

● (1200)

If we look more closely at the Bill, Mr. Speaker, it is apparent that this will be very expensive insurance. Premiums will be 1.5 per cent of the mortgage value to be paid when the mortgage is taken out or amortized over the term of the mortgage. We are looking at \$1,050 on a \$70,000 mortgage, or \$11 a month. The insurance will be 2 per cent deductible. This means that if mortgage rates go up 6 per cent between the time the mortgage is taken out and the date of renewal, the insurance will not cover the increases resulting from the first 2 per cent increase. The insurance will cover only three-quarters of the increase in monthly payments over 2 per cent. Therefore, if the rate went up by 6 per cent, the coverage you would receive would be only 3 per cent of the increase, or 50 per cent of your costs. You really only get a significant benefit from this plan, and even then a questionable one, if mortgage rates rise dramatically.

It is appropriate to ask the Minister, how far does the Government expect interest rates to rise? Do we have in this Bill an admission that the Government accepts forecasts by some economists that interest rates will continue to rise and that we are going to go through another period like the one we went through a couple of years ago? Is that the implicit assumption buried between the lines of this Bill? If that is the assumption of this Bill, Mr. Speaker, then Canadians ought to be very worried indeed because they have here an admission of defeat on the part of the Government. This insurance will cover only 25 per cent of increased costs if interest rates rise by 3 per cent, 45 per cent of increased costs if mortgage rates rise by 5 per cent, and 60 per cent of increased costs if mortgage rates rise by 10 per cent. This calculation does not include the cost of the premium. With a conventional five-year mortgage at 12.5 per cent, which would be hard to get now, the total MRPP benefit over five years is calculated at \$2,280 assuming, say, a \$70,000 mortgage. If you subtract the \$1,050 premium, the saving has actually been only \$1,230. Over the second five years of your mortgage, you will have paid an additional \$6,780 in interest payments. This is the case if interest rates rise a mere 3 per cent.

If the Government were to require banks and other lenders to offer long-term mortgages for certain social needs such as housing, the home buyer would have real stability in his or her mortgage costs and would save over \$10,000 over that same five-year period, rather than the \$1,230 which he would save under the context of the plan which the Minister is introducing today. Governments could offer home buyers ten times the saving on mortgage payments if it were willing to put some conditions on the lenders.

An indication of the way the Government has tip-toed carefully around the concerns and privileges of the bankers and other mortgage lenders is the Government's assumption that the net cost of the program will be zero. Thus, neither the Government which sets interest rates in the first place, or allows somebody else to set them but is nevertheless involved in the setting of interest rates, nor the banks which make huge profits from high interest rates while pushing thousands of

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Canadians out of their homes, as they did just a few years ago, will be asked to contribute to providing better security in the future. The plan is expected to be self-financing, as the Minister mentioned a few minutes ago. Who will pay the cost? The consumer will pay the full cost.

We are talking about home ownership, Mr. Speaker, and the value Canadians place on the ability to buy their own homes and live in them in security and with a reliable future. This is important to people in my riding, as I am sure it is important to people in the ridings of all Members of Parliament. I come from a suburban riding located at the northeast corner of Winnipeg, an area which is still growing. New houses are being built. Many families are taking on home ownership for the first time. They are vitally concerned about this issue. In areas of my riding such as Lakeside Meadows, All Seasons Estates, the east end of Transcona and all through North Kildonan, we see people building homes and becoming concerned about interest rates. They are concerned more than ever before because they know, thanks to the experience of a few years ago, that things can get as bad as some people in the past have said they can get. Up until 1982 people did not believe that you could actually have interest rates that were as criminally high as they eventually got in Canada. Having been through that experience, people once bitten are twice shy. They now believe interest rates can go through the roof. Even as we get all this talk about rising interest rates, I am sure that is having an effect on housing construction in the area I represent. Up until now it has seen a bit of revival in certain areas of the riding.

What we want in the final analysis is an affordable mix of housing options, home options, for Canadians. This will mean more attention being paid to co-op housing, for instance. This is opposite to the direction in which the Minister is moving. There are cutbacks in social housing and cutbacks in unit allocations for co-op housing. Regrettably, we do not see the Minister moving on the co-op front. Other members of my caucus, the Hon. Member for Vancouver-Kingsway (Mr. Waddell), the Hon. Member for Prince Albert (Mr. Hovdebo) and others who have concerned themselves about co-op housing will have more to say about that later on.

We need affordable rental accommodation. We have not seen any measures by this Government which went to the heart of that matter. We have seen lots of fancy programs like MURBs and things like that which even the financial community itself admits were not programs that reached the goals for which they were designed.

Finally, we need programs to encourage home ownership. I would say this is the option preferred by most people in my riding, and for this reason I shall pay more attention to this than I will to other areas, such as co-op housing. Home ownership is the preferable option for the people in the riding of Winnipeg-Birds Hill, as indeed it is for me and members of my family who live in the riding.

A home is usually the only major investment a family makes over the course of a lifetime. Most of the families in Winnipeg-Birds Hill are not worrying about the stock market or other