

calculated at the certain percentage per annum of the total amount of the bonus bonds participating in the monthly draw for prizes. Each bonus bond will participate in each draw for the allocation of prizes from the second calendar month following the month of purchase until the draw in the first month following upon the month in which it is repaid.

Each established value bonus bond ticket which is invested has one chance of winning the prize in any one draw. A number will not qualify for the allocation of more than one prize in any one draw. The Minister of Finance may from time to time decide upon the values and numbers of prizes to be offered, depending upon the amount available in the prize fund. Draws for the purpose of allocation prizes will be made by means of a random number-generating electronic apparatus. The prizes, in values from high to low, will be allocated to the numbers in the order in which they are generated by the apparatus.

Bonus bond numbers drawn for the allocation of prizes will be published in *The Canada Gazette* and will be available for inspection at the offices of all agents of the bonus bond draw. Also they will be published in all major newspapers in the areas of sale.

Interest and prizes will be free from income tax. The interest on investments in bonus bonds of this issue, as well as the capital amount of prizes allocated, is exempt from all taxes payable in Canada.

Referring to other characteristics of the bonus bond lottery, I should like to indicate that they are negotiable and transferable. Mutilated or destroyed bonus bonds will be replaced by Department of Finance agents, provided that identification is possible. The Department and its agents shall be indemnified against liability to the rightful holder of the bond for any losses incurred, unless such losses result from the proved negligence or any wilful act on the part of an officer or employee. The Department of Finance may declare forfeit any bonus bond or any benefit resulting from the holding of such a bond, if such a bond is held contrary to the provisions of the terms of the draw.

Turning to the area of repayment of bonus bonds, holders of bonus bonds, or the guardians or successors in title of holders of bonds designated for the allocation of prizes, must apply for such prizes at the offices of the Department of Finance agents by completing a special form in the presence of an official, to whom the relevant bond certificate must be produced. Administration of the bonus bond draw will be carried out by the Department of Finance. In consultation with all other federal Departments, the Department of Finance would be responsible for prioritizing government needs in terms of acceptable goals for bonus bond draw-generated funds.

The bonus bond draw system would be regulated by all appropriate federal and provincial guidelines. The goals of the draw would be to establish an equitable and more socially beneficial system of draws in which both government and citizens would benefit on an ongoing basis. Funds generated by the bond draw could be used for such purposes as increased

Bonus Bond Draw

established programs financing or increased federal-provincial transfer payments for designated programs.

In summary, this matter could be discussed by the Standing Committee on Finance, Trade and Economic Affairs. It is a method of generating funds within Canada. The Government would not have to borrow as much money abroad at such exorbitant rates as it is paying today.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I listened with interest to the remarks of the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie) on Private Member's Motion No. 97. He touched upon several matters. First he indicated that the interest rate would be 1 per cent below that of other types of bonds. Also he mentioned that the prizes would be covered by the Department of Finance, but no mention was made of the amount of the prize or prizes. However, he suggested that the Minister of Finance should decide upon the size of these. The bonds will be negotiable and transferable. How would we follow such transactions between individuals? The holders of the bonds would have to apply to the offices of the Department of Finance for their prizes. Perhaps he is suggesting that the Department of Finance should become another lotto or institution for games of chance.

He went on to indicate that the Department should direct the receipts from these bonds into areas of greatest need. However, I fail to see how we can raise much money for Canada under this proposal. Bonus bond interest rates will be only 1 per cent below that of funds borrowed outside of Canada. Those wanting to invest funds would rather do it in a more conventional way such as through Canada Savings Bonds, guaranteed term certificates or other instruments.

● (1610)

We have to look seriously at the possibility of purchasing them at banks or other depots. I would be rather skeptical as to the availability of these institutions for distribution or sale, because they issue other bonds of various types.

Upon application by the holder the bonds can be redeemed at any time after one year. That would create a system very difficult to police. In essence, it would not be all that rewarding in the types of funds that could be created for other purposes.

Above all, there is a bit of irony in the sponsorship of this proposal by a member of the Official Opposition. When in government, my friends across the way signed an agreement in 1979 transferring the operations of Loto Canada to provincial hands. We heard strong statements from his colleagues in provincial governments since that time arguing that under the agreement, the federal Government should not be launching its new sports pool.

The sports pool is intended to finance a specific cause in Canada, the Calgary Olympics, which will be held in two or three years. Preparation has to start at the present time. This gives every Canadian the opportunity to contribute to something that is in direct relation to Canada, as is indicated by the