

*Income Tax Act*

**The Acting Speaker (Mr. Paproski):** I always look forward to the Hon. Member's speech.

**Some Hon. Members:** Oh, oh!

**Mr. Keeper:** I welcome the opportunity to address this legislation. I must begin by saying that I think the notion of prepaying the child tax credit is worthwhile. I think it will have some beneficial impact and the Government deserves credit for taking the action that it is taking.

**Some Hon. Members:** Hear, hear!

**Mr. Keeper:** The problem with the action the Government is taking though is that it does not quite go far enough. While this prepayment of the child tax credit reduces the problem, it leaves in place the practice of tax discounters. I wonder why the Government wants to take this meliorated action to reduce the problem but does not go all the way. Why not eliminate the problem? Why not have a ban on tax discounters? Has the Government given serious consideration to that proposal?

**Mrs. Sparrow:** This is a democracy.

• (1720)

**Mr. Keeper:** I hear someone on my right saying that this is a democracy. I guess the implication is that if we do not allow poor people to be ripped off by large tax discounters we are somehow undermining the basic notions of democracy. I would point out that tax discounting is banned in the U.S. Surely members of the Conservative Party would not want to imply that the American system of government is anything but democratic.

I ask why the Government does not go all the way and simply ban tax discounting. I have to speculate that the reason has to do with the ideological commitments of the Conservative Party. The Conservatives are wedded to the notion of a free market and therefore find themselves unable to take effective action in this area. They are unable to bring themselves to say that tax discounting is immoral, wrong, a rip-off and should not be allowed, because tax discounters are private business people and the Conservatives are committed to the free market. That is a narrow point of view and a sad misapplication of Conservative philosophy.

I also have to believe that the Government has chosen to put in place a prepayment of the child tax credit rather than banning discounting because they were lobbied by the tax discounters. It is a lucrative business and these people have obviously been able to gain the ear of the Government. Certainly much more so than those who are concerned about the continued existence of tax discounting and the rip-off of the poor which it implies.

Perhaps some elaboration on just what exactly tax discounting is would be of assistance. Let us say that you file your income tax return and you expect a refund. Since it takes so long for Revenue Canada to process refunds, people in need of the money will go to a tax discounter and in effect sell their

refund at a discount so they can get the cash in their hands right away. Two-thirds of those who use tax discounters have incomes of less than \$8,000. Clearly it is those who live below the poverty line, the poorest in our society, who use discounters and are in turn exploited by them.

With specific reference to this legislation before us today, it is worth noting that the amount of money from child tax credits which has gone into the hands of tax discounters, rather than into the hands of the poor for which the money was originally intended and allocated by the taxpayers and Parliament, was in the order of \$20 million. These companies are actually benefiting from the existence of poverty and the compassion of Canadians. Canadians, because they care for their fellow countrymen, have put in place policies to aid the poor. These tax discounters come in like wolves and ravage the poor.

My point is that while what the Government is doing today is worthwhile and deserving of credit, I really must question again why the Government did not go all the way and ban tax discounting. It is already banned in the United States, a country dedicated to the free enterprise system and headed by a man who is the darling of the private sector.

Another approach the Government might take to cut discounting would be to ensure an effective and timely administration of tax refunds. Why should it take months to receive a tax refund? If Revenue Canada were organized in an efficient way there would be no reason for people to use tax discounters.

We have this legislation before us not only because of tax discounters, but because we have a large number of poor people in Canada. It is before us because of the existence of poverty. While this measure will deal with one specific problem from which poor people suffer, I must say that I hope to see the Government do more for the poor, do more to see that their basic human needs are met, do more to reduce if not eradicate the existence of poverty in this wealthy land. I have heard statistics over the last few months which indicate that the gap between the rich and the poor is growing, that the number of people living in poverty is increasing. A great percentage of those who are poor are women. They are often single parents and have to stay home to look after the children. As a result of the loss of the other parent and the loss of income, they end up in poverty. If the Government were concerned about poverty, it would look at the situation in which poor single parents find themselves. The Government would see that it is possible to move people from poverty to a decent standard of living. Many of these women, given training, the opportunity for job experience and social support, could move from below the poverty line to a reasonable standard of living. This has been demonstrated through special training programs which offer the income support, counselling and social support people need to make a success of the training programs.