed them. This could wipe out completely any benefits of the provision. Although the reasons are obvious, I do not know why interest from loans to family or partners is exempted. With all the other holes in the legislation, it would seem to me that to plug this one little loophole would be unnecessary. Many loans between relatives and business partners are tougher by far than some less than arm's length business transactions.

Much has been said about permitting the deduction of royalties on natural resources. My colleague, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), spoke most eloquently on this subject last week and gave the minister not only a thoroughly well thought-out lecture on what could be done, but in a very magnanimous way left the field open for the minister to take full credit for much-needed changes. What the government is proposing is an unfair intrusion into provincial rights and is thoroughly unacceptable.

After the budget was introduced on November 18 there were many, many days when the government could have introduced Bill C-49. To have left it until the last few days, and to announce 24 hours later that no one would be able to get their income tax refund until the bill passed, is a form of blackmail that is also not acceptable. Even the income tax forms had been printed long ago, and they could not have been printed if the provisions of this bill had not been known. The income tax forms have been mailed to all Canadians, with the warning through the press that the provisions contained in them cannot be accepted until after this legislation passes. Now, of course, the government is even more embarrassed by having our party repeatedly ask for a further reduction in the income tax provisions.

Revenue from personal income tax in 1975-76 will increase by an estimated 13 per cent—and it need well be. On October 25, in the debate on supply, I spoke at length on the extra costs that were being faced by the Department of Public Works and the fact that contracts were coming in over budget by an average of 20 per cent. This was on top of a 38 per cent increase in the budget over previous years. Surely common sense would dic-