

cent goods and services tax on all housing, existing as well as new housing.

The result, of course, is what we have before us now. The House is debating Bill C-62, which deals with the goods and services tax as presently put forward.

In examining that tax we have to bear in mind first, that at the present time there is a federal sales tax of 13.5 per cent on all building supplies. As well, there is a federal sales tax on many other inputs that go into the building of a new house, whether it is the machinery or the tools that are used in the building of that new house, or whether it is the office supplies or the printing materials that are used with respect to it. Whatever it is, there is at the present time a federal sales tax of 13.5 per cent that goes into the building of that new house.

What we are talking about now is taking that off and putting in its place, first, a 7 per cent goods and services tax with a rebate of 2.5 per cent on homes of up to \$350,000. The net impact of the goods and services tax on new housing is a 4.5 per cent tax on all parts of that new house. That compares with the present federal sales tax that impacts on new housing at the rate of 4 per cent. That means what we are talking about with the goods and services tax is really a one half of one per cent increase of the total tax that is imposed on a new house under this system.

What the impact of the goods and services tax with the rebate means is that there will be, in many cases, no increase in the tax, or in some cases a modest increase in the tax. In all cases there will be a rebate on the tax up to the \$350,000 cost of housing.

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I think it is important that I point out as well that over the last two years housing prices have increased dramatically without any tax changes whatsoever over and above what the impact of the GST will be. For instance, in Canada last year the price of a new house increased by 13.2 per cent; in Toronto, by 19.2 per cent; and in Vancouver, by 30.7 per cent.

It is quite clear that there are other factors going into the cost of housing and new housing other than and separate and apart from any taxes whatsoever. That is why I and the government have been working to put surplus government land on the market to increase the supply of housing. That is why we are looking at the possibility of a 5 per cent down payment. That is why we have instituted co-operative committees, provincial, federal and municipal, to make sure that we can accommodate affordable housing.

With all of these things, I am sure it is clear to you, Mr. Speaker, and to the hon. member that the government is dealing with this question of housing affordability and that we will continue to deal with it until we have ensured that each and every Canadian has a decent house at an affordable price.

[*Translation*]

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 24(1).

The House adjourned at 6 p.m.