

Mr. Danson: We have already done that through our AHOP programs which will bring effective interest rates down to a maximum of 8 per cent and in some cases, depending on family income and size, as low as the rate of 4 per cent. In addition to that, the limited dividends on housing in our proposals in section 15 for which I have just called give effective rates of 8 per cent to builders. These proposals will help to keep interest rates moving and to house Canadians at reasonable rents.

Mr. Speaker: The hon. member for Calgary North on his final supplementary question.

Mr. Woolliams: In light of the fact that the minister is admitting that housing starts are down and in light of the fact that the Assisted Home Ownership Program fund for low income groups is limited by instructions from the regional offices of CMHC, and they only now apply to new houses, how can the minister justify his directive that these funds not be used for the purchasing of other homes which are already built for people?

Mr. Danson: The hon. member has already referred to inflation and the restraints imposed upon us. In view of that I thought it much more important that those funds under AHOP be directed to new housing so as to increase the housing stock. I appreciate the fact that this does not help people buying existing houses, but my main job is to ensure that more houses are built in Canada, and that is what I am trying to do.

Some hon. Members: Hear, hear!

CONSULTATION WITH INDIANS ON AID IN HOUSING PROGRAMS

Mr. John Gilbert (Broadview): Mr. Speaker, my question also is directed to the Minister of State for Urban Affairs. In view of the deplorable housing conditions of our native Indians and the necessity for a group of them marching to Ottawa to demonstrate their plight, has the minister or any of his officials contacted any of the leaders of the Indian group now in Ottawa? Has he made any arrangement with regard to financial assistance to help them?

Hon. Barnett J. Danson (Minister of State for Urban Affairs): We deal regularly on a most co-operative basis with the Indian associations in Canada. Of course, my colleague the Minister of Indian Affairs and Northern Development, has been in direct contact and close co-operation with those who are in Ottawa at this time. Certainly, so far as Indian housing is concerned we have demonstrated our deep concern through our native housing programs and the minister and I have been discussing ways to resolve this problem and improve the situation.

Oral Questions AGRICULTURE

MILK—SUGGESTED RECONSIDERATION OF PHASING OUT OF SUBSIDY—POSITION OF PROVINCES

Mr. Edward Broadbent (Oshawa-Whitby): My question is directed to the Minister of Agriculture. In view of the expressed opposition of a number of provinces to the federal government's decision to phase out the 5 cent per quart milk subsidy that is now being paid, could the minister inform the House whether the government has reconsidered its decision to pay the subsidy?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, this 5 cent a quart consumer subsidy is one that the Department of Agriculture was asked to administer. The government made that decision earlier this year in the month of August.

Mr. Broadbent: After the election.

Mr. Whelan: We have agreed to do what the provincial ministers had asked us to do. The provinces asked us to phase it out over a longer period of time.

● (1420)

The record will show that many of the dairy producing and dairy processing groups felt they should not be included in this. Most of them felt it should be given in the form of direct social assistance. Where we go from there, Mr. Speaker, I do not know. I do not know whether it will be passed on in the form of social assistance, but I would point out that when the government introduced the milk subsidy we had not indexed old age pensions, we had not increased veterans pensions and other benefits received by those on fixed incomes. Those people now are in a different position from that in which they were at the time when we put the consumer milk subsidy program into effect.

Mr. Broadbent: Mr. Speaker, I would like the minister to clarify what he just said in order to make sure that I heard him accurately. If I did hear him accurately then what he said was that the provincial governments requested him to phase out the subsidy. Does he mean they accepted the notion of the cancellation of the subsidy in total, or does he mean the federal government told the provincial governments that they were going to lose the subsidy and, in reply, they said they preferred to have it phased out? I want the minister to clarify that, and then to explain how the federal government is going to replace the revenue that was going to the provinces for this needed food product, that is, if it is going to abandon the 5 cent subsidy that was in the program previously and which is still so badly needed.

Mr. Whelan: I will try to remember the whole statement which the hon. member made, Mr. Speaker. I want to make it perfectly clear that some people are under the impression that because of the 5 cents a quart consumer subsidy there was no increase in milk prices last year. I would point out that some of the public utilities and other systems throughout the country controlling the dairy industry had to meet extra costs, that they received increases as much as five or six times, and all they had to do in order to