

*Adjournment Debate*

**Mr. Paul Dick (Parliamentary Secretary to President of the Treasury Board):** Mr. Speaker, I would like to respond further to the matters raised by the Hon. Member on April 16, 1985 concerning proposed rental increases in CMHC-administered department projects, including Main Square in Toronto. As the Hon. Member knows in March, 1985, Canada Mortgage and Housing Corporation notified the tenants of the Main Square project of a 10.4 per cent rent increase. I should point out that all rent increases were \$40 per month or less. The increase was instituted after a careful review of the project's financial situation and rent structure. The increase was designed to meet increasing operating costs and required capital improvements, to reduce operating deficits and to bring rents in line with those of other properties.

● (1805)

With respect to the increase, I would like to point out that CMHC has in place the federal graduated rent-to-income scale in the project. If a tenant feels that the rent increase creates financial difficulty, he or she has only to contact CMHC in order to receive assistance, if warranted. Under the scale, rents do not exceed 25 per cent of the family income for those tenants in a hardship situation. Presently, approximately one quarter of the tenants are receiving rent-geared-to-income assistance. At the same time, the project will benefit from the higher rents received from those who can afford to pay them.

Because of the former Government's price restraint policy, CMHC has not been able to increase rents in line with costs or market conditions and rents are substantially below market rates in comparable projects. This has meant increased losses to CMHC and the federal Government, and in hidden subsidies being poorly targeted to tenants in need.

According to provincial statute, CMHC projects, like those of Ontario municipalities and the Ontario Housing Corporation, are not subject to the provincial rent review guidelines. Nevertheless, when considering rent increases, wherever possible, CMHC applies internal guidelines similar to those of the Rent Review Board as though it were a private landlord subject to the Board's review. In this respect, CMHC ensures that the increases could be substantiated before the Board.

*[Translation]*

TRANSPORT—POSSIBLE CLOSING OF MARINE INDUSTRIES RAIL DIVISION—GOVERNMENT POSITION. (B) REQUEST FOR CLARIFICATION OF VIA RAIL REQUIREMENTS

**Hon. André Ouellet (Papineau):** Mr. Speaker, this evening I would like to speak further to a question I put to the Minister of Transport (Mr. Mazankowski) on February 12 of this year, when I reminded him that Marine Industries in Sorel was about to close down its railway car division, which would lead to the loss of about 1,000 jobs, both directly and indirectly, in this area.

At the time, the Minister of Transport answered: "I am sure the Hon. Member has heard the statements made by the Right Hon. Prime Minister (Mr. Mulroney) indicating that the

number of jobs that have been created, and indeed in Quebec, is very considerable."

Mr. Speaker, this Government is obviously trying to take the credit for all the jobs created in Canada. Whatever the Government's performance in job creation, one thing is certain. Employees who traditionally have been involved in the manufacturing of locomotives and railway cars in Canada or who built parts for railway equipment, all these employees are suffering as a result of the Canadian Government's lack of direction and responsibility.

● (1810)

In fact, our principal railway companies—I am thinking especially of Canadian National and VIA Rail, two Crown corporations which should be receiving instructions from the Conservative Government to buy their rolling stock in Canada—these companies are now either not buying or buying abroad. I am thinking of one particular case where parts were purchased in Brazil instead of Canada. The situation has already become so alarming that Bombardier has already announced it stopped manufacturing locomotive and railway cars. The CSF Foundry located in Montreal East and Laforge CSW, also in Montreal East, have laid off hundreds of workers because they have no Government contracts, and now we have Marine Industries that is going to close down its railway division owing to a lack of Government contracts. This is an unacceptable situation. That is why I am raising the matter, and I would urge the Government to take action and to buy the rolling stock it needs in Canada.

The Minister has been making great speeches and telling us he wants to protect the rail passenger service. He will soon table a Bill giving VIA Rail more responsibility and specific authority. Well, Mr. Speaker, the fact is that after 18 months the Government has yet to buy something, and neither the CNR nor VIA Rail has received any new equipment. Week after week the Minister keeps repeating that their order is in. Even though the Parliamentary Secretary who will reply will probably tell me that they have placed an order and that Bombardier and an Ontario company are likely to sign a contract before too long, the fact is that the Government, at this point in time, has not yet bought any new railway equipment to meet the needs of the companies, either the CNR or VIA Rail.

In my judgment, the Minister is shirking his responsibilities by failing to establish a buy-at-home policy. I know that later on, in a few weeks, on March 8, the Marine Industries union workers, led by Mr. François Lamoureux, will hold a seminar to discuss the future of the company. I would like the Minister to be there to explain to Tracy and Montreal East workers who are severely affected by the inaction of the Conservative Government why this Government is more anxious to reduce the Canadian deficit than to create well-paying jobs in the railway industry. It would then be possible to keep hundreds of