

Government Orders

ly require serious thinking in order to try to eliminate overlaps and duplication, and their tremendous cost.

We should look first for a simpler way of qualifying expenditures to facilitate small business access to these measures; second, we should streamline aid programs to reduce their excessive administrative cost; third, we should have a single entry point for all forms of aid to small businesses, as suggested by the Montreal Chamber of Commerce; fourth, we should eliminate overlaps between the federal and provincial programs, by delegating to the provinces which apply for it, the management and preparation of business assistance measures.

In the second part of my speech, I would like to focus on another amendment to the Income Tax Act proposed by Bill C-9. This is the extension to March 1, 1994 of the home buying program. The amendment extends by one year the program which allows first time home buyers to use part of their RRSP to buy a new home.

What I will say is largely based on an analysis of the program prepared by W. Paul McCrossan for the Canadian Real Estate Association.

The federal government has often used housing programs to stimulate the economy during recession periods. This particular program was introduced in the February 1992 budget. It allows buyers to withdraw, tax-free, up to \$20,000 from their RRSP to use as a downpayment when buying or building a new home. However, the money withdrawn must be returned to the RRSP by way of an equal payment plan over 15 years. Originally, people had until March 1, 1993 to take advantage of this measure, but now Bill C-9 extends the limit to March 1, 1994, a couple of weeks from now.

• (1145)

On September 1, 1993, the Canada Mortgage and Housing Corporation published data showing that in 1992 consumers using the home buyers' plan accounted for 26 per cent of all sales at the national level.

Department of Finance statistics show that during the first year of the plan, which ended on March 1, 1993, a total of 153,452 persons benefited from the home buyers' plan. Moreover, according to raw data for the five months from March 2 to July 29, 1993, the department has received 45,500 additional requests for withdrawal of funds from RRSPs. These data clearly show that this plan is still fulfilling real and urgent needs.

As I mentioned before, Angus Reid recently published the results of a vast survey ordered by The Canadian Real Estate Association, which clearly illustrate the relationship between the economic situation surrounding the usage of the home buying plan and the demographic characteristics, the attitudes and the views of those who take advantage of it.

According to the survey, households withdrew on average \$13,965 from RRSPs for a downpayment on a house. Almost half of the households, that is 47 per cent, used their RRSPs to buy their first home. More than a third, precisely 34.5 per cent, of the total amount invested by those who took advantage of the plan came from RRSPs. However, among families with a total income of less than \$30,000, almost half the capital invested came from RRSPs, that is 46.8 per cent.

Even if there are no restrictions in the plan for first home buyers, one of the social effects of the plan's provisions is to give those who otherwise would never be able to afford a house, the opportunity to buy one. Nearly half, that is 47 per cent, of those who took advantage of the plan were buying their first home.

Furthermore, among first home buyers, 86 per cent mentioned that the plan was a decisive factor in their decision to buy a house. Analysis by income category also shows that middle and low-income Canadians were mainly the ones who benefited from the plan.

Among users of the plan chosen at random for the survey: 28 per cent were from the upper middle class with an annual income between \$50,000 and \$70,000; 23 per cent were of the lower middle class with an income of between \$30,000 and \$50,000; and 10 per cent were of low income, that is below \$30,000. They are the ones who have the hardest time buying a house.

The key question raised by the home buyers' plan is whether or not this plan supplements the existing system allowing for retirement income high enough to be taxable or if it encourages immediate goods consumption at the expense of retirement income security?

Participants were asked to indicate on a one to seven scale the importance of various elements with respect to retirement income security. Ownership of a house came first with 6.1, followed by personal savings—5.8, RRSPs—5.7, Canada pension plan—4.5 and old age security—4.5.

Not only do low income and lower middle class Canadian families consider owning a house as the single most important factor for their retirement income security, they also gave it the highest rating among types of incomes, that is 6.2.

• (1150)

Regardless of their age, all respondents said that owning a home was very important, 55 per cent said it was fairly important, 19 per cent found it to be important, and 13 per cent declared that it was important for Canadians as a whole, in terms of their retirement income security. The importance of owning a home for retirement income security was confirmed when 84 per cent of all respondents said that as far as they were concerned, it was from very important to rather important.