

housing has increased some 75 per cent this year, creating a very heavy demand on these markets. I have urged, as have my officials, the lending institutions to make certain a greater proportion goes into new housing. This assistance to housing is just as important, I realize, but in the long run it is not getting at the root of the problem by creating the supply for the ranges we need, which has been the case for so long. This additional subsidy should help immeasurably.

There are some technical problems, for instance in respect of periods of amortization, which we have been able to work out with the lending institutions and the programs are beginning to catch on, particularly in the limited dividend area. I think this will be sufficient if the funds come in. As they come on stream, I think these funds will be used for mortgages in respect of low income people and government-supported programs; that is the object of the exercise at this time. I am hopeful that even more funds will become available as a result of the budget and the minister's extension of the waiver of withholding tax and its applicability to mortgage funding. I think this will make available to us significant amounts of mortgage funds which will find their way into National Housing Act programs.

I should also point out that the industry itself is making considerable progress in shifting production into this price range. I have found this especially encouraging. When the Assisted Home Ownership Program was originally announced, many were skeptical and suggested that the limits were not high enough—I agree that they were not—to provide the type of homes required. Builders were building homes which at that time Canadians could no longer afford. Now builders see that the financing is there, the market is there, and they are building successfully to that market, providing good housing and not continuing to construct homes that Canadians can no longer afford.

It is interesting that the unsold stock of new houses today is double that of last year but it is in the wrong price ranges. Houses are not selling in these price ranges, but this is what builders were building and getting away with. Now they have found a good and substantial market, with a continuing mortgage market, in the lower income range and they are building in that range as quickly as they can, getting the funds to do so. We are helping them in this regard.

I should like to turn for a moment to the issue of provincial requests for substantially increased housing funds. Members will recall that I met with my provincial ministerial housing colleagues a few weeks ago in a working session to discuss the general economic outlook, the housing market situation and their inevitable request for increased funding from the federal government. This was a continuation of the process I promised the housing ministers from the provinces at our first meeting on January 30: I promised regular consultation. These are not well-staged programs of federal-provincial conferences in the conventional sense; they are shirt-sleeve working sessions, with only one official each, in one room really getting to grips with the problems. Quite frankly, things are working out, with good interchange, and we are prepared to continue as long as they are.

An hon. Member: Do they wear neckties?

The Budget—Mr. Danson

Mr. Danson: As a matter of fact, they take off their neckties and their jackets and roll up their sleeves. I think we are perhaps accomplishing more in three or four hours' work at these sessions than we might at a two-day, formalized conference where everybody has to be at his best.

In the public context at least, the main story that emerged in the media was, of course, that the provinces, particularly Ontario and to a lesser extent Alberta and British Columbia, wanted huge increases in their capital budgets. I recognize and empathize with the fact that my provincial colleagues do have very real priorities, as do we, in the field of housing. That is one reason I met with them and am in contact with them so often on a regular basis. I want to say, as I have said before, that I continue to be prepared to work with them in this type of consultation in order to achieve the common objectives which I am sure we all have as Canadians.

Immediately following the budget speech on Monday night, I telexed each of my provincial colleagues and reiterated the fact that I wanted to continue this consultation. I also said I would be prepared to discuss with them further financial assistance to the extent that they use up their current budgetary allotments from CMHC for provincially-initiated programs which can provide accommodation for people with even lower incomes than can be served by programs which are not conventional but, rather, important, new and innovative such as AHOP and rental assistance programs. I put special emphasis on senior citizens' housing in that area. It is a personal bias which I hope to express in emphatic terms as the minister, and I hope most hon. members agree with that.

The point is that at the current stage of play, as of last Thursday the provinces had used up 54 per cent of their allocated budgets. I am not criticizing them for that, as it takes time to get into operation, but we have been able to use up something in excess of 80 per cent on our direct programs. We have worked with the provinces and we want to see them use up these funds during each year. We want to try to accelerate the procedures and help them to do that. First of all, we want to see these funds used up.

The only other criterion for additional assistance would be their ability to ensure production of quality accommodation for low income people before the end of the year, or as much before the end of the year as possible. I will be very responsive to any proposal they bring forward. I have asked that my deputies and their deputies right across the country meet very soon to discuss these matters. When that process is completed, I intend to meet with my provincial colleagues, again in September, to review the overall situation and to reconsider the reallocation of any unexpended or uncommitted funds at that time, so that we can make certain we do not end up the year with funds left over which should have gone into housing for more Canadians.

I wish to make one more point before leaving this part of my remarks, and I make it because I think it is valid and important. I believe that Canadians who need shelter, care very little which level of government delivers the help as long as it is done reasonably quickly and meets their very real needs. While we must all be accountable for our taxing and spending powers, the people are not that much interested in our flag waving or pinning federal,