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PRIVATE MEMBERS' BUSINESS

INCOME TAX ACT

Mr. John Cummins (Delta—Richmond East, CPC) moved that Bill C-520, An Act to amend the Income Tax Act (Home Buyers' Plan), be read the second time and referred to a committee.

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I would like to begin by thanking my colleague from Delta—Richmond East for introducing this bill, which will increase the amount of money people can borrow from their RRSPs to buy a house from \$20,000 to \$25,000. For a young couple, that means the limit will increase from \$40,000 to \$50,000.

I think there was a need to fix the existing situation. This is a good program, and this measure helps give people access to property. In my riding in particular, many young couples will have a greater incentive to become homeowners thanks to this measure. They will vacate housing that can be occupied by other people, because in some of the municipalities in my riding, there is a real housing shortage. This change will have a positive ripple effect.

I would also like to thank my colleague for the fact that the Standing Committee on Finance's pre-budget consultation report recommended doing something like this. The Minister of Finance did not follow that recommendation this year. However, let us hope that the situation will be improved by the progress of this bill, its adoption, or some other measure.

In its supplementary opinion, the Bloc Québécois explained why it supported this measure and why the party thought it was important to make the proposed improvements to the program.

It is clear that this whole issue is also about encouraging people to save money. I think that adopting this bill will solve the non-indexation problem that has been around since 1994 and will also create a ripple effect to improve access to housing. I think we will all benefit by making this happen.

Following my colleague's speech a few minutes ago, I also got the impression that he would likely be open to the possibility of an amendment so that in the future, that amount can be either fully or partially indexed so that in five or ten years, the amount will still be realistic with respect to housing prices.

These types of actions, which have already been around for a number of years, as well as the other conditions under which homes are being built, have certainly helped Quebec and Canada avoid experiencing all of the difficulties being faced in the United States, where interest costs are fully deductible. I think that the actions that were taken in Canada were the right ones, and this bill only improves the situation. That is why the Bloc Québécois will certainly support this bill.

As I was saying earlier, the maximum amount for the home buyers' plan has not been increased since 1994, and is set at \$20,000 per individual and \$40,000 per household. Bill C-520 would increase that to \$25,000 per year, to a maximum of \$50,000 per household. Thus, individuals who have contributed to their RRSPs will have be able to have a larger down payment and therefore a smaller mortgage payment. This is a real and direct incentive for home buyers.

We know that couples often put a large part of their expenditures towards rent. With this measure, couples will have financial security while they are getting older and establishing a family. There is definitely a positive incentive in the existing program and even more so in the improvement provided by the bill.

This increase is justified by the spectacular rise in the cost of homes over the past years. Paradoxically, the cost of homes is not rising only in large cities. In my riding, along the shores of the St. Lawrence, the baby boomers are arriving, wanting to retire in the country with nice surroundings. And this has increased the costs of homes all along the St. Lawrence. This often means that young couples who have just moved to the area do not have access to these properties. However, in a number of towns not on the river,

houses are becoming available. Often, as is the case with young couples, while two people work in a factory or in their first job, they have student debt to pay back.

They need more time to save the money they need to purchase a home. This program makes it easier for them to become homeowners.

In a way, the program aids regional economic development. In many communities where the population is aging, more homes are coming on the market as seniors leave their homes to live in residences or, sadly, die. The program encourages young people to settle in these towns and villages. Ultimately, families with children will justify keeping schools open. Obviously, this is not the only factor to consider, but it is one of the reasons we support this bill.

The assistant chief economist at RBC said:

Nationwide housing affordability deteriorated in every quarter throughout 2007 to end up at the worst level since...1990. Back then, soaring interest rates and a recession sparked much of the trouble. Today, however, a long upward trend in house prices, driven by sounder macroeconomic fundamentals such as job growth, is primarily responsible.

Passing this bill will send a clear message that legislators have the will to tackle the negative effects and move forward with a positive measure. Many people have asked why this situation has not already been indexed. If it had been, we would not have had to take this step now. The hon. member must be congratulated for taking the initiative to move forward to correct it.

Nonetheless, as I was saying, the Bloc Québécois would like the indexing to be incorporated into the bill during review in committee. Depending on the testimony we hear, we could study the possibility of doing so. Ultimately, we should have seen this type of measure in the last budget, but that was not the case. The hon. member's initiative can help correct the situation. Let us hope this bill is passed quickly.

During this economic downturn we are currently experiencing, this is a small tool that could be used to help maintain growth through domestic consumer spending, which we are in great need of to respond to the decline in consumer spending in the United States and the huge number of homes available in that country. We are all aware of the ripple effect, the domino effect this situation has on the economy and the entire forestry industry.

Since this bill introduces such a tool to correct the situation, at least partially, the Bloc Québécois will support it in good faith. In the presence of positive and constructive measures, we are indeed capable of working together with the government or with other hon. members of this House to pass such bills that will improve the situation, especially for our young families.