

ing Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, it is always necessary to get the right balance when it comes to matters of government intervention in the housing market. If one looks back over the last 20 years one will find that two things have happened, one as a direct result of the other. First of all, we can see that those people at the lower end of the market are probably better served today than they were 20 or 30 years ago. Those people who would normally have found themselves living in very poor circumstances, in shacks and what have you, have now, by and large, a reasonable standard of housing. But we have paid for this, because whatever one does in the realm of public policy there is always a cause and effect relationship.

On the other side of the equation we have lost a certain amount of individuality. We have become more dependent upon the state at various levels of government, whether it be federal through CMHC, provincial or at the local level and, of course, we have paid for this in increased taxation. It is always a problem as to where we draw the right balance when the Government becomes involved in the affairs of Canadians.

My approach to Bill C-37 this afternoon will be non-partisan. I would like to address the three main points in the bill which is before us today. The first issue with which I would like to deal is the Mortgage Rate Protection Plan which was promised earlier this year in the Budget of the Minister of Finance (Mr. Lalonde). In my opinion, this is a reasonable approach to take on the question of fluctuating mortgage interest rates. The only problem with it, Sir, is that it is brought in now instead of when it was really needed a year or two years ago. That was the time when people were experiencing a very rapid increase in mortgage interest rates. That was the time, Sir, when householders were leaving the keys to their domicile on the kitchen table and abandoning what equity they had in their house, walking out the door and leaving their house to the tender mercies of the mortgagee. That was when this provision was really needed. However, knowing the Liberal Government and its interest rate policies, I suspect that if it is allowed to continue in office we might very well have a repetition of those extremely high interest rates. Therefore, it is wise of us to address this matter today.

There are a couple of principles which I believe should be built into the scheme. First, the scheme should be voluntary. People should not be forced to pay the premiums. It should be their choice whether or not they want to insure their mortgage. At a time when interest rates are already high and the likelihood is that they will decline rather than increase, I see no real advantage to the mortgagor assuming this extra premium payment in order to insure his mortgage. Also, in my opinion, the scheme should be self-financing. I do not feel that it should put a further burden on the public treasury. With any insurance scheme, unless you get into some kind of re-insurance deal, there is always some risk. However, as far as possible this insurance scheme should be actuarially sound, as should any good insurance scheme.

National Housing Act

When I read through Bill C-37, I find it a little hard to understand some of the details because, as is the case with so much of our financial legislation, it is couched in rather difficult terminology. There are a few items on which I would like further information and I will undoubtedly get this at the committee stage. My first question is how one computes the premium for face value of mortgages in excess of some \$70,000? It is rather unclear how one goes about doing that. How is the premium to be paid? Is it to be paid as a lump sum when a mortgage is taken out? Or is it to be paid in monthly instalments?

The method of payment of the premium is something which gives me a little cause for concern. How will the payments be made out of the insurance fund if someone has paid the premium, the interest rates go up and he is eligible to collect back? Will a separate cheque be issued each month to the mortgagor? Is that the way it is going to operate? Will the payments be made to the mortgagee rather than to the mortgagor so that the mortgagor pays the standard amount every month, apart from the deductible? Is that the way it is to operate? These are things which will have to be examined in further detail when we get to the committee stage. At the same time I would like to look at the various application forms and everything else which appears to be so necessary when we get into schemes of this nature.

Something else which is dealt with in Bill C-37 is the mortgage-backed securities. I have advocated this for some time as well as other Hon. Members on this side of the House. We believe it is an interesting concept. If one looks at the United States experience with its "Ginny Maes," I believe one will find that this has worked to the advantage of the housing market there. I am pleased that the Government is beginning to see the possibilities of fostering a greater availability of mortgage funds through this mechanism. I suspect that if the system is successful, it could attract substantial amounts of individual savings into the mortgage market. At the present time there are no vehicles in existence which allow the savings, especially in small amounts, of individual Canadians to be put into that mortgage market. By using as intermediary a financial institution, which is envisaged under Bill C-37, we could encourage that. It would be an attractive means of getting more money into this area of the economy.

I have some questions as well as to how the government guarantee might work. I had hoped that before I gave my presentation I could have heard from the Minister of State for Finance (Mr. MacLaren) who, we were given to understand, would speak on this issue and provide us with some of the details. Undoubtedly when he does speak, he will answer some of the questions which have arisen in my mind. How exactly will the guarantee system work? Is it contemplated that institutions issuing mortgage-backed securities will pay a fee into some kind of central fund which is used for insurance purposes? I suspect that that might be the most likely way of doing it.

If there is to be a central fund which can be used to defray expenses in respect of those institutions which do not make a