

Family Allowances

I do not know what I am talking about, but this time I think I do.

An hon. Member: Are you sure?

Mr. Rae: I am sure this time. On a Master Charge or a Chargex account we pay the rate of 1.5 per cent a month. That is an annual rate of interest of 18 per cent. Similarly, the discount rate of 15 per cent expressed as an annual rate of interest is 60 per cent. That is what the government is telling discounters to charge, and that is what they have to state. That is the first part of the point I wanted to make.

The second part of the point I want to make is that when Bill C-46 was first drafted and brought before the House—let me say again that I do not say this in a spirit of antagonism toward my friends opposite but in a spirit of conciliation in order that we get the most we can for the people for whom this money is intended—it did not anticipate, I suggest, the creation of this tax credit scheme. According to the minister's own figures, about 1.5 million people will be filing a new tax form which they have never filled out before, and they will be in receipt of a sum of money which they have never received before.

What I am saying to the minister and to her colleague is this. If the government is not prepared under this bill to look seriously at this problem—and this is not a fictitious problem but a very real one—it will be in trouble. I say to the minister, with respect, that when she is asking me to tell my constituents to please not get their \$200 less a discount of \$30 in January or February but to please wait for their payments until March or April, she must recognize that these are not the wealthiest people in the world. I do not have the right to tell these people to hold off, nor does the minister. We are dealing by and large with people who are on welfare, who do not file income tax returns. Although I have been accused of assuming too much knowledge about the circumstances in which these people live, I think I am entitled to say that people living on welfare will certainly be interested in getting hold of \$200 or, as it is now magically reduced, \$170, as soon as possible.

I say to the government very seriously that I know they have special economic reasons for having to raise the interest rate to the usurious rate of 10.75 per cent, but in the name of heaven let them realize they have no obligation to subsidize the tax discounters in our country to the tune of several millions of dollars, which will be the result of this legislation. I would like some indication from the minister as to the government's willingness, if the government is not prepared to move on this front now, to at least give serious consideration to the payment of this money in quarterly instalments, not as an annual payment.

I think it was my friend—the hon. member for Saskatoon-Biggan who raised this as an issue brought forward by the national anti-poverty organization. I made that point in my comments at second reading and I repeat now—I do not say this in order to score points with the minister—that I am concerned that government money is paid out to people who need it, not to the tax discounters.

[Mr. Rae.]

I think the government is hung up on this criminal rate of interest which is getting it into many problems and, with which I do not agree. But quite apart from this, when Bill C-46 was passed, the government did not anticipate the legislation before us now. Under this bill the government is creating a subsidy for these people which was never anticipated at the time it allowed income tax discounters to charge 15 per cent. I am saying to the minister that giving speeches and asking people to please hold off for three months will not work. Once she has found it will not work, I hope she will come back to the House and say: "Let us send out payments to those people every quarter." At least this would ensure that people will not have to wait for large chunks of money from the government, 15 per cent of which, in my opinion, is guaranteed to go into the hands of the usurers in our major metropolitan centres.

Mr. Martin: Mr. Chairman, the hon. member raised a couple of points in connection with the tax discounting bill. The first point which should be made is that, whether or not all members of the House consider Bill C-46 perfect, it did indeed address itself to a particular problem which many people were facing in recent years, when they went to these people in the tax discount game and paid large interest rates on the advance payments which they received. This bill does limit the rate that the tax discounters charge to 15 per cent of the total amount being claimed. If that amount is outstanding for a year, it is a higher rate of interest. But let me point out that it is not being paid as a rate of interest but rather as a charge, and the point to bear in mind is that the charge cannot be greater than 15 per cent of the amount involved.

I do not think that when a bill is passed in the House members can anticipate what the future legislation will be in years to come. When the tax discount bill was passed, it was meant to deal with a particular problem at the time. I know the hon. member represents a riding that is adjacent to mine but for one riding between us, and we have a similar mix of constituents. I am very hopeful that people in his and in my constituency, as well as those in all constituencies throughout the country, who will be benefiting from this new tax credit, will avail themselves of the services of some of the professional accounting houses or of voluntary groups which offer services at a minimal fee, to assist those who have difficulties in filling out the very simple form which will be required under the circumstances.

The only analogy that I can draw is in the present situation in Ontario. Both of us represent Ontario ridings where people can apply for a property tax credit, and I believe that credit applies in some other provinces as well. In terms of the calculation required, this particular credit will be easier for the individual making the claim and, the form will be simpler to fill out than the one which people in Ontario are presently required to fill out in order to obtain the Ontario property tax credit. So far as I know, taxpayers generally have found they can cope with the Ontario property tax calculations, and indeed many people are receiving that credit who would not otherwise be income tax filers. So I think the same sort of thing will apply here.