

*Adjournment Debate*

look for resources in this country wherever they can find them, one of them being a higher prime rate. It may be justified, but it is not justified for the Canadian public to be unaware of why it is being asked to accept higher interest rates than are justified.

This question has come before Parliament in Oral Question Period, and I bring it before Parliament again in this Adjournment Debate. The answer needs to be given to the House and to the public.

● (1815)

**Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance):** The Hon. Member in his question has asked about the differential in the bank rate and the chartered banks' prime lending rate. As the Minister of Finance (Mr. Wilson) noted in his initial reply, the spread tends to vary with market conditions. Over the past 10 years, the Canadian economy has experienced differentials ranging from 0.25 per cent to over 2.5 per cent. Historically, spreads tend to become greater in times of declining interest rates and smaller in times of increasing interest rates. This reflects the caution exercised by our financial institutions in assessing changes in the market-place. The Government is, of course, pleased that the general level of interest rates has declined over the last several months.

While there is undoubtedly a linkage between the bank rate and the chartered banks' prime lending rate, I would like to note that it is not an exact or inflexible relationship. The spread reflects developments in a number of different markets, such as the commercial loan market and the commercial money market. Each of these markets is subject to its own influences, and a change in one rate, such as the bank rate, does not automatically warrant a change in another rate.

When the Hon. Member posed his question at the end of January, the spread was 1.76 per cent. Since then, Hon. Members should note that the spread declined to 1.58 per cent on February 12. Although the spread has again widened to the current value of 1.71 per cent, the brief experience of the last one and a half months has shown how spreads can change.

While the prime rate is one factor in over-all borrowing costs, Hon. Members should also look at other rates to determine the impact of recent developments. Spreads have generally narrowed and there has been significant competition in other aspects of the mortgage agreements. For example, mortgage rates have dropped significantly. The major lenders now offer a wider range of prepayment options and are more flexible on the transfer of mortgages.

As Hon. Members know, on December 18 the Minister of State for Finance (Mr. Hockin) tabled the policy paper entitled *New Directions for the Financial Sector*. One of the major objectives of that paper is to increase competition in the financial markets. The proposals will allow more players into the market-place, which will benefit not only borrowers but also savers who provide funds to financial intermediaries. The

Government will introduce legislation during the course of 1987 to bring these changes into effect.

REVENUE CANADA—DISAPPEARANCE OF MICROFICHE RECORDS—RESULT OF INVESTIGATION

**Mr. Alan Redway (York East):** Mr. Speaker, this is income tax time again. I do not know whether that makes you feel very happy but it sure does not make me feel very happy. It is the time of year when you have to get out that income tax return, get all your papers together, try to sort them all out, fill in the return and file it before the tax deadline.

The first problem I always have is finding the income tax return itself in order to fill it out. This year I suspect I will have even more problems than I have had in the past. Usually the Department of National Revenue sends me an income tax return. I am not sure whether the Department of National Revenue has done that this year. I usually prepare my own returns. They are not prepared by a tax preparer. By now I should have received my return. If filing a return prepared by somebody else, I understand that this year, to save money, the Department will send only a label. Some of my constituents tell me that is probably just as expensive as sending the return itself. They wonder whether the Government is saving any money with that procedure. Other people tell me that even though they do not have a tax preparer prepare their returns, they still have not received returns from Revenue Canada. Perhaps they are in the same spot as me. I am not very happy about it at this time of the year.

The next thing I have to do is try to find the T-slips, the T-4s and T-5s. I always understood that by February 28 all T-4s and T-5s are supposed to have been sent out. For some reason or other, in the last few years, I seem to get more and more T-slips weeks after February 28. I do not know if that is because of a problem with Canada Post or with National Revenue, but it does not make me very happy.

● (1820)

Usually when I am making out my tax return, I look around to see how many tax deductions I can find. I suspect that perhaps you do so as well, Mr. Speaker. This year I heard about the former Liberal Government having put in the tax laws something called the scientific research tax credit. I have heard that people have been saving millions if not billions of dollars in taxes this way. I suspect that when I go to fill out my tax return, I will not have a scientific research tax credit to try to use.

I heard as well that the former Liberal Government had something called a tax remission. In fact, something like \$400 million worth of tax money that was supposed to come from Dome Petroleum and from Hudson Bay Mining and Smelting was given away. I suspect that when I go to fill out my tax return this year, there will not be any tax remission for me and I will be very surprised if there is a tax remission for you, Mr. Speaker. I see that you are nodding your head and I know you agree with me.