

Government Orders

Clause 17 agreed to.

Clauses 18 to 21 inclusive agreed to.

On Clause 22—

Mr. Joe Fontana (London East): Mr. Chairman, clause 22 deals with the National Housing Act, section 19. While it is a housekeeping and incidental matter, it does repeal the mortgage and loan purchase fund. One could make the case that discontinued funds really have no substantive role any more because a central borrowing authority is being created in order to give CMHC flexibility.

Could the minister provide us with an outline as to why they are removing flexibility presently in the National Housing Act such as the mortgage and loan purchase fund which may be required or may be a useful tool in the future?

Hon. Elmer M. MacKay (Minister of Public Works): It is my understanding that this has already been repealed in a sense in that the effect of this legislation sets out CMHC's programs. We have taken out of the NHA basically all of the borrowing and investment authorities. Should this bill be adopted by the House, we will have one large borrowing and investment authority in the CMHC act. A lot of the other provisions, while they have served a useful purpose in the past, will in effect be obsolete in light of the new flexibility and the central borrowing authority we will have.

I can understand his observations. However, that in effect is the general purpose of what the bill hopes to accomplish.

Clause 22 agreed to.

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On Clause 24—*Agents*

Mr. Joe Fontana (London East): Mr. Chairman, clause 24 is a new one and it deals with the approved lenders and indicates that CMHC may authorize approved lenders, municipalities and provinces to process loan insurance on behalf of CMHC.

• (2130)

I have no difficulty with that. Part of the main purpose for this bill is to have formations deliver the mortgage insurance program other than CMHC and therefore

expedite the processing of applications and perhaps even save money.

I was rather curious in terms of the words municipalities and provinces. I wonder if the minister would care to give me an example of why or where a municipality or a province may want to process the loan insurance program itself when usually it would be a bank. As I understand it the banks are providing the mortgage insurance now, primarily the commercial banks. CMHC underwrites the risk to bring that level from 75 per cent up to 95 per cent of the mortgage now. I wonder why the words municipalities and provinces are mentioned. Is that in any way related to the constitutional discussions that are going on and therefore will allow CMHC to directly deal with municipalities and provinces?

I am rather curious to know if the minister might take a little bit of time to explain my concern with an explanation as to why municipalities and provinces are named and whether it really does have anything to do with the constitutional discussions that are going on.

Hon. Elmer M. MacKay (Minister of Public Works): I can assure my colleague that it has nothing to do with the constitutional discussions. There may be times under a federal-provincial agreement when this would be a useful provision. There is really nothing more to it than that. It is enabling in effect and it is there to be utilized if needed.

I want to repeat again that this has no application to the best of my knowledge to any of the provisions that are being negotiated at this time with respect to the Constitution as it may relate to housing.

Mr. Fontana: That answer is not good enough. Would I then understand that if I moved an amendment to strike municipalities and provinces the minister would not have any objections to that and neither would CMHC? I would like the member to give me an example of when municipalities have asked for the authority or provinces have asked for the authority to deliver mortgage loan insurance. For the most part CMHC is doing it now. It wants to essentially let the mortgage lenders do it because they are underwriting most of the risk and providing most of the money. I would like to know if that means that municipalities will be able to lend money for