

quarter of this year. The rate has since recovered to a level of 213,000 in May. This recent increase has been welcome, but the level reached in May is still below what appears to be needed over the longer run to look after the housing needs of Canadians. Construction of single-family dwellings has increased, but activity in rental accommodation remains depressed. I believe that further action is appropriate in order to achieve an adequate recovery as soon as possible. On behalf of my colleague, the Minister of State for Urban Affairs, (Mr. Danson), I wish to announce the following measures.

First, the government has decided to increase substantially the level of housing activity directly financed from public funds. The \$1 billion commitment authority for housing already provided to CMHC this year will be increased by a further \$200 million. This will permit increased lending to limited dividend rental projects, to purchasers of new homes under the Assisted Home Ownership Program and to provincial and other non-profit housing agencies. All these programs are directed towards meeting the housing needs of Canadians of modest means.

Second, I wish to announce a temporary increase in the grants available for housing financed by the private sector. Hon. members will recall that legislation was passed recently authorizing direct payments by CMHC in order to bring the cost of new privately financed housing, both rental and owner-occupied, down to a reasonable proportion of the budget of moderate-income families. This important innovation extended to housing financed in the commercial mortgage market certain benefits previously available only on housing financed by the government. We are now introducing a temporary increase in these grants from an annual maximum of \$600 to \$1200 for owner-occupied housing and from a maximum of \$600 to \$900 for rental accommodation.

These measures will stimulate demand and help make adequate housing more accessible to Canadians of moderate means. They will also give an important stimulus to a sector of the economy which has not in recent months played its full role in providing jobs for Canadians.

Mr. Speaker, the details of these new grant provisions and the increased lending authority for CMHC will be provided by my colleague, the Minister of State for Urban Affairs. I estimate that their total budgetary and non-budgetary cost in 1975-76 will amount to about \$125 million.

[Translation]

#### Direct Employment Programs

In addition to providing for the continuing improvement of our capital facilities and the recovery of our housing industry, specific measures are needed to create jobs among those people and in those areas where the need for employment is greatest.

A further direct employment program will therefore be initiated immediately. The program is designed to act as a catalyst for governments, industry and private groups, enabling them to co-ordinate their efforts to improve the skills of our work force and to create useful jobs. The total program will involve a financial commitment of \$450 million over the next two years and a disbursement this fiscal year of \$150 million. It will consist of five distinct ele-

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ments: occupational training, manpower placement and mobility, a new local initiatives employment program, an employment program for students for the summer of 1976, and a federal program of labour intensive works and activities.

The additional allocation to occupational training over the next two years will be \$70 million. Half of this amount will be available for training in industry and half for training in educational institutions. This will encourage and assist many unemployed persons to acquire specialized technical skills that have a continuing value, thereby increasing their employability and earning capacity. It will also provide employers with a substantial number of trained workers and assist them to make effective use of plant facilities. We will also be allocating about \$10 million to intensify job placement and mobility programs of the government. These programs have proven to be a highly effective instrument in bringing together jobs and workers.

An allocation of \$285 million over the next two fiscal years will be provided for a new local initiatives employment program. This program will operate from November to June in each of the two years. Our experiments in this kind of job creation have proved effective in expanding employment at the community level through a wide range of projects sponsored by private citizens and municipalities. Special emphasis will be placed upon municipal works and projects. The new program is expected to provide over 400,000 man-months of employment.

The federal government is already engaged in a substantial program of student summer employment this year and a further amount of about \$60 million is being set aside for this purpose in the summer of 1976.

We are also proposing a temporary \$25 million to finance labour-intensive federal projects, particularly in regions where unemployment is most severe. Based on previous experience, this program should provide about 30,000 man-months of employment over the next two years.

My colleagues, the Minister of Manpower and Immigration (Mr. Andras) and the President of the Treasury Board (Mr. Chrétien), will elaborate on these measures in the next few days.

Mr. Speaker, I have been outlining measures needed in present circumstances to sustain and improve the pace of production and employment in the economy. They will cost money. This is the kind of cost government should be incurring in present circumstances. These additional costs, taken together with the expenditure cuts I announced earlier, give the kind of structure and balance to government programming which is needed today.

[English]

However, the general balance of ways and means which I shall summarize later tonight, does require some increment of revenue to help pay for these special programs. Under current circumstances this contribution should come from the higher income groups of our country. I therefore propose that the income tax reductions effected in my budget of last November should be changed in one significant respect.

Members will recall that as a result of that budget the federal tax cut was increased. At the present time every