

these bureaucracies said before the public accounts committee that he felt an expenditure of \$6 million a year to administer the Local Initiatives Program with an expenditure of approximately \$90 million was an acceptable figure. Unfortunately, to the bureaucrats in Ottawa millions of dollars seem to lose their meaning or their value. To me, that a \$90 million program requires a \$6 million expenditure on administration is quite appalling. Percentage-wise, it is something over 7 per cent, I think.

I should like to give another example of added costs attributable to Central Mortgage and Housing. This is the corporation that purports to help the people who need housing in Canada. Just last week the Vancouver *Sun* reported that Daon Development Limited had halted construction of a \$14 million apartment complex in Burnaby—Burnaby is the municipality immediately east of Vancouver—until new Central Mortgage and Housing Corporation regulations are clarified. According to the report, which I have before me, a spokesman said that yes, work had been stopped on Monday and that about 45 workmen had been laid off. The company has spent about \$4 million on the project which will contain 381 suites. He said the problem concerns new CMHC regulations to be made public shortly and which likely will have an impact on the design of the project. To quote him, he said:

The project is at a stage now in which changes can be made if it is desirable to do so.

The fact that government regulations can hold up projects like this, throw men out of work and delay planned moves into such projects for goodness knows how long is ample evidence of the detrimental effect government intervention can have in this area. Obviously, the project was approved before it was commenced, and to change the rules in midstream and bring the project to a standstill certainly is reprehensible.

I am reminded of the recent definition, which I think came from the *Globe and Mail*—it was credited to that paper, anyway—of “capital punishment” which I think is somewhat applicable to the housing debate. The definition is as follows:

Capital punishment is when the government taxes you to get capital so that it can go into competition with you, and then taxes the profits on your business in order to pay its losses.

If you apply that definition to housing, I am certain the truth of it will be brought home to whomever wishes to look at it.

Last year the British Columbia Rental Housing Council in Vancouver, representing 1,600 owners of 100,000 rental units, wrote to the Premier of British Columbia and urged his government to help senior citizens and other tenants on fixed incomes. They were not asking for help for themselves, but for Canadians who need help to pay rent or otherwise afford housing costs. According to the B.C. Rental Housing Council, the establishment in 1973 of the provincial capital tax on corporate apartment owners was an unnecessary additional load upon tenants. We sometimes wonder where governments think that additional levies come from if they do not come from the individual taxpayer ultimately way down the line. The British Columbia government order regarding the split in heating oil prices keeps prices down to home owners but throws the extra cost on to all tenants. Of course, the govern-

National Housing Act

ment's thinking was that it would reimburse itself through the landlords, but we know where the landlords get their money—from the tenants.

The owners commented on the massive government housing projects in the United States, where 40 per cent of the projects are having financial difficulty and many are insolvent. In a September, 1974, article, the Vancouver *Sun* reported that United States public housing has been a disaster; there has been mismanagement, it has been fraught with controls, red tape and other bureaucratic devices.

In their letter to the premier, the owners commented that big public housing projects to offset the shortage are not the answer. In St. Louis, Missouri, a state-federal complex of 33 post-war buildings, eventually housing 10,000 welfare tenants and 2,000 others, was to be an example to the world of enlightened public housing, slum rehabilitation and non-discrimination. But the lowest income levels and those with the most social problems gradually drove out the others. Further deterioration, slum conditions and poor management grew out of control. Today the entire project is boarded up and slated for demolition, but the state cannot find the \$500,000 needed to pay for the dynamite.

One might say that never in Canada can that happen, but let me refer hon. members to the *Globe and Mail* which just one month ago reported as follows:

Central Mortgage and Housing Corporation officials have “high hopes” that the federal government's newest subsidy plan to ease Canada's housing crisis will attract developers back to its moribund limited dividend apartment construction program.

The program provides funds at special low interest rates in return for written agreements putting a ceiling on rents for 15 years. Most builders abandoned the program because inflationary cost increases have wiped out the small profit margin allowed. The article continues:

At the same time, an increasing number of developers, tied to existing 15-year rental agreements, have simply abandoned their apartment buildings, leaving them to be repossessed, improved and administered by CMHC. The alternative would be to operate the apartment buildings at a loss.

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This situation exists in Canada and is not restricted to some places in the deep, dark United States. The *Globe and Mail* article continued in another vein referring to the flight of investors from rental housing, and suggested that “the investment flight began when Ottawa removed a provision allowing investors to write off capital cost allowances against other income.” Apparently the effect of that was serious enough that the Minister of Finance (Mr. Turner) saw fit to reintroduce, on a limited basis, that allowable write-off.

All these problems in the housing field can be related to a shortage of money in the hands of certain Canadians and, of course, a constantly eroding value of the dollar which is being ignored by the main benefactor of inflation, the government. Just last November, Britain told a NATO meeting that the very fabric of western democracy and the prized possessions of freedom and security were at risk if the evils of recession and inflation were not controlled. Again I would urge hon. members to realize that this is not something restricted to Britain or Canada. We have a