

*National Housing Act*

seems wise to change it, the board of directors of the corporation will so indicate.

Mr. FLEMING: Have we that clear, that the minister is proposing that the right be reserved to increase the rate of return?

Mr. HOWE: Yes.

Mr. FLEMING: Or to decrease it.

Mr. HOWE: That is right.

Mr. FLEMING: Then, if the right is being reserved to increase this amount, there is no limit fixed under the bill.

Mr. HOWE: Yes.

Mr. FLEMING: And, if so, this corporation, without the permission of parliament, could increase the rate on the strength of what the minister has just said to ten, fifteen or twenty per cent; it could be done.

Mr. HOWE: Certainly.

Mr. FLEMING: When we are sitting here to legislate, surely we are not only considering probabilities. We should consider possibilities connected with the legislation we are being asked to pass. If this is leaving wide open to the corporation—

Mr. HOWE: To the governor in council; the regulations are approved by the governor in council.

Mr. FLEMING: All right; we are giving them a free hand to increase the rate, to make commitments on the consolidated revenue fund, and there is no limit under the act. Has the minister not considered, as was done in connection with other provisions of the National Housing Act, the fixing of some limit as to the commitment? We have a number of sections in the act where the extent to which commitments may be made on the consolidated revenue fund is definitely fixed.

If the minister is going to reserve the right to determine the rate of return to be guaranteed to builders under these sections, then certainly this committee has no right to pass the legislation until it knows what the cost will be, has a clear appreciation of it, and knows that there is a limit to it.

Mr. HACKETT: I heard the interchange between the minister and the hon. member for St. Paul's. Is there anything in the act which precludes the application of section 8A to old buildings which would be converted? I know the answer the minister gave; but is there anything in the act which precludes it?

Mr. HOWE: I think the act is clear that it is new buildings.

[Mr. Howe.]

Mr. HACKETT: I have read the act, but I could not put my finger on any such provision.

Mr. HOWE: The hon. member will find that section 8A (1) refers to builders. And "builder" is defined in the act as a person who builds a house for sale or for rent on land which he owns.

Mr. HACKETT: But that does not necessarily mean that he must start by laying the foundation and erecting a completely new structure. I think he might take a building which was up, and work such changes in it as would convert it into a series of habitable apartments. I see nothing in the act which would preclude that.

Mr. HOWE: Regardless of that, I can assure the hon. member that the insurance will be confined to new construction.

Mr. HACKETT: Then that will be by regulation, or by order in council.

Mr. HOWE: Just a matter of policy.

Mr. HACKETT: I heard the minister say that money had been lost in some ventures in which buildings already up had been converted. Is this the only reason, or is there another reason, that of wishing to encourage the construction of new buildings?

Mr. HOWE: No, it is the practical difficulty of dealing with old buildings on a wholesale scale. The corporation deals in the creating of large numbers of units of rental space and each old house would be a special architectural problem requiring special treatment. It has been found by bitter experience that it is not a business with which the government should be concerned. I can assure my hon. friend of that because I have had many worrisome hours on that particular problem and I am not prepared to change my mind.

Mr. HACKETT: Would that not depend upon the insurance company? If the rate be not entirely fixed by statute, could not a higher rate of insurance be fixed? The minister knows that there is such a thing as insurance for people who are not in the best of health and that rates go up where a fire risk is greater. What is the reason for confining the benefits of the act to new construction, unless it be that it is government policy to encourage new construction and to have nothing to do with renovations?

Mr. HOWE: The difficulty is that there are so many unknowns about an old house. Who can tell whether a foundation is good? Who can tell what the remaining life is of the materials? It is the class of insurance that for certain reasons insurance companies do