

The Budget—Hon. John N. Turner

National Housing Act, we propose to enlist the support of the principal lenders and the private mortgage insurance corporations to adjust down payment requirements in such a way as to confine high-ratio loans to middle and lower-priced housing.

My last and most important measure in this field will greatly ease the formidable difficulties facing our young people in accumulating the savings required for a down payment on a home and its initial furnishing.

All taxpayers over the age of 18 who do not own a home will be able to contribute up to \$1,000 a year, to a maximum lifetime amount of \$10,000, to a registered home ownership savings plan, and these contributions will be deductible for income tax purposes. The income earned by the plan will bear no tax and the proceeds of the plan will be exempt from income tax if they are applied as a down payment for the purchase of a house and furnishing it at the time of first occupancy. This measure applies not only to urban homes but to purchases of farm homes. The mechanics of this new plan are detailed in the ways and means motion, but in large measure it will operate in much the same manner as the existing registered retirement savings plan.

I am sure that the introduction of this innovative program will encourage savings and make it easier for Canadians to acquire homes. Together with the steps to be taken in respect of down payments, this proposal should help to reduce current speculative pressures on housing prices. It is difficult to measure the cost of this new measure. But no doubt as it develops and Canadians become aware of its real value, the registered home ownership savings plan will become a source of significant tax savings to many Canadians and particularly young people.

[*Translation*]

Easing the Burdens of Inflation

The third element of the government's strategy against inflation is to ease the burdens on those Canadians who are most vulnerable. We have fully indexed old age security pensions, the guaranteed income supplement and the Canada Pension Plan. We have indexed government pensions and facilitated the indexing of private pensions. As for family allowances, not only have they been very substantially increased, but we have ensured that their real value will be maintained. The federal minimum wage has also been progressively increased. My last budget included a very substantial cut in personal income taxes of particular benefit to the lower income groups, and provided for the indexing of the personal income tax system.

Tonight, I shall be proposing a wide range of measures which will further alleviate the impact of inflation on all Canadians, particularly those of more modest incomes.

First, under the personal income tax, members will recall that just last year I introduced a measure to give all taxpayers a tax reduction in the form of a 5 per cent credit against federal tax payable, with a minimum credit of \$100 and a maximum credit of \$500. I intend not only to maintain this substantial tax reduction but to augment it for the lower income groups. This will be accomplished by increasing the minimum credit from \$100 to \$150, effective January 1, 1974.

[Mr. Turner (Ottawa-Carleton).]

This change means lower taxes for everyone up to the \$13,000 to \$14,000 income range, and its benefits are concentrated among income-earners receiving less than \$10,000. For example, a married taxpayer with two children and earning \$6,000 will have his total tax reduced to \$269 from \$329 or 15 per cent. This tax cut removes at least 300,000 Canadians from the federal tax rolls.

The tax reduction tables will be adjusted as of July 1, 1974, so as to give the full benefit of this measure in the second half of this year. It will reduce personal taxes in fiscal year 1974-75 by some \$440 million.

Members will be aware, of course, that as a result of the tax reform the rate of tax under the first \$500 of taxable income will also be reduced this year from 15 per cent to 12 per cent. Even more important is the continuing benefit which all taxpayers are now enjoying as a result of the indexation of the personal income tax. The effect of this new system was to increase exemptions and raise tax brackets by 6.6 per cent for this year—and to remove a further 175,000 citizens from federal tax rolls. Under this automatic plan to relieve the burden of inflation on all taxpayers there will be a further adjustment next year to fully reflect the increase in the consumer price index currently taking place.

[*English*]

In our overriding concern with the fight against inflation we must not overlook the needs of those less fortunate Canadians handicapped by illness and other disabilities. In this regard we will, by regulation, broaden considerably the list of expenditures that qualify as medical expenses for tax purposes. This broader list will now include the cost of such items as heart monitoring devices, orthopaedic shoes and boots, a hospital bed required in a home, and walking aids required by crippled persons.

Moreover, I propose a change which will aid those Canadians who are confined for extensive periods of the day to beds and wheelchairs or who are so confined for periods longer than 12 months. This will permit these people to qualify for the additional \$1,000 deduction now available to permanently disabled and blind persons. At present, in order to get the deduction of \$1,000 per year, a person must have been confined to a bed or wheelchair throughout the taxation year. This provision will be amended in two ways. The time period will be changed to cover situations where a person has been confined for any 12-month period which ended in the year. The second change will ensure that even if a person is up and about for periods during the day, he will not be deprived of the deduction. This amendment recognizes that it is often in the best interest of the patient, whenever he can, to get out of bed or wheelchair.

I would also like to announce that my colleague, the Minister of Veterans' Affairs (Mr. MacDonald) will introduce legislation to provide further help for needy veterans, their survivors and their dependents in meeting increased costs. Effective from last October, the income ceilings applied to the war veterans' allowances and civilian war allowances will be increased by 5.3 per cent and escalated quarterly thereafter, in line with increases in the consumer price index. The pensions will be raised by the same dollar amount as the increase in the ceiling. These changes preserve the relationship between veterans'