

*Oral Questions*

reply to the hon. member for Hamilton Mountain, the minister made reference to the \$3,000 first-time home buyer grant. Given that the average price of a Canadian home with a 20 per cent down payment would require mortgage payments at 17 per cent of \$842 a month, if that \$3,000 is to be used to buy down the mortgage it means a decrease in that mortgage interest payment from \$842 a month to \$800 a month, a 5 per cent decrease. The minister knows that that will be taxed back as a result of an increase in taxes by virtue of decreased indexing. How does the minister see this as a stimulus to housing and a means of making housing more affordable to Canadians?

**Hon. Paul J. Cosgrove (Minister of Public Works):** Madam Speaker, the hon. member makes reference to average prices. The \$3,000 grant is available not only to single family home owners but to those in duplexes, town houses, and those purchasing condominiums. For example, we believe that the \$3,000 as applied to a purchase of a condominium at \$50,000 is a significant contribution to a young couple who are entering the home purchase market for the first time. We believe that it ranges anywhere from 3 per cent to 6 per cent, and could be higher in some cases.

We believe that is a significant contribution in view of the way the government has had to look for resources and has had to allocate resources in a budget that does not increase the deficit. It appears that the industry seems to agree, and it would appear that this program will indeed result in a stimulus to the industry of a minimum of 25,000 housing starts in the country.

**Mr. McGrath:** It seems to me that we have heard that song before on the last housing policy brought in here by the government; we heard the same song from that minister. He has failed to address himself to the question of how that person can afford to meet his mortgage interest payments when it is a one-time grant for one year and when mortgage interest payments are continuing to rise. That is the question he does not understand.

## IMPACT OF BUDGET ON CONSTRUCTION INDUSTRY

**Hon. James A. McGrath (St. John's East):** Madam Speaker, following the announcement by the Minister of Finance last night, real estate companies on the Toronto Stock Exchange fell by 9.5 per cent. So much for confidence in the minister's policy! The Urban Development Institute said, "Our biggest concern is that a number of Canadians will hold off their purchases until they have a clearer indication of what the legislation will be." That refers to the fact that the mortgage interest deferral has been put off until consultation takes place. I would ask the minister how the budget of last night addresses itself to an industry that is crippled and on the verge of collapse. Let him answer that question.

**Hon. Paul J. Cosgrove (Minister of Public Works):** Madam Speaker, I would urge that the industry representatives and Canadians inform themselves on the total budget and all of the

\$400 million allocated in last evening's budget to assisting the housing industry. For example, the hon. member does not indicate that the \$3,000 is intended to be an immediate stimulus. It is effective today to people who will be out looking for houses on the weekend. It will not wait for the four months of delay, for example, that we experienced in the House through delay by the opposition with the previous budget.

**Some hon. Members:** Hear, hear!

**Mr. Cosgrove:** As well, I would remind the hon. member that, also provided in the budget, is an increase for non-profit and co-op housing, 2,500 units, and we raised that to 27,500, which is 27,500 units more than the Conservative Party recommended to Canadians when they had the same responsibility.

**Some hon. Members:** Hear, hear!

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## ENERGY

## FORTHCOMING INCREASE IN OIL COSTS

**Mr. Ian Waddell (Vancouver-Kingsway):** Madam Speaker, my question is for the Minister of Finance. In his budget last night the minister proposed to hold federal regulated prices to 6 per cent. The Thursday oil price increase itself will be an increase of 10 per cent, and next year consumers will face a whopping increase of 31 per cent in energy costs. In view of the fact that the Prime Minister today, in response to our suggestions for postponement of oil price increases, said that it was not in the public interest to reopen the oil deal, would the minister agree that he is being unrealistic and misleading when he expects airlines and marketing boards, which are all affected by these increased energy prices, to hold the 6 per cent guidelines? How will they do that?

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, I indicated in the budget statement last night that the government is requesting all regulatory agencies to keep their price increases at 6 per cent unless they can be justified as necessary.

**Some hon. Members:** Oh, oh!

**Mr. Broadbent:** What about wages?

**Mr. MacEachen:** The government itself will monitor all the price increases that will take place by regulatory agencies, or which will be submitted by the departments, to ensure that only in those cases where solid justification can be brought forward will these increases take place. It is a serious part of our program and we intend to enforce it to the very limit.

## EFFECT ON RETIRED CITIZENS

**Mr. Neil Young (Beaches):** Madam Speaker, my question is directed to the same minister. As the minister knows, oil and energy costs form a large part of all family budgets. However,