

Oral Questions

get conventional loans? Let him explain that to the House and to the low income earners of the country, Mr. Speaker.

Mr. Ouellet: Mr. Speaker, I think the hon. member is a bit confused. The graduated mortgage payment will apply to the Assisted Home Ownership Program, while the other programs in relation to co-operative housing and non-profit housing are entirely different.

Incidentally, when I am in Toronto next week I will take the occasion to meet representatives of the non-profit groups to explain further the ramifications of the program and to clarify the aspects of it which they have misunderstood. Clearly, the objective of the government is to create more public housing in Canada to allow people in lower income brackets to take advantage of our program, not the contrary.

MORTGAGE PAYMENTS UNDER CO-OPERATIVE HOUSING PROGRAM

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my questions are for the Minister of State for Urban Affairs, on the same subject. I would like to say at the outset that I, for one, am not surprised that he got agreement from the government of Manitoba on a program that will be detrimental to low income housing.

I would like to ask him very specifically, in that context, considering that the head of CMHC made a speech recently in which he admitted that 280,000 families in Canada spend more than 50 per cent of their income on housing—clearly demonstrating the need for more, not less, low income housing—if he could explain why he has virtually scuttled the non-profit and co-operative housing sections. That is the accusation made by people in the field. In answering that question, will the minister take the opportunity, if he wishes to, to deny that the financing changes proposed by the federal government in the co-operative field will, in fact, mean that people, over the course of paying their mortgage in co-operative housing, will pay much more than they do under the present legislation?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I am sure that when we have the meeting in Toronto next week the ramifications and details of the program will become quite clear. It will be obvious that the intention of the government is to substantially reduce the interest rate that this group has to pay. In fact, rather than paying 8 per cent, they will pay—

An hon. Member: They are going to pay more.

Mr. Ouellet: Under the current program, Mr. Speaker, the interest rate these people are paying is 8 per cent. We will reduce the interest rate to 1 per cent, which means that they will be paying 7 per cent less than they are presently paying under the existing program.

Mr. Broadbent: For how long?

Mr. Ouellet: For the duration of the loan, that is, 35 years.

[Mr. McGrath.]

Mr. Broadbent: Mr. Speaker, if what the minister is now saying is the case, it is certainly very different from the regulations—he is nodding his head—or very different from the announcement which he made not long ago in this field, which upset virtually everyone in the country concerned with low income housing. If what he says is correct, we on this side of the House will welcome that change. I would say to his colleague, who is cheering on the right, that he has just had an about-change, again, of 180 degrees, which is typical of that side of the House.

I would like to question the minister in another area, Mr. Speaker. The federation of Canadian municipalities, meeting in Edmonton, have said of the minister's general changes in housing that the government leaves all of that area of social policy in Canada, to use their phrase, "in the twilight zone". In this context specifically, would the minister explain to the House why the federal government is withdrawing from the capital financing of housing, particularly at a time when starts are down by some 20 per cent compared with last year?

Mr. Ouellet: Mr. Speaker, one of the fundamental decisions that must be taken in relation to federal subsidies in the area of housing is to decide where to put the emphasis. Indeed, the emphasis should be put on low income housing and housing for old-age people. In order to do more in this area, to take all our available resources and increase our activity in that area, we had to cut some of our expenditures in other sectors. We decided to ask the provinces to borrow in the market through the normal financial institutions, rather than coming to the federal government and using us as banker.

This allowed the government to have more money available and to use it to help people of low income and people who need more in society. That is where the emphasis is. We will no longer put the capital on the table, but we will restrict our activities to subsidies to reduce substantially, as I indicated earlier to the hon. member, the interest rate which these groups must pay.

Mr. Broadbent: Mr. Speaker, the minister has acknowledged in his answer, by shifting the burden to the provinces, that this means the poorer provinces and people living in them will be worse off than those living in the richer provinces. If the federal government maintains its program, that will not necessarily be the case.

Mr. McGrath: It is a Mickey Mouse program.

Mr. Broadbent: More specifically, on the question of finance, as the minister knows, his proposal in part involves the shifting of obligation to the provinces and in part to the private financial institutions. I ask the minister whether, in getting out of direct financing the federal government has obtained specific commitments from the banks and other lending institutions that they will fill this financing gap at low interest rates.

● (1442)

I ask this question in light of the failure of the former minister, the Minister of National Defence, who promised us