

The CHAIRMAN: Mr. Finlayson has a statement to make before I put the motion, with your consent.

Mr. FINLAYSON: I have an opinion from the Department of Justice to which I referred earlier in the sessions of the committee. I had referred to them the question particularly as to the right of the Central Finance Corporation to make this chattel mortgage charge for reasons I explained to the committee.

Mr. LANDERYON: That has nothing to do with it. I mean 7 per cent discount rate which they charge.

Mr. FINLAYSON: That is not involved in this reference.

Mr. VIEN: Mr. Chairman, there is no question whatever, I think, in anybody's mind that the company has the right to charge on a discount basis 7 per cent per annum at present. There is no question as to that is there?

Hon. Mr. STEVENS: Yes. I question it.

Mr. TUCKER: I tell you now that so far as I am concerned my reading of the law shows that the charge allowable is 7 per cent interest per annum, and if I understand the English language that is what it says and not 14 per cent. I do submit this, Mr. Chairman, that when these bills were brought before parliament it was just an endeavour to get around the Kellie decision, which was the only decision which the courts had given on this question of the Industrial Finance Corporation. In spite of that decision they are still charging an effective rate of 14 per cent interest per annum although their act of incorporation said that they should charge 7 per cent per annum. The Kellie decision said they had no right to increase that to 14 per cent. In spite of that decision, we are told that they had a right to charge this higher rate of interest, and we were told that the effect of this legislation would be to reduce the rate.

Now, at the time parliament met the only court decision was to this effect, that the Industrial Loan & Finance could charge 7 per cent interest only, 2 per cent in advance in regard to service charges which meant 4 per cent per annum or, in other words, 11 per cent. Now, Mr. Chairman, most of their business is done on endorsed loans which meant that according to the only decision which the courts have given the limit—

Hon. Mr. LAWSON: They are not done on endorsed loans.

Mr. TUCKER: My information is that most of the business of the Industrial Loan & Finance is done on endorsed loans. So we have this situation—

Mr. VIEN: The statement is incorrect in fact. They said that in the province of Quebec. That was true but in the province of Ontario they were loaning on chattel mortgages.

Mr. TUCKER: I am speaking of the Industrial Loan & Finance which does business in the province of Quebec almost exclusively.

The CHAIRMAN: The motion refers to this bill, and we are now debating the motion.

Mr. TUCKER: I am dealing with the whole situation; that dealt with by the companies.

The CHAIRMAN: No, you are wrong.

Mr. VIEN: I rise to a point of order. I do not want to be unfair to either Mr. Finlayson or Mr. Tucker, but there is a motion by Mr. Landeryou before the committee calling for adjournment and that motion is not debatable. I agree with Mr. Finlayson's statement. Now, Mr. Landeryou moves that we should adjourn this debate. The question is on this motion, yes or no.

Hon. Mr. DUNNING: May I point out that the motion was qualified. It was qualified until—

[Mr. Lionel A. Forsyth.]