

the HERALD
Outlook

**Five per cent down
makes buying a home
more practical**



**Your
Business**
Diane Maley
Thomson News Service

If Alan Redway, federal minister of housing, has his way, people who are buying their first home soon will be able to do so with a mere five per cent down.

Details of Mr. Redway's plan are not known, but he hopes to have it up and running by the fall.

Of all the proposals put forward to help first-time home buyers, Mr. Redway's appears to be the most practical. But it is not without risk to the federal government and Canadian taxpayers.

The way it works now, anyone can buy a house with as little as 10 per cent down, provided he has enough income and the mortgage loan is insured by Canada Mortgage and Housing Corp. The CMHC fee is substantial - 2.5 per cent of the purchase price.

For a \$100,000 house with \$10,000 down, the buyer would pay \$2,250 to insure the \$90,000 mortgage loan.

Big as it is, though, the CMHC premium has not been enough to offset the fund's losses. The fund is still suffering the effects of the 1982 recession, when hundreds of people could not pay their mortgages. Any shortfall must be made up by the government.

Responding to a question about the size of the premium, a CMHC spokesman was philosophical: "It all depends on what side of the fence you're on," said Denis St.

Onge, director of underwriting.

A GOOD DEAL

Compared with real estate fees, the CMHC insurance premium is more than reasonable, he said. "We're assuming the risk for the loan for the next 25 years." Whether the premium will be even higher under Mr. Redway's plan remains to be seen.

The higher risk of the lower down payment will be offset to some extent by the fact that the new program will not be available to everyone, Mr. St. Onge pointed out. It will be limited to first-time homebuyers, however the term comes to be defined. It may also be limited to houses falling within a certain price range.

Both of these limitations will help contain CMHC's potential losses. Even so, one wonders whether the government should be diving in to help homebuyers at the peak of the market.

TIMING KEY

"Timing is an important factor," Mr. St. Onge agrees. "You have to be careful in a declining market."

Indeed, part of the reason Mr. Redway's plan is taking so long to come into being may have to do with the government's apprehension about the direction of real estate prices. Introducing the plan in a booming market would only make the situation worse; introducing it in a falling market could be dangerous for CMHC. If the slide continued, there would be less incentive for people to keep making mortgage payments as their equity in their home drops when the value of the house drops. The government may be hoping that, by fall, the market nationwide will have settled down.

"OUTLOOK" is published each Saturday by the HALTON HILLS HERALD, Home Newspaper of Halton Hills, A Division of Canadian Newspapers Company Limited, at 45 Guelph Street, Georgetown, Ontario L7G 3Z6.

Second Class Mail - Registered Number 0943.

877-2201

877-8822

STAFF WRITERS

Ben Dugmott Donna Kell

SPORTS EDITOR

Colin Gibson

ACCOUNTING

June Glendenning Joan Mannall

CLASSIFIED ADVERTISING

Tammy Salt

PUBLISHER
David A. Beattie
EDITOR
Brian MacLeod
AD MANAGER
Dan Taylor

ADVERTISING SALES

Jeanne Valois Craig Teeter
Stacie Roberts

PRODUCTION DEPARTMENT

Dave Hastings, Supt. Annie Olsen
Myles Gilson Susanne Wilson

CIRCULATION DEPARTMENT

Marie Shadbolt

PRESSROOM FOREMAN

Brian Aikman

PRESS ASSISTANT

Todd Aikman

SNAFU® by Bruce Beattie



"This must be a 'Twilight Zone' episode. Look! My garage door opener works on that garage door, too!"

Is Elvis out of touch?



Ottawa

Vic Parsons

Elvis Droodge and all others mentioned below are mythical characters. There could not possibly be a Member of Parliament so out of touch with his community. Could there?

As the dusty car crested the long hill descending into Venison Tickle, the driver turned to his lone passenger with a triumphant smile.

"Aha, there it is!" Elvis Droodge exulted to his new Ottawa assistant. "A magnificent view, eh?"

"Sorry, Mr. Droodge," replied fresh-faced Whitney Firkle. "All I see is a bunch of fog."

The MP looked again. Sure enough, a dense, pea-soup cloud had rolled up the arm of the sea and Droodge's beloved hometown was invisible. He didn't even see the railway tracks until the car was about 10 metres from them.

Droodge roared into town and came to a halt before his constituency office. The fog was still thick, but he thought he could see a welcoming crowd of 15-to-20 people.

"You see, Whitney," he exclaimed. "The political idol returns to his stamping ground during Parliament's summer recess and the throngs turn out to cheer him home!"

