

business of encouraging home ownership, the most productive, the most forthright, the most satisfactory means of doing so are those positive measures considered in recent budgets. I am thinking, for example, of the CMHC budget going up over \$1 billion in the current year, the Assisted Home Ownership Program which is now restricted to new construction, thus encouraging construction of new homes, and the \$500 grant toward the purchase of a new house.

Mr. Alexander: That is a great deal!

Mr. Francis: Hon. members opposite can make derogatory remarks about those measures, but it is up to them to propose alternatives. I am thinking, also, of the measures the Minister of Finance introduced to encourage savings through the Registered Home Ownership Savings Plan. This is a positive feature, putting savings, in the form of a tax deduction, in the hands of those who need to buy a home. Hon. members opposite can be skeptical. I am not prepared to say that this is the best of all worlds, but these measures will do more to encourage home ownership than the resolution before us, in my opinion.

The budget for 1973 introduced a principle which I think will achieve a great deal. In that budget, new grants on account of municipal taxes imposed for local school purposes were subject to an equalization system. The measures cost about \$190 million in the current fiscal year. When I hear hon. members talk about the burden of property taxes, I can agree with them, but they must admit that those taxes vary from one province to another. In the province of Alberta the problem is not as serious as in Manitoba or Ontario. The measure before us would make all provinces alike; it is not selective.

● (1720)

You cannot just talk about those provinces where the incidence of property tax is higher, argue for a general measure across the board and hope to achieve the same results. I heard hon. members on the other side talk about how regressive property taxes were for people with lower incomes, and older people.

Mr. Alexander: That was on your side.

Mr. Paproski: The hon. member for Parkdale (Mr. Haidasz) said it.

Mr. Francis: All right; I am glad I have persuaded hon. members. You have to look at what is happening under the present budget. Under the budget proposals at the end of last year, a married wage earner with two children under 16 would pay no federal income tax in 1975 on income up to \$5,871. He would need to have an income in excess of \$7,414 to get the maximum benefit of \$300. There are a lot of people in this country who, unfortunately, are not going to qualify for that benefit.

Let us look at the position with regard to a senior citizen. Let us look at the various exemptions available to an older couple, both over 65 and retired. There is the interest and dividend deduction, the pension deduction and the tax cut. It has been calculated they could receive up to \$8,258 in income in 1975 before becoming liable for federal tax. The hon. member's motion would not give one

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penny of relief to an older couple with income under \$8,258 in such circumstances. You can talk about regressive taxes all you want, but I suggest this motion would be most regressive for senior citizens living on retirement incomes. Only a very small proportion of people who are retired have incomes in such brackets that they would qualify for any relief whatsoever under the hon. member's motion.

Mr. Alexander: Thanks to this government.

Mr. Francis: I am proud the government has introduced that degree of exemption under our income tax law. The motion fails to give the best priority in terms of tax reduction. If the objective is tax reduction, increase the basic exemption. Let us give across the board deductions, because they help people in lower brackets even more than an increased exemption. Let us consider the priorities that are available. Let us put more money into subsidized housing. Let us give the provinces more money for land assembly. Let us put our money into positive measures to encourage home construction and a reduction in home costs.

The hon. member did not refer to the impact of his resolution on those living under subsidized programs such as rent to income. I predict that the provincial authorities would quickly adjust charges to compensate for any possible gain which would accrue to these people as a result of such a resolution being adopted. For those living under plans in the province of Ontario such as Home Ownership Made Easy, I raise the question whether it is really a fair and equitable proposal to add the tax deduction on top of the other subsidies made available to those fortunate enough to qualify under such programs.

It is my belief that this measure would not do anything to encourage new construction of houses. It would not do anything compared to other measures that could be considered by way of the fairest, most equitable and appropriate forms of tax relief.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, the remarks of the hon. member for Ottawa West (Mr. Francis) indicate once again the lack of comprehension increasingly apparent on that side of the House concerning the magnitude of the housing crisis confronting this country. I have been most interested in the proposal put forward by the hon. member for Parkdale (Mr. Haidasz). I hope that the members of his own party have been equally attentive, particularly the Minister of State for Urban Affairs (Mr. Danson) and the Minister of Finance (Mr. Turner).

Obviously, the hon. member for Parkdale is concerned with the high cost of shelter in this country, and well he might be. The cost of new housing is well beyond the capability of all but a very minute per cent of the Canadian public. The cost of existing housing for the majority of Canadians is eating up far more than the 25 per cent of total income considered appropriate by the Canadian Council on Social Development and by CMHC in their guidelines for AHOP eligibility. It cannot be reiterated too often that the residential construction industry is in a critical situation. Housing starts have fallen by 50 per cent from a year ago, down to some 160,000 projected annually. Mortgage rates are zooming toward new highs, currently