

abilities and money are limited. They would need some kind of a slip saying the discounter was qualified to do it, or else one con will be conning another con.

**Mr. Bill Clarke (Vancouver Quadra):** Mr. Speaker, I have agreed to make a very short intervention, but there are a few things that have to be said. This is not a new subject that members of the House are considering. It has been discussed in committee, not in the form of Bill C-46 but in another bill piloted by another minister. The minister does not say who will give the money to those taxpayers who are in need. The minister admits that the poor taxpayers, the unemployed taxpayers, are the ones who will be going to these businesses to get their loans, but the government has in its power to give those taxpayers their money.

When this bill passes, as I hear it will tonight, nobody will tell those poor people who need this money how to get hold of it. We know who seeks the services of the tax discounter. It is the person who is unemployed and who cannot get any kind of credit any place else. He cannot get it from the bank. The government has his money but will not give it to him, so he has to go somewhere else. What this bill will do is cut off that source of funds for those poor taxpayers who are most in need.

There should be some method for these poor taxpayers, who probably have only one asset, their tax refund, to get some kind of credit on their single asset. I say that we will cut off these people and thus encourage a black market to develop in some form if we pass this bill.

I do not quarrel with the control on rates from the point of view of inequitable interest, but there are certain factors that are unknown when a transaction is made, and allowances have to be built into the gross revenues in order to cover the unfortunate experiences. Taxpayers can make mistakes. When they come to the tax discounter to make the loan, they might not have received their T-4 slips and, because of the kind of taxpayers they are, they might not know exactly what their refund is. They might find they owe more tax than they knew. So when the tax discounter gets the refund, he may not even recover his advance.

Under the former minister, consideration was given to Bill C-16 in the other session. The minister indicated at that time that a legal rate of interest would probably be recommended by the government in the range of 70 per cent to 80 per cent per annum. I am not sure just how much the tax discounters are getting. I have heard of figures of 1000 per cent. Of course, that would be excessive. But the point is that we are cutting off these people.

Let us look at the government's part in this bill. Every month the government causes the employer to deduct the income tax which the government collects and then sits on it. I recommended in committee that if the government would free this money there would be no need for this kind of business to go on. The government could give back in advance the taxpayers' money that is owed to them. Government officials said that could not be done because by November when the taxpayer might need his loan they did not know how much was

attributable to the taxpayer, they only knew how much was attributable to the employer. I agree with the complaint. By February 28 the taxpayer will have his T-4 slip and the government will know how much has been contributed by the employer on the taxpayer's account. There is no reason why the government itself could not set up an office to expedite either loans or quick refunds to that kind of taxpayer.

I say this is just another example of the poor legislative timetable of the government and of the poor thinking that goes on over there. I will not prolong the debate any longer.

**Mr. Deputy Speaker:** I wish to inform the House that if the minister takes the floor at this time he will be closing the debate.

**Mr. Allmand:** Mr. Speaker, I should like to answer quickly the questions raised by the two hon. members. The bill provides that a discounter must fill out a form for every refund, advising the taxpayer of his refund and the amount deducted as a discount, and that one form must go to the taxpayer and another be filed with the government. So there is a registry kept of these people.

So far as licensing is concerned, that would have to be done by the provinces. By the way, four provinces have laws on this question already, but their laws do not cover the complete field so they have asked us to act just the same.

With respect to the questions put by the hon. member for Vancouver Quadra (Mr. Clarke), let me say that in addition to putting forward this bill I also make strong recommendations to the former minister of national revenue, Mr. Gray, to speed up refunds to taxpayers. He agreed to try to do this so there will be less need for tax discounting.

Second, we did not ban tax discounting because we did not want to create a black market in discounting. We merely limited the discounting to 15 per cent. We do not think this will drive discounters out of business. It will restrict them to what is probably a reasonable profit rather than an unconscionable profit.

**Mr. Deputy Speaker:** Is it the pleasure of the House to adopt the motion?

**Some hon. Members:** Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

On clause 2—Interpretation.

**Mr. Gilbert:** Mr. Chairman, I would like to ask the minister a very simple question with regard to discounters. Who will be the discounters that the minister anticipates? Are they banks, trust companies, finance companies, co-ops, credit unions or caisses populaires? Surely they are the group who should be doing the discounting, not these operators who open shop a month or two before tax time.

I do not anticipate that the present operators will continue when they can only get 15 per cent. At the moment they are up to 50 per cent. It seems to me that the minister should tell