

*The Budget—Mr. Lewis*

renew mortgages at crippling interest rates. While the Government played at protecting Canadians from the spectre of foreclosure as set forth in the 1980 Speech from the Throne, the very real threat, not of foreclosure but of power of sale proceedings, was forced upon thousands of Canadian families. The Liberal Party and the Liberal Government did nothing to help. The housing industry, a major employer in Canada, went into a slump throwing thousands of Canadians out of work. That is a very bipartisan introduction to some non-partisan remarks.

In reviewing this section of the Budget, I would like to do it on a non-partisan basis and draw upon my experience as a real estate lawyer. I suggest very sincerely that I am not trying to score political points but rather to examine the Government's three suggestions on a practical basis. The Government proposed a Mortgage Rate Protection Program designed to enable home owners to insure themselves against sharp increases in mortgage rates. I have examined the proposal. While I see at what the Government is aiming, I am not sure it will work either mathematically or practically. For example, the plan will only be economical to the home owner if mortgage rates increase 3.75 percentage points from the time the mortgage is taken out until its renewal five years later.

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Second, home owners will have to find that premium up front when closing the real estate purchase. I know from my experience that this can be a real crunch for home buyers. I wonder whether it will place an unreasonable burden on them at the time of purchase.

Third, I suggest that mathematically they may be better off to borrow less and thus pay less interest during the term of the mortgage rather than insuring against an eventuality which will not take place.

Fourth, the plan lacks portability. It may not be possible to put portability into this plan. When a purchaser buys a house and assumes an existing mortgage, the protection is only there if the vendor also took out this mortgage insurance. This is nevertheless a start. I hope there will be extensive consultation with the various sectors of the housing industry before the legislation is brought in so that the proposal can be properly studied and improved.

The second proposal is that the Government amend the Interest Act so that borrowers can prepay their mortgage at any time with a penalty equal to the loss which the lenders would suffer as a result of that prepayment. I suggest that is a fair proposal for both the borrower and the lender and that that legislation should be brought in quickly.

The third proposal that the Government makes is to take measures to encourage the return of the long-term mortgage market. What has bothered me the most over the past four years is not so much the instability of mortgage interest rates but the instability of the mortgage market. In the 1950s and 1960s, life insurance companies loaned on a 25-year basis. In the 1970s, the term came down to five years and the life insurance companies got out of the business. In the 1980s we

have one and two-year mortgages and even six-month mortgages. I suggest that that alone has created a social stress for Canadians. They are not only worried about mortgage payments, but they are worried about whether or not a mortgage will in fact renew even if they keep up the payments. I suggest that the Government give immediate attention to this initiative which will provide real security for the average Canadian home owner.

With respect to the sales tax changes, my constituents in Simcoe North welcome the changes in the sales tax system which shifts the manufacturers' sales tax on imported motor vehicles to the wholesale level. In Simcoe North we supply the Canadian automotive industry. Workers at industries such as Decor Metal Products have wondered for a long time why the Liberal Government has allowed foreign auto workers an unfair advantage.

One section of the Budget which was forced upon the Liberal Party and an unwilling bureaucracy was the section which is entitled "Improving the fairness of tax administration". For the past four months, the Progressive Conservative Party has exposed the scandalous manner in which officials of National Revenue, acting with the encouragement and blessing of the Liberal Party, have been harassing the Canadian taxpayer. Daily the Minister of National Revenue (Mr. Bussi eres) has denied it, only to be refuted by his own officials. One day there was no bonus system. The next day the bonus system was only in Kitchener. The day after offices across Canada had been advised to discontinue the bonus system. Surely no Minister in any Government has been made to look as foolish by his bureaucrats as has the present Minister of National Revenue.

In any event, we now have the Minister of Finance riding to the rescue. What is he going to do? Let us examine some of the proposals. Interest will be paid on overdue sales tax refunds. Big deal! What the Minister of Finance should do is to arrange to have the refunds processed faster.

The next item is that tax paid on sales that become bad debts will be refunded. That corrects an inequity that has been in the tax system since time immemorial. For decades the Government said: "You levy the sales tax, you pay it to us and we run for cover if the sale goes bad."

I pose the question that every sales tax collector will be asking: "Does the Minister mean that the tax collector will be able to deduct the sales tax previously paid on a sale that went bad, or does the Minister mean the collector must apply for a refund? The business community would much prefer to apply legitimate bad-debt losses of sales tax against current taxes collected. I suggest that would eliminate administrative costs. The Tax Court of Canada will be allowed to order Revenue Canada to pay up to \$1,000 of the costs of a taxpayer's successful appeal. That begs the question, why just up to \$1,000? If a taxpayer is challenged by the Department, goes to the expense of proving his or her case, why does he not get all of his costs?"

Revenue Canada will do a lot of things for these taxpayers. It is going to refund an overpayment of income tax to a