It wasn't long, however, before Droodge and his companion realized the good citizens of Venison Tickle had another kind of stamping in mind. As the MP offered his hand to the nearest, Rufus Goodspeed, he noticed that his once-faithful follower had fire in his eyes.

FORGOTTEN RIDING

"You've forgotten your roots, Droodge," Rufus grumbled. "Are you trying to shut this place down?"

Stunned, Droodge looked about for support. There was a scarcely audible muttering sound in the air.

Eyes glowed through the mist like hot coals. Could these be the same friends who gloried in his victory last November?

The MP feebly tried to change the subject. "How's the family, Rufus?"

"My real estate business is the pits," Goodspeed growled. "High interest rates. The wife got laid off her fish-plant job last week. The boys have given up on work here. They're in Ontario looking for jobs. That's how."

A reedy fellow in a grimy baseball cap and a checkered flannel shirt chimed in. "They're shutting our radar base down and I'm out. You're making it harder to get pogy. And what about that dock you promised?"

"I oppose that closure," Droodge replied hopefully. "As for the dock, it's just been delayed. It'll come in time. But now the national debt is in bad shape. We've all got to do our part for restraint."

"Like the prime minister giving away a \$1.5-million painting to France, I suppose," Rufus said bitterly. "And Marcel Masse putting out \$200,000 for glossy coffee-table books, or taking fun trips to Hollywood. For this, we're paying higher taxes. By the way, Elvis, how much did you spend on office renovations?"

DODGED ISSUES

Droodge chose to ignore that one. He preferred to talk about regional development and declining national unemployment.

"Our job-creation record is the best ever," the politician proclaimed, echoing the prime minister. "And no government has done as much for regional development."

"That's all very well," said Rufus. "But there's little sign of those jobs here. Small businesses that would like to expand can't because interest rates are killing them. The larger companies are finding it harder to compete with foreign-made products. So, what are you going to do about it?"

Gloomily, Droodge pushed through the crowd and into his office. The lone receptionist didn't even bother to look up. It was certainly not the summer, homecoming he had anticipated.

Ruling on rules



Queen's Park

Derek Nelson
Thomson News Service

The rules of the legislature are of little concern to anybody beyond parliament.

And that's unfortunate. How the legislature organizes its business has a large, if indirect, impact on everyone in this province.

Thus, it is nice to see the rules' changes that have been agreed to by all three parties here for future sittings.

While there are gaps in what was decided, there are some decided improvements in how the place is run.

And how it might even be good for us all.

Take just this one example: The "estimates" process is an arcane ritual here where several committees sit down and look at the detailed spending of a ministry.

All ministries are supposedly covered in a fiscal year, and their order is usually set by the government.

The number of hours for consideration of a ministry varies, but is maybe only a half-dozen or so.

In theory, this allows our elected representative to get at the nuts and bolts of spending that only received a broad sweep in the government's budget.

In practice, nothing of the sort happens.

Government ministries are just too big nowadays - and have too much money - for any politician to really probe the guts of spending.

Instead, what we get are the opposition spokesmen for a ministry giving philosophical and often rambling testimony to what is wrong with government policy and how they would fix it (usually by spending more - and that's from both New Democrats and Tories).

Sometimes a committee member will probe an issue of interest solely to himself or his constituents; in other cases, questions and views are all over the map.

The government's presentation, from its side, tends to obscure rather than reveal.

In short, no one has any respect for the process anymore.

DEEPER

The Liberals' proposed rule reforms would have created a new standing committee on "estimates" that would have tackled fewer ministries in greater depth.

Unfortunately, it left the choice of ministry up to the government until off-again, on-again negotiations with the opposition produced a compromise that will allow all three parties to pick, in rotation, a ministry for "estimates" study.

It will take time to see what effect the new procedure has on the quality of "estimates" debate - but in no way could the results be worse than what the place has been inflicted with.

Of course, "estimates" changes are only one of the many that the amendments to the rules of order will bring.

From the Liberals' viewpoint, the big news is that some of the more obnoxious opposition delaying techniques will be abolished.

These include bell-ringing - walking out and letting the bells, which are calling members for a vote, ring on and on. Until they stop, nothing can happen in the legislature.

Berry's World

GIVE ME ONE
OF EACH OF THE
LOUDEST
TYPES OF POWER
YARD EQUIPMENT
YOU HAVE.

NEIGHBORS?



John Berry 7-D
© 1989 by NEA, Inc.