

I know that our hearts go out to those who suffer the ravages of a tornado or who suffer the effects of a volcano, and so we should help those in our country who suffer the loss of their buildings and their home, the people we know best. There should be an established policy. I hope that the next time there is a catastrophe, the party in power will establish a policy to deal with natural major catastrophes which will be just as good to the people of Canada as to people in other countries.

Removing the excise tax and deducting the cost of rebuilding from income tax, even if it is spread over two years or three years, would be a tremendous boost. At least it would show people that the Government of Canada is as concerned about Canadians who suffer a natural catastrophe, as it is about people in other parts of the world who suffer such a catastrophe. I strongly support this motion.

Mr. Al MacBain (Niagara Falls): Mr. Speaker, today we are being asked to support a proposal for tax relief by way of sales tax remission for persons who have suffered property losses from major national disasters. It seems that very often when it is felt that some group needs financial assistance or when some kind of social or economic activity needs to be encouraged, the solution is proposed by way of tax concessions. Perhaps the feeling is that we are not really spending public funds when we provide a tax concession. After all, it does not enter into the expenditure totals. Certainly, the past tendency has been that once the concession is written into the tax law, its annual cost in terms of lost revenue has been virtually ignored.

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Tax concessions are not subject to the test of annual approval in the way direct spending programs are.

That situation has begun to be changed by the publication, starting a year ago, of a tax expenditure account. This provides estimates of the cost, in terms of revenue forgone, of the tax concessions now provided in federal tax laws. In reading this report, one is struck by the great number and complexity of these tax incentives and preferences. One is also struck by their very large cost, totalling many billions of dollars. Although the Department of Finance, in this publication, cautions that one cannot properly add them all together, because of the nature of the tax concessions, it is interesting to note that the total for 1979 is more than double the size of the budget deficit.

I should note in passing that this new attention to tax expenditures now means that the cost of new tax concessions is being taken into account in expenditure decisions of ministers. This is a progressive step, since it ensures that the impact on the total budget deficit of instituting new tax concessions will be fully taken into account in planning government expenditure priorities.

These considerations are relevant to debate on the motion before us. When we are being asked to provide a new tax concession, it is very valid to consider whether it would not be

preferable to seek the same goal by means of some direct expenditure program.

In the case of losses from natural disasters, there is an established method for direct expenditure assistance by the federal government. Based on past experience, a policy has evolved on the scope of federal assistance and on the kinds of losses that qualify for aid.

The policy reflects Canada's federal structure in that it recognizes the prime responsibility of the provincial governments in dealing with property matters. Very often a situation can be dealt with by the local community, with provincial assistance. But where the disaster is of such a scope that it is beyond the reasonable capacity of the province, federal help is available. Since 1970, the policy has been that federal contributions are available when the losses exceed a threshold of one dollar per capita of population in the province. In Ontario, for example, this threshold would be about \$8.5 million; in Manitoba, it would be just over \$1 million. For total losses over this level, the federal government pays 50 per cent. The federal share can be even larger where the losses exceed higher thresholds—75 per cent of losses for the fourth and fifth dollar per capita of population, and 90 per cent for losses that exceed \$5 per capita.

This policy does not cover losses on property that could have been covered by insurance. This is an understandable exception, since individuals should not be discouraged from taking reasonable steps to provide for their own protection when possible. Cost-sharing does apply to such things as the cost of meeting the immediate disaster situation, like emergency accommodation or the construction of temporary dikes, and also the cost of restoring public works and essential private property such as homes, barns and machinery, and small business enterprises, where the owner's livelihood has been threatened by the disaster.

I suggest that on the whole, this is a reasonable approach to the problem, once you accept the premise that the federal role should apply only to major disasters that are larger than the province should reasonably be expected to cope with. I note that the resolution we are debating states that it should apply to major disasters. However, it leaves it up to the provinces to decide when the assistance should come into play, and I suggest that it is not a good principle for one government's expenditures to be made on the initiative of another level of government.

In view of the fact that we do have a well elaborated policy of direct federal assistance, I find it hard to conclude that a further element of assistance should be provided by means of a tax concession. If governmental assistance to disaster victims is not adequate, then changes to the policy could be considered. But I should note that under the present approach, whereby provincial and at times federal support is available for rebuilding, the cost of sales tax on building materials is automatically covered. The same applies to losses covered by insurance.

A case can also be made for delivering assistance by means of direct expenditures rather than by tax concessions. There