

the homes built before 1921. At first, this program was not available in the province of Quebec because of the reluctance of the provincial government. However, according to the reply given today by the Minister of State for Urban Affairs (Mr. Ouellet), it seems that the negotiations are making good progress and that Quebecers will finally be able to avail themselves of this program. But the Minister of Finance should not take away with one hand what a department is giving with the other.

It is unthinkable that this grant, which is not very large but will nevertheless prove useful, should be taxable. For instance, in the case of a wage-earner with an income of some \$10,000, the taxation rate is, let us say, 15 per cent; so he is then very likely to have to pay out the \$350 he may have received as an insulation grant. That is why I feel that the Minister of Finance should reconsider his position and look very seriously into the purpose of that insulation program. It is not designed to help millionaires who live in well-insulated residences, but it is aimed at low wage-earners who live in houses which, while comfortable, are not adequately insulated. Heating costs are higher and there is less comfort. Such are the conditions in most houses built before 1921.

I do not want my comments to be considered as being against the program, on the contrary. I would like it to be extended. That is why I asked the Minister of Urban Affairs today whether it would be possible to make up for lost time. He held out some hope saying that he would do his utmost to make the program and the applications filed in Quebec and Alberta retroactive under the regulations.

I realize that the Minister of Finance has a very heavy responsibility and that he must find funds to cover the administrative costs of all departments. However, it should not be merely an accounting procedure. If the Department of Urban Affairs or the Department of Industry, Trade and Commerce gives \$350 to an individual, a home owner will have to refund \$275 in his income tax return. It is no longer a \$350 grant. This must be watched closely. I ask the Minister of Finance to reconsider seriously whether it would be possible for him to find some other sources of income and to remove from Bill C-11 the clause which will specifically make taxable as income a grant which will surely become less effective if Bill C-11 remains in its present form. I always consider that this will particularly apply to low and middle income people. Considering that the purpose of this program is precisely to help those people, I think we should not trick them, we should not give them the cards to take them back immediately after; of course, they shall never win if we take the cards back after giving them. I ask very seriously to the Minister of Finance to introduce an amendment to Bill C-11, and I think that all Canadians will be very thankful for this.

● (1542)

**Mr. Chrétien:** Mr. Chairman, to answer the hon. member, I think that the purpose of taxation in an area such as this one is to make the subsidy more useful to low income people than to people who pay a lot of taxes. This was considered the most

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favourable way to enable people in the lower income brackets to have \$350, because probably they do not pay much tax or they pay no tax at all. Those people will not be taxed. The higher the income, the higher the tax to be paid on this amount.

Of course, we always have a difficult choice to make in public administration. What is the best method to spend the available funds? We thought we should use this method and that it was preferable to give \$350 to the poorest people than to give \$250 to both rich and poor people.

[*English*]

**Mr. McGrath:** Mr. Chairman, I should like to make a few brief references to the remarks of the hon. member for St. John's West and the response of the minister thereto. I was astounded when I heard the minister's rationale for making a distinction between Prince Edward Island and Nova Scotia on the one hand, and the other six provinces on the other hand that are coming in under this program for the \$350 taxable grant. It makes no sense and it does not stand up to scrutiny and analysis. Surely the minister must realize that.

We are not dealing with the cost of electricity. It is the cost of heating homes that we are dealing with. Surely that was the rationale behind the grants in the first instance. If it is looked at from that basis, then the minister's arguments do not hold at all. In Newfoundland, over 70 per cent of the homes are heated by oil, the same offshore oil which has to be imported into Prince Edward Island and Nova Scotia. In Prince Edward Island, approximately 98 per cent of the homes are heated by oil. In Nova Scotia, approximately 90 per cent of the homes are heated by oil. Thus, why make a distinction? It really defies logic and it makes no sense.

The only reasonable rationale one can arrive at is that there was election fever in this country last summer. Presumably the word went out from the Prime Minister to all ministers to put together whatever programs could be used as part of an election platform. In this regard, the government had the program implemented in Nova Scotia and Prince Edward Island. It was designed to come to the rescue of Gerry Regan and his Liberal cabinet in Prince Edward Island which was in trouble at the time. This program was generous and adequate, but certainly not overly generous. Each householder could receive \$500 tax free for the purpose of insulating a home or helping toward the cost of insulation. Quebec and Alberta refused to go along with the program because there was no adequate consultation with the provinces.

The government decided this would look good on an election platform—\$350 to every Canadian householder for the purpose of insulating homes. One can get away with that in election rhetoric and on an election platform. My colleague has indicated that one would be required to spend over \$500 in order to receive the \$350 which was taxable; so this hastily conceived and hastily executed program came into existence. Now it is a total flop and a failure. There is no way in which the minister can rationalize or justify the inequality of a \$500 tax free allowance to householders in Nova Scotia and Prince Edward Island and a \$350 taxable allowance in the rest of the