

Income Tax

definition of the word "relationship" within the act now so we will know how far removed a person can be before the provision of this particular section can apply, and if so where is it?

Mr. Chrétien: Yes, there is such a definition in the act.

Mr. Smith (Churchill): I have one or two further questions concerning housing referred to in clause 2. I have heard here in the House the government accuse the mining industry of not creating enough jobs and not doing enough for their employees. In the case of a person who moves to an isolated community, or moves to a community and qualifies for the allowance, how long is he allowed to reside in that community prior to his purchasing a house? Would he qualify for the refund or qualify for the rebate on his tax if he purchased a house, providing he moved further than 25 miles—could he live in that community for five years, or three months prior to meeting this criteria, or does he have to meet that as soon as he moves to that community.

Mr. Chrétien: There is no time limit to that provision, Mr. Chairman.

Mr. Smith (Churchill): In other words, the person that now lives in that particular community, does not qualify because he is not under the 25 mile restriction. You are discriminating against the person who lives in the community at the particular time because he does not come under the 25 mile restriction—that he must move from further than 25 miles; is that right?

Mr. Chrétien: That is an allocation relating to mobility. If he is a resident, this provision does not apply.

Mr. Smith (Churchill): I say you are definitely discriminating against the person who lives in that particular community, and that is just what I have referred to. You are talking about mining companies not providing or doing enough for their employees. Here is a case where the mining industry is wanting to do something for their employees, the employees right on site. In order to qualify for this, could I in fact quit the company, move out of the community, and move back in and qualify?

Mr. Chrétien: According to the provisions of the act, yes.

Mr. Smith (Churchill): Could I apply for a relocation grant to the government to do that?

Mr. Chrétien: We don't have a relocation grant under the Income Tax Act.

Mr. Smith (Churchill): The minister talked about the reason this clause 2 was put in there, he talked about people ripping the government off to the tune of \$150,000. Does the minister have any idea whatsoever, or any of his officials as to the number that would be involved here, say, under \$50,000?

[*Translation*]

Mr. Chrétien: Mr. Chairman, such figures are not available.

[*Mr. Alexander.*]

[*English*]

Mr. Smith (Churchill): In other words, Mr. Chairman, this clause may affect only a very small number of people in the isolated parts of the country especially—the problem that the mining companies have trying to encourage people to come into that part of the country and of trying to keep the personnel they have now. I just want to be very clear that if someone left one of those communities, quit his job, went out and was rehired, then he could come back to the community, qualify in buying a home and then qualify under this amendment, could he then qualify for the income tax rebate?

Mr. Chrétien: With respect to the particular problem raised by the hon. member, perhaps technically he can claim that he is entitled to this interest free loan, but then he will obviously be acting against the spirit of the law. I do not know how the lawyers will interpret that, but of course, just a move of say 24 hours and coming back, will just be a technique that normally will not be acceptable because it will be evident that he is trying to circumvent the act as it is written.

Mr. Smith (Churchill): I am still not perfectly clear on the one aspect of this. Where the minister said that there was no time limit on a person going into a particular community, and I am talking about isolated communities in this case, that he can live there for five years and could still apply for a housing loan—can he still qualify for the exemption under the income tax even if he was there for five or ten years?

● (2032)

Mr. Chrétien: Mr. Chairman, it is in relation to a move by an employee from one community to another. The employee has to be involved in a move of a distance of 25 miles. We do not make any distinction between an isolated area or a move from Montreal to Toronto. The same benefit applies to a person who is moving from Winnipeg to Churchill. There is no distinction between isolated and not isolated, mining and not mining. It is an interest free loan a company can make to an employee if he is forced to move to another city in the execution of his duties.

Mr. Smith (Churchill): Mr. Chairman, I cannot agree that you can have just one set of rules for isolated and non isolated areas in the country. The government recognizes that it is more costly to live in isolated areas. Civil servants who live in those areas are paid a northern allowance to live there because the cost of living is higher.

Here is industry giving an interest free mortgage to its employees, a benefit to the employees, and still this is not recognized by this government. I do not see any difference between this and the situation that was raised by my colleague. He stated that Air Canada employees receive travel allowances and so on. What is the difference between that situation and a mining company putting up a tax free mortgage for its employees to encourage them to stay in that part of the country in the mining industry to take advantage of harvesting resources rather than having to beg people to come into the north? It is the same as Air Canada allowing its employees to