

When awarding contracts for their 1946 programme it became evident that firm bids could not be secured except at very high levels. To meet this situation Housing Enterprises entered into an arrangement with contractors for a target price whereby any saving in the target price was divided between the contractor and Housing Enterprises. Housing Enterprises were responsible for any costs incurred in excess of the target price.

The 1946 programme is now well advanced, and it is apparent that practically every project will exceed the target price, and that correspondingly high rentals will result.

It had been originally anticipated that although projects by Housing Enterprises would not be in the really low rental field, nevertheless rentals might be of the order of \$35 to \$40 for a four room unit. Because of increased building costs, rentals calculated upon the formula which I have described earlier are considerably higher than was originally anticipated. Even in their 1946 programme Housing Enterprises felt that it would be extremely difficult for them to fill the need at a rental level which was originally contemplated.

Last fall Housing Enterprises accumulated land for their 1947 programme. The unsatisfactory nature of many of their 1946 cost-plus contracts made it prudent for Housing Enterprises to require that their 1947 programme be carried out on the basis of firm bids. A firm bid has been received for some 400 units in Hamilton at a price which would result in rentals of \$55, \$65 and \$75 for three, four and five room units respectively. Housing Enterprises feel that the purpose for which they entered the field is not being fulfilled, and that rentals which result from such high costs are far in excess of those which the scheme envisaged. Unless it is possible for Housing Enterprises to secure considerably lower prices on other projects, they do not intend to proceed with their 1947 programme.

The government is grateful to the life insurance companies for the time and effort which they have given to the operation of Housing Enterprises. Every factor has been unfavourable towards carrying out the original intention. I know that the life insurance companies are disappointed that they have been unable to produce the low or moderate rental housing that was originally planned. Nevertheless, the government appreciates the position of the life insurance companies, and although it regrets losing a potential volume of new rental housing, nevertheless it does concur in the decision which has now been taken by them.

[Mr. Howe.]

Mr. FLEMING: What will now happen to the very considerable number of houses which are under construction by Housing Enterprises Limited? Will that programme be carried through to completion?

Mr. HOWE: Yes, it is my understanding that Housing Enterprises Limited intend to complete all the projects at present under construction. My hon. friend will appreciate, of course, that Housing Enterprises Limited is a purely private project, carried out under the National Housing Act, and that any decision as to whether houses will or will not be completed rests with the insurance companies which formed Housing Enterprises Limited.

Mr. TIMMINS: Is there any obligation on the part of Housing Enterprises Limited to proceed with any of these projects they now say they intend to abandon?

Mr. HOWE: I know of no obligation.

Mr. NICHOLSON: Did the minister indicate how many units had been completed of those which were begun last year?

Mr. HOWE: I gave the figure of 3,276 starts. I cannot say how many have been completed.

Mr. NICHOLSON: Is there any indication of the rents which are being charged in the Toronto area?

Mr. HOWE: They are too high, I may say. They are not in a class of low-rental housing.

Mr. NICHOLSON: How high are they?

Mr. HOWE: Probably about \$45 to \$55 a month.

Mr. CHURCH: What is the use of building, if you cannot pay the rent?

LABOUR CONDITIONS

WORK STOPPAGE IN NOVA SCOTIA AND NEW BRUNSWICK

On the orders of the day:

Mr. P. C. BLACK (Cumberland): Mr. Speaker, I should like to ask a question of the Minister of Labour. Is he, or his colleague the Minister of Reconstruction and Supply (Mr. Howe), in a position to make a statement with regard to the progress of deliberations with respect to the settlement of the coal strike? This is of transcendent importance to all the people of Nova Scotia. I think it is in the public interest that a statement be made.

Hon. HUMPHREY MITCHELL (Minister of Labour): As my hon. friend is aware negotiations took place in Montreal yesterday.