discharge their mortgage prior to the expiration date at a charge which was fair to both the mortgagor and the mortgagee. We referred in various speeches to the concern about short-term mortgages. In the Budget such measures were announced. However, we continued to call for the legislation.

I point out to the Government, the people of Canada and my friend from the New Democratic Party that during the course of the debate over bringing the legislation in, we pointed out to the Government a very serious error in its legislation and that was that the original provisions stated very clearly that the interest to be protected would be the market interest rate prevailing for the relevant mortgage term at the time the mortgage protection was taken out. That is the provision as it was originally stated in the Budget Papers. However, since March 1 mortgage interest rates have risen 1.5 per cent because of the Liberal Party's failure to control the rates and, as a result, Canadian home owners would have been prejudiced by the Government's delay in bringing in the legislation.

After we questioned the Minister of Finance in this regard, the Government backed down and announced that it would protect home owners at the interest rate at which they renewed or took out their mortgage after March 1 rather than the interest rate at the time their applications were finally approved. That is what I am talking about when I suggest to my colleague from the NDP that it is our job to improve legislation rather than simply reject it out of hand. The Government has now produced Bill C-36 which amends the Interest Act and Bill C-37 which appears to contain amendments to the native housing provisions of the National Housing Act, legislation which begins to put in place a plan to have mortgage-backed securities and legislation for interest rate protection.

In the time available to me, Mr. Speaker, I would like to deal strictly with the mortgage interest rate protection part of Bill C-37, and when I close I would like to make some reference to the amendments to the Interest Act as they relate to an over-all safety net which will protect the Canadian home owner. In preparing my remarks, I was fortunate enough to have the input and co-operation of real estate lawyers in Orillia and Midland and of the Orillia Real Estate Board. I went to the people who would be handling the legislation at the street level. At the present time I am trying to meet with the real estate board in Midland and Penetanguishene to get their input.

● (1240)

I understand from documents which have come to my attention that the Government has gone to the financial institutions for their input and advice. I would suggest that the Progressive Conservative Party is interested in the people who will be dealing with the Bill, and the people who should be protected, not the banks and the financial institutions. I would like to pay tribute in my remarks to the input which I have received from the people in the riding which I represent.

I think that the Government is proceeding with uncharacteristic haste in this matter. This Bill received first reading on Friday and we are now engaged in second reading debate on Tuesday. If we allow for the weekend and printing time, it is unfortunate that the Government has rushed into second reading debate without giving other interested parties an opportunity to review the Bill. I would like to review what the Government said it would do in February and compare that with the concerns of my constituents and Bill C-37.

First, we feel it is necessary that the Government clearly and unequivocally establish the difference between a base rate and a mortgage reference rate. I would suggest that CMHC should set the rates because there is a difference between the rate in Toronto and the rate in Vancouver as opposed to the rate in Orillia and the rate in Midland. In my area there is a difference between the rate in town and out of town. I think it is important that the Government think about how these rates will be set on a monthly basis so that everyone will know exactly what they are dealing with. My colleagues in the legal profession were concerned. They felt that CMHC should establish this rate with objectivity and have the interests of the Canadian home owner at heart rather than the interests of the Canadian banking institutions.

I would like to bring Section 34.81 to the attention of the Government. The wording makes reference to the rate at which a home owner obtains a mortgage if it is higher than the rate at which a home owner originally borrowed the money. I think this provision is open to loose interpretation and abuse. If a mortgagor were to renew a mortgage with a third party who wished to abuse the system, it is possible under that wording that the mortgage could be renewed at an inflated rate. The question would then become whether the mortgagor was taking undue advantage of the renewal provisions in the Bill because the Government failed to tighten it up. If the Government would consider that, it might better relate what the pay-out will be to the CMHC rate. In other words, if the rate at which a person originally borrowed was 12 per cent and they renew at a CMHC rate of 16 per cent, I would peg it to the 16 per cent, not a mortgage to a third party at 20 per cent. I think there should be some protection provided, or some tightening up, so that the Government is protected against unfair abuse.

The next matter which I would like to bring to the attention of the Government is the concern expressed by my colleagues that the original proposal and the present Bill seem to state that the premium for the insurance is the same whether it is a one-year, two-year, three-year, four-year or five-year renewal, rather than being prorated. It was suggested to me that there should be some difference between the premium paid for a one-year term and that of a three-year or five-year term. In other words, the premium should be prorated. It may be intentional to encourage long-term mortgage renewals, or it may be an oversight which penalizes the person who, for one reason or another, renews his mortgage for a shorter term. I would ask the Government to take a look at that.

I would now like to turn to the section which deals with eligible properties. In the original proposal only the principal residence of a home owner would be covered. That included