

Bonus Bond Draw

name of the sports pool. They are competing to show in the olympic spirit that our athletes are among the best in the world. Having a sports pool to fund something of this type is quite different from creating another pool in order to raise revenues, for example, for post-secondary education.

I do not intend to use the provincial opposition as grounds for arguing against this resolution, but I believe the provinces are wrong in their case against federal activities in the field. It is somewhat startling when a Conservative Member flies in the face of such a determined opposition from the provincial governments, particularly Conservative governments at the provincial level. It is somewhat amusing when a Member comes back with a proposal that will supposedly raise huge amounts of money to assist us at the federal level to fund medical health care and other programs that require large amounts of money.

Perhaps that is why the resolution uses the term "bonus bond draw" rather than "lottery" to describe what is being proposed. It is still very much a lottery. It is useful to have this issue discussed by Members of the House. I hope the debate will serve to clarify thinking on a number of the issues involved. However, I do not think it would serve any purpose to ask the Standing Committee on Finance to devote time to study this matter at this point when the committee has tax legislation, bankruptcy legislation and other important issues on its plate. At the present time, the Finance Committee has a very heavy schedule. We hope that most of what it is examining will be returned to the House in time for passage prior to the summer recess.

The main weakness in the case made for these lottery bonds is that there are other avenues available to raise money for purposes such as suggested here. Some years ago when lotteries were illegal and when the main outlet for the gambling urge of Canadians was office sports pools, bingo games and the Irish Sweepstakes, there was a case to be made for Canadian lotteries that would keep our dollars at home. Today, there is hardly a need for another organized outlet to satisfy the public urge to risk a few dollars on a long-shot hope for the big prize. It is certainly not necessary for the type of funding we are talking about, as I indicated before, because we have the Consolidated Revenue Fund and the system of funding we have established over the years.

In this proposal we are not necessarily talking about a few dollars. Lottery bonds seek to entice citizens to put their savings into a bond which will pay them very little interest or at best a nominal return in hopes of winning a big prize on the turn of the lottery wheel. It is this hope which encourages them to keep their money tied up in these lottery bonds. If experience is any guide, only a handful will get a satisfactory pay-off and the rest will see the real value of their savings shrunk by inflation and, in reality, no real return on their investment.

There is one other point. Loto Canada used to provide money to young people competing in the Olympics. This was turned back to the provinces. The provinces brought in other lotteries such as the Provincial and Wintario which took away

the funding which originally went to Loto Canada and was used by the federal Government to fund these events. The federal share of Loto Canada dropped off dramatically. That is why we went to the sports pool. It was because the provinces brought out new lotteries.

We are looking here at something bigger, not just a \$5 or \$10 ticket but a bond. Consequently, those least able to afford it would be enticed to go for the pot of gold at the end of the rainbow.

Moreover, there is not much disagreement as to where lotteries draw their support. It is predominantly from people of low or moderate means, the very people who should be encouraged to save for a rainy day or for their retirement. If we look at this scheme from the standpoint of raising public funds, it is certainly a most regressive form of taxation. The poor and the working people invest their hard-earned money in lottery bonds with no reasonable return. They live in the hope that the wheel of fortune may suddenly make them rich.

I am alarmed about this type of scheme to raise money for the proposals suggested this afternoon. I do not think the scheme can be justified as meeting some unmet public requirement for gambling. There are many alternatives. It certainly cannot be justified as a worthwhile form of investment. It cannot be justified from the standpoint of meeting some governmental need.

First, it is not needed as an additional source of borrowed funds for the government. There are no basic difficulties facing the Government in borrowing funds through the traditional types of security such as market bonds, Treasury bills and Canada Savings Bonds. Furthermore, there are no savings to be made in raising government funds through lottery bonds. The existing borrowing mechanisms operate most efficiently at minimum cost in terms of administration.

The administrative and marketing cost of lottery bonds would be substantially higher. To that, of course, must be added the cost of providing tax-free treatment to lottery prizes and perhaps to any interest paid to purchasers of these lottery bonds. Certainly there would be marketing problems. As I mentioned previously, who would sell these lottery bonds at the retail level? It has been suggested that perhaps the banks or other lending institutions would do this. Or would one buy a bond at a corner tobacco shop? I do not think that that is a reasonable alternative at all because it is much too big a proposal to be handled through a local coffee or tobacco shop. Would banks and trust companies be willing to sell securities that were in direct competition with their own savings accounts and deposit certificates? I would have to suggest that they would not be willing to do this.

• (1620)

There is little doubt that lottery bonds are a high-cost way of borrowing funds. If we were to even consider this proposal, there would have to be a very large series of prizes involved which, as indicated by the Hon. Member who moved the motion, would be supplied by the Department of Finance. I fail to understand why the nominal interest earnings on such