

Mr. BALDWIN: As a taxpayer with a weak sense of humour, I might make a suggestion to close this on the same note as I opened it, and that is to try to work out some new form of terminology which would cover this loan which is really a grant which is going to be repaid by the taxpayers. If you put the first two letters of the one with the last three of the other you would get the word "groan" which seems to fit!

The CHAIRMAN: This does bring to our attention, I think, something which we should put in our report. We have many items brought to our attention here which hinge on legislation and pending legislation and amendments which are going to come before the House.

I would think that it would be good, sound logic for this Committee, before we close off, to list the pieces of legislation which are involved in our discussions with the Auditor General so that when they come before the House we will recall them and know what they are and be prepared to speak on them.

This is one which brings up the definition of "loan" or "grant". We should have a good debate in the House on it, as it is apparent that we have a division of opinion here between the Committee and the Auditor General and the Department of Finance. I do not think we are going to settle that division of opinion here this morning, because it is a legal and technical one, but we have had a good opportunity to air it, and I appreciate having had that opportunity.

We will move along to No. 62, page 33.

62. *Indirect compensation to chartered banks.* In our 1962 and 1963 Reports reference was made to the practice of the Government of maintaining large balances on deposit with the chartered banks, receiving interest only on the balances in excess of an aggregate of \$100 million. The view was expressed that this constituted indirect compensation to the chartered banks for services provided to the Crown and was contrary to section 93(1) of the Bank Act.

The Public Accounts Committee in its Fourth Report 1963 advised the House that it was in agreement with the view of the Auditor General, and in its Sixth Report 1964 it reiterated its belief that, if the bank are to be compensated for services provided to the Crown, consideration should be given to the most equitable manner in which this may be done, with statutory sanction being given by means of an appropriate amendment to the Bank Act, possibly at the time of the decennial revision in 1965 (see Appendix 1, item 29).

At the 1965 session of Parliament, Bill C-102, entitled "An Act respecting Banks and Banking", was given first and second readings and referred to the Standing Committee on Finance, Trade and Economic Affairs. Clause 93 of this Bill reads as follows:

93. (1) No bank shall make a charge for cashing a cheque or other instrument drawn on the Receiver General or on his account in the Bank of Canada or in any other bank, or for cashing any other instrument issued as authority for the payment of money out of the Consolidated Revenue Fund, or in respect of any cheque or other instrument drawn in favour of the Receiver General the Government of Canada or any department thereof or any public officer in his capacity as such, and tendered for deposit to the credit of the Receiver General.