

Some hon. Members: Oh, oh!

● (2150)

Mr. Basford: We are now engaged in discussing whether the interest rate should be one half of 1 per cent or one quarter of one per cent. I think the House and the public are being quite misled about the purpose of these amendments. What the amendments are designed to cover is the difference between the government's borrowing rate and its lending rate. If it borrows money at 6 per cent, it will lend it out—under the programs which the hon. member for Calgary North (Mr. Woolliams) outlined in his speech—at one half of 1 per cent more than that, which I can assure you, Mr. Speaker, is an amount designed to cover the costs of administration of that lending operation by the government. To say that the government is making money, or that the corporation is making a profit at that half of 1 per cent is not in accordance with the facts.

The costs of administering the housing program of the government are covered not only by loans but by appropriations by this House, by estimates that are passed year by year. These include the costs of covering the sewage treatment program, of covering the subsidies on public housing, of covering housing research and development projects. All those figures, and they have been documented in this House many times, show that there is no profit in CMHC, in any meaning of the word "profit", in that any money it may make on any direct lending activity is far exceeded by the amount that you and I, Mr. Speaker, as taxpayers, put into programs subsidized by the government and the corporation.

This is an amendment to the amendment moved by the hon. member for Calgary North. I want the hon. member to listen to this because I think it is important that he understands it clearly. The amendment before us says that, for example, on neighbourhood improvement loans there shall be a difference between the government's borrowing rate and its lending rate of one half of 1 per cent. The NDP say that it should be one quarter of 1 per cent, as though that is going to make a great deal of difference to these loans. Nowhere is there mentioned that in the Neighbourhood Improvement Program there are very substantial grants and contributions provided which far exceed one quarter of 1 per cent, one-eighth of 1 per cent or three-sixteenths of 1 per cent. All we are saying is that where there is a loan involved in the Neighbourhood Improvement Program, the costs of administration will be covered in this margin of half of 1 per cent. That is what the hon. member for Calgary North is saying, and that is what the hon. member for Peel South (Mr. Blenkarn) is saying.

I think the House had better understand that we are also saying in proposed new section 27.2 on page 7 of the bill that we will make grants, contributions which are not loans but are outright gifts, to municipalities for neighbourhood improvement of up to 50 per cent, which is one heck of a lot more than one-eighth of 1 per cent. These grants of 5 per cent are to meet the costs of selecting the neighbourhood, acquiring and clearing the lands for the purpose of providing open space for community facilities—50 per cent of the cost of acquiring or clearing land to be used for medium and low-density housing, 50 per cent of the cost of constructing, or acquiring and improv-

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ing neighbourhood recreation facilities, and 50 per cent of the cost of developing occupancy and building maintenance standards, 50 per cent of the cost of making loans for commercial improvements, 50 per cent of the cost of relocating individuals who are affected by the neighbourhood improvement procedures, and grants to cover 25 per cent of the cost of improving municipal and public services, such as water and sewage, and 25 per cent of the cost of acquiring or clearing land otherwise connected with such a project.

That, Mr. Speaker, is where the subsidy should be, and the legislation provides that that is where the subsidy will be—an explicit subsidy by way of grants and contributions toward the Neighbourhood Improvement Program. All this legislation is saying is that, for example, in neighbourhood improvement programs there will be a system of grants or contributions which are outright gifts, and that is where the taxpayers should be providing subsidies, and that there will also be a system of loans that will be lent at the cost of those loans which we estimate at one half of 1 per cent.

It is the same thing with repair and rehabilitation. All we are saying is that in terms of loans the money will be lent at just one half of 1 per cent of the cost of borrowing to cover administration, but also in the legislation dealing with repair and rehabilitation we are saying that there can be very substantial grants, and it is spelled out in the legislation that such a contribution can be \$2,000. However, in the committee we amended that to say that the grant could be set by regulation, so that now such a grant could be \$2,000, \$3,000 or \$4,000. That is a great deal more by way of clearly stated, explicit subsidy than one half of 1 per cent or one-eighth of 1 per cent. That is where the House and the public are misled in their understanding of what is behind these amendments.

What we are saying is that where there is a loan under the Neighbourhood Improvement Program for repair or rehabilitation, in assisted home ownership or land assembly, the loan will be made at the cost to the government, namely, one half of 1 per cent. This legislation provides that the subsidy involved be by way of subsidized interest rate, or by way of very explicit vote year by year in this House by way of annual appropriation, by way of estimates approved by the House. That is the case with neighbourhood improvement and that is the case with repair and rehabilitation. It is also the case with assisted home ownership programs where we are not saying we will just charge them interest at our borrowing costs. Here we are also saying that the income of the person will be subsidized by \$300, \$400 or \$500 a year to purchase a house, which again is a great deal more than one-eighth of 1 per cent.

That is the kind of subsidy we are prepared to pay by way of explicit declaration of this House, through passage of the annual estimates, toward the Assisted Home Ownership Program. Again I say that that is what is at issue in these amendments. We are not saying that we want to make money on the lending of money. What we are saying in this bill and in these provisions is that the subsidies are by way of subsidized interest rate, by way of explicit subsidies which are spelled out in the legislation, by way of grants and contributions.