

Mortgage Tax Credit

This bill, then, is a measure which can be criticized for numerous aspects. It helps middle income families a lot but does very little for low income families who will probably never have the chance to own homes.

● (1640)

[Translation]

Mr. Speaker, as a Quebec representative, I must say that I am deeply concerned about this bill. Indeed, as everybody knows, the largest number of tenants are found in Quebec. Thus, a survey conducted by Statistics Canada last spring has shown that fewer than half of Quebec households lived in their own homes, while in Ontario that percentage is 62 per cent. This means therefore, Mr. Speaker, that the bill is not only to the disadvantage of the less privileged owners who do not pay income tax but also of tenants.

Indeed, Statistics Canada figures show that 200,000 low-income owners do not pay any federal tax. On the other hand, 2 million households will only get small amounts because their income is low and they pay very little tax. All things considered, according to those statistics, about 3 million households will benefit from those political measures. Let us not hide the fact that Bill C-20 is a political bill resulting from many Conservative election promises.

The government forgot to say during the election campaign that 200,000 low-income families that own their homes, some of which are mortgaged, will not be entitled to any tax credit, because they do not pay enough tax in other words, because they are not rich enough to pay tax. The Progressive Conservative scheme provides that the tax credit obtained by an individual may not exceed the amount of federal tax he would normally pay. In other words, a small wage earner who only pays \$200 in federal taxes will only be allowed a maximum \$200 tax credit, even if he is burdened with a huge mortgage.

Generally speaking, Mr. Speaker, I think it is sad that these measures were not also intended for tenants who are among the victims of high interest mortgages. Everybody knows that these costs as well as property taxes are reflected in the rent tenants pay. On December 17, the Minister of Finance (Mr. Crosbie) said he had not promised anything to tenants, which clearly shows that this is a political measure that has not been thoroughly considered since Bill C-20 contains no improvement when compared with the rather vague promise made during the campaign.

Now, Mr. Speaker, in Montreal, among other cities, 80 per cent of the population lives in rental accommodation. It is therefore certain that the effects of this bill will not be felt very deeply in the largest city in the country. In the last few months, very relevant studies which would have been worth studying have been made by various interest groups. I think it is deplorable that none of these suggestions was retained. So I can hardly see how the minister can claim that an indirect consequence of these measures will be an increase in the

[Mr. Allard.]

construction of homes. If that is the case, it will happen in some privileged city and not in Montreal island or in the remote areas of Quebec like my riding, the lower St. Lawrence River area and Gaspé where average earnings are nowhere near those of Rosedale or Westmount.

As for the owners, who are among the lucky ones and who will benefit from these measures, of course the tax credits will be welcome. As for those who can now afford to buy a house and face the highest rates of interest on record, the measures introduced by the Minister of Finance will only compensate them for the cost of high interest which has reached an unacceptable level. In that regard, Mr. Speaker, I should like to quote an editorial published in the paper *La Presse*, written by Mr. Yvan Guay on September 19 last, in which he very ably describes the dilemma I spoke of in dealing with the successive increases in interest rates these last few months. The writer says, and I quote:

Current tax credits will do much less to stimulate construction than to increase the profits of banks and lending institutions. Though no home owner will complain about lighter taxes, the majority of the people will feel frustrated, because the stated purpose of those tax credits proves to be nothing but a pretext. Mr. Clark and his team, in order to get into power, produced a fireworks of promises without ensuring that they were economically realistic.

It is absolutely mind-boggling, Mr. Speaker, when one realizes that once again big financial institutions will make the profits. Personally, I feel this bill will make more malcontents than happy people.

Quebeckers, the majority of whom are tenants, are therefore losers in this bill and, as I have already said, the latter will have no special effects on the Quebec housing industry. To illustrate how precarious its position is, let me quote a few figures on the Quebec Housing Corporation. In 1978, the corporation granted \$3,409,000 in loans for 152 housing units, which represented investments of \$4,042,000. For 1979, that is January to October, corresponding figures were 15 housing units and loans of over half a million dollars, for a total investment of \$2,789,000. However, lending institutions took on the major part of that financial activity. In 1978, they granted loans amounting to \$260,636,000 for 7,969 housing units. To this day, that means loans totalling \$170,284,000 for 4,676 housing units.

Therefore, banks and financial institutions pervade this market. They take advantage of high interest rates to make huge profits at the expense of small and medium wage earners. As a measure of justice, we propose therefore that a home ownership savings plan be set up to make it possible for the medium wage earner to buy his own home. Such a measure would alleviate the negative effects of this bill on tenants and medium wage earners who want to buy a house but are prevented from doing so by economic conditions. The existing home ownership savings plan has been greatly appreciated in the past by the Canadian people and has enabled young couples to save enough money to buy a home.