

*Government Orders**[Translation]*

I would like to point out at the outset that Bill C-108 deals with a purely administrative matter. It is essentially aimed at setting the maximum amount of all outstanding loans insured by the mortgage insurance fund.

This bill will amend the National Housing Act by increasing the authorized ceiling of outstanding loans from \$100 billion to \$150 billion, thus allowing the CHMC to continue offering mortgage insurance services throughout Canada.

I want to stress that this \$50 billion increase is not an expenditure and is not costing the government anything. The bill also stipulates that any future increase in the aggregate amount of outstanding loans is subject to parliamentary approval.

*[English]*

While the amendments contained in the bill represent administrative matters, passage of the bill is essential to the continued operation of CMHC's mortgage loan insurance.

The federal government provides mortgage loan insurance to all Canadians regardless of where they live in Canada, at the smallest feasible down payment and the lowest possible cost. Due to the success of mortgage loan insurance, the current ceiling needs to be increased to allow CMHC to continue to insure new mortgages.

In 1994 CMHC's total mortgage insurance activity was over \$24.7 billion, representing over 300,000 units. Approximately 40 per cent of the mortgage stock in Canada has involved financing with CMHC mortgage insurance. As well, approximately one-third of the housing stock in Canada was built with the help of National Housing Act insured financing.

Allow me to take a minute to explain why this bill is so important to Canadians.

*[Translation]*

Housing is a basic need. It is generally recognized that access to affordable and adequate housing is essential to individual well-being and therefore to a healthy, productive society. It goes without saying that a well-housed person is more inclined to contribute to the community.

For these reasons, the desire to own a home remains strong among Canadian people.

*[English]*

CMHC mortgage loan insurance allows Canadians to access affordable housing. Homebuyers can secure up to 95 per cent financing from an approved lender because CMHC insures the

loans that are made by the approved lender. Because CMHC will assume the risk should a borrower default, mortgage lenders are able to make available more money to finance mortgages for Canadians and at a lower cost than would otherwise be possible, thereby making home ownership more affordable.

With CMHC assuming the risk of borrower default, lenders are able to reduce the mortgage financing rates. Lower mortgage financing rates mean more affordable homes for Canadians.

One of the most important aspects of CMHC's mortgage loan insurance is its public policy mandate to provide equal access to mortgage financing at the lowest possible cost for all Canadians regardless of where they live in Canada. This equal access is made possible through the pooling of higher risk business with lower risk business.

Without access to CMHC's mortgage loan insurance, Canadians in some parts of the country would have to come up with the conventional 25 per cent of the value of the house as a down payment.

Needless to say, many Canadians would hardly ever be able to purchase a home if this were the case. CMHC's mortgage insurance is therefore critical to helping Canadians access home ownership.

*[Translation]*

The CMHC's mortgage insurance fund is self-financing and therefore is not costing the government anything. Under CMHC policy, the fund must become self-financing in the long term but only through the premiums and fees paid by borrowers.

Premiums are equal to a percentage of the loan, which varies according to the amount borrowed and the ratio between this amount and the value of the property. Premiums are set so that there is always enough money in the fund to cover any claims.

• (1810)

*[English]*

The government introduced the first home loan insurance initiative in 1992 and reduced the minimum required down payment to 5 per cent for first time homebuyers. This 5 per cent initiative has been a tremendous success in helping to increase home ownership in Canada.

Since November 1993 over 235,000 Canadian households have taken advantage of the lower down payment to become the proud owners of either a new or existing home. First home loan insurance is an excellent example of CMHC's ability to adapt its mortgage loan insurance activity to ensure that Canadians can enjoy the benefits of home ownership.