

*Income Tax*

**Mr. Clarke (Vancouver Quadra):** One would have to be, at least in the office of the Prime Minister, in order to have enough money left over. The point is that the plan is available to any person who has owned any number of houses in the past. It has been illustrated by a question but by my hon. colleague from Kingston and the Islands that trading between spouses can go on, so that two spouses can take advantage of this plan. A wealthy person of whatever residence—not all wealthy people live in Shaughnessy; some live in Westmount—can take advantage of this plan. I do not think that is what the government intended, and I am asking the minister if his plan was intended to benefit these people or if it was a plan to benefit the young people of the country who are struggling to obtain a house?

**Mr. Turner (Ottawa-Carleton):** Primarily the young people, Mr. Chairman. It would be virtually impossible to administer if we were to insist that the taxpayer had never owned a home. We have a voluntary assessment situation. One can check whether the taxpayer at the moment does or does not have a house. To check every taxpayer as to whether he ever owned a house would make the assessment and the administration of this proposal virtually impossible.

My second response to the hon. gentleman is that people really do not organize their affairs in order to move in and out of houses, particularly at the income range the hon. gentleman was describing, to take advantage of this type of exemption, which is really of primary interest only to young people who need it when building up a family.

**Mr. Gilbert:** Mr. Chairman, it is a rather happy coincidence that we are discussing this particular section of the Income Tax Act at this time in view of the serious housing crisis in Canada, and I am just going to remind the minister of his budget speech of November 18 where he pointed out the seriousness of the housing situation. He then set forth the registered home savings plan, and said:

... this plan will provide an important new source of mortgage funds to finance the construction of the new housing we require in this country.

I am going to remind the Minister of Finance that the Minister of State in charge of housing has indicated that we need 210,000 homes as a target for 1975, and at this stage CMHC has just issued a statement with regard to the January starts, which says:

Housing starts during January were at a seasonally adjusted annual rate of 175,700 for all areas according to preliminary figures released today by Central Mortgage and Housing Corporation. These figures compare with the rate of 177,500 in December, 174,600 in November, and 177,300 in October.

I hope that the Minister of Finance realizes that there is a downward trend and that we are not even coming close to reaching the target of 210,000. The Minister of State for Urban Affairs in his speech on February 3 to the Housing and Urban Development Association of Canada said that we must look at the situation squarely; that we do have a serious challenge to meet; that we have to get this industry moving again; and that we must produce 210,000 new starts this year just to meet growing need and to prevent conditions from becoming worse.

He also indicated in that speech that some private forecasters were saying that housing starts could drop as low

as 172,000 in 1975, and he indicated that at the end of January we were achieving in the area of about 170,000 to 175,000 housing starts. This raises a very serious question with regard to the approach of the Minister of Finance and the Minister of State for Urban Affairs with regard to some of the gimmicks they are using to increase housing starts in Canada and to alleviate the serious housing situation. I am inclined to think that this gimmick with regard to the Registered Home Ownership Savings Plan is really a joke to attract rich people across the country and to give them substantial tax savings.

I would like to ask the minister in what way will we increase mortgage moneys with regard to the housing problem. I do not think that the problem at this stage is a shortage of mortgage moneys. I think the real problem is a shortage of housing starts and tremendously high rents and interest rates. I would like to ask the minister just how his proposal helps to reduce the cost of housing across the country. This measure really helps the rich because a couple from a moderate income family at best can save about \$200, and on a saving of \$200 the tax saving will be about \$40 to \$50. But someone in the upper income group can save \$1,000, and the tax saving will be between \$400 and \$500.

I am going to draw a comparison between this program and the registered retirement savings plan. In 1972 83 per cent of those who made contributions to registered retirement savings plans had incomes over \$10,000, and 60 per cent earned over \$15,000. In the province of Manitoba 11 per cent of those earning between \$9,000 and \$9,999 contributed to a registered retirement savings plan, while 48 per cent of those earning between \$20,000 and \$25,000 contributed. The simple reason is that there is a greater opportunity for middle and upper income people to save, and it is a greater opportunity for tax savings.

This gimmick should be exposed for what it is worth, because it is really worth very little to moderate and low income people. But it certainly helps middle and upper income people. I think that the minister should be required to answer just how this affects the mortgage supply when the moneys are probably in the bank now. Banks and trust companies are using those moneys, so how does that increase the supply or decrease the price of housing?

● (1550)

This morning I asked the Minister of Finance some questions about the housing situation in Ontario. The minister of housing for that province has indicated that drastic cuts in federal housing programs will directly affect senior citizens and public housing starts in the province. In an article in this morning's *Globe and Mail* the Ontario housing minister is quoted as saying:

Funds for public housing are down in Ottawa's allocations from \$78 million to \$50.4 million. Co-operative housing groups building rental accommodation will receive \$55.8 million in federal mortgages, down from \$65 million last year—although for ownership units such groups will receive \$15.9 million, up from \$10 million last year.

And the federal government will cut the money available for land assembly and development to \$35 million from \$55 million.

The programs of the federal government are having an adverse effect on public housing, co-operative housing and land assembly, and the minister attempts to bring forth