

Interest Act

further. I wonder if the Hon. Member has ever taken the trouble to refer to the deliberations of this task force and to the difficulties that have been encountered in coming up with answers to this problem.

The task force was unable to agree on any scheme for regulating mortgage prepayment at subsequent meetings. However, the task force did agree that full disclosure of the terms and conditions of mortgage contracts, including prepayment rights or the lack thereof, should be made to borrowers before they entered agreements. I would like the Hon. Member to know that this proposal has been adopted in the new regulations on cost of borrowing disclosure under the Bank Act, which was put forward by this Government in the last session of Parliament. It contains prescribed forms providing for the disclosure of prepayment terms and conditions. I regret to say that comparable provincial legislation, applicable to all provincially-regulated lenders, has not been forthcoming.

I would be remiss if I did not mention the assistance provided by this Government under the Canada Mortgage Renewal Plan. As we all know, during the period of high interest rates the federal Government and some provincial governments provided assistance to many individuals faced with mortgage renewal. Some provinces subsidized renewed mortgages so that borrowers in difficulty paid effective rates of 12 per cent. The federal Government created the Canada Mortgage Renewal Plan, but we did not hear any reference to this in the Hon. Member's comments.

This is a complex question. It not only relates to the matter of prepayment of mortgages, but to the question of full disclosure of information at the time the loans are made. The Minister of Consumer and Corporate Affairs (Mrs. Erola) conducted a study in the past year of these alleged misrepresentations relating to mortgage negotiations. As we all know, allegations were made about representations by mortgage lenders regarding prepayment penalties. When we had the high interest rates in 1982, certain persons alleged that they were induced to take out a five-year mortgage rather than one of a shorter term. They were allegedly told that they could renegotiate at a lower rate should interest rates decline, provided that a three-month penalty was paid. A study has been conducted by the Marketing Practices Branch of the Bureau of Competition Policy, and the Minister, who has had the benefit of this study, will be making proposals for legislative changes dealing with all aspects of this problem.

In conclusion I refer again to the commitment that was made by this Government in the Speech from the Throne. I assure the Hon. Member and all Canadians that the Government will be bringing forward comprehensive proposals within a short period of time.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, this is a serious matter that has been raised by the Hon. Member for Lanark-Renfrew-Carleton (Mr. Dick). Before beginning my remarks, I want to thank the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Berger). He has done his usual outstanding job in his presentation. I am happy to tell the House

that he has done such a good job that there is an unusual precedent here. The people in my riding are starting a draft to nominate him in my riding so that he will come and run in Mississauga. He is such a great guy that they want him to run there. I understand he would be happy if I would run in his riding, but we will let him come to Mississauga first.

Mr. Deputy Speaker: Order. I invite the Parliamentary Secretary to be relevant to the Bill now under study.

Mr. Fisher: Thank you, Mr. Speaker. I needed that reminder. If I had not had a little check from you, I would have gone on for hours on the fine qualities of the Hon. Member. I would not want to do that.

The Hon. Member for Lanark-Renfrew-Carleton offers a surprising sense of populism in his Bill. In fact, the Hon. Member for Kamloops-Shuswap (Mr. Riis) must have felt tempted to invite the Hon. Member to join the NDP caucus. It was terrific rhetoric. I am glad there is at least one Progressive Conservative who is prepared to stand up in the House and defend the rights of ordinary people. Many others have been prepared to defend the rights of the boardroom and the fat cats, but this individual is obviously prepared to show some conscience. The Hon. Member has done well on that.

This is the second time he has raised this issue. In each case we have seen the strong sense of populism. I suspect, and I am sure other Hon. Members do, that this will lead to his getting kicked out of this Party. I do not know why they would listen to somebody who wants to represent the ordinary man. I warn him that the Tory Party has been throwing out some members and has been stabbing them in the back. That happened in my city with the Hon. Member for Mississauga South (Mr. Blenkarn). He was almost attacked on his nomination. I hope a good, populist, sensitive, conscientious Hon. Member like this one has his nomination all ready, because his Party will come after him for presenting an issue of this sensitivity, particularly one with such a common-sense basis.

● (1740)

In his Bill the Hon. Member has not addressed some important economic facts, which I just want to remind him of. I know the Parliamentary Secretary to the President of the Privy Council (Mr. Evans) will recount in a few minutes some of the history of the efforts made by the Standing Committee on Finance, Trade and Economic Affairs along this line, but I just want to take a look at the mortgage market as it is today because I think there are some really interesting things happening. In my opinion, the short-term mortgage market—and I am going to come back to this—is a really exciting thing for home owners today. We have one year mortgages down around 10 per cent, and that is pretty good for most home owners. In fact, when you contrast it, as the Hon. Member rightly has, with mortgage rates of a couple of years ago, this is a lot of relief from the 20 per cent level people were once experiencing.

Interest rates, Mr. Speaker, clearly reflect the state of the economy. Today's lower interest rates reflect the great health that we are starting to experience once again in our economy.