

known reason this firm has been unable to get the necessary bond, and in any case it would involve an expenditure on their part of \$75 a year, although they pay nothing whatever to the government.

Mr. BUREAU: This is a question of the classification of this firm's activities. They are not manufacturers; they are wholesalers. The act provides that these people shall give a bond. It is the first case I have heard of where the bond company has refused to guarantee the honesty of the trader or his faithful compliance with the law. I do not see what I can do in the matter. These people buy the scrap and sell it, and when a wholesaler sells to a manufacturer he gets a refund from the department of the sales tax he has paid. When the material goes into the manufacture for consumption then the tax is collected and turned in to the department.

Sir HENRY DRAYTON: Why could a small amendment not be made to provide that a bond or other security might be accepted, in the discretion of the minister? I do not believe this government is out to make business for the bond companies, but that seems to be the effect of the present provision. The guarantee of a bank is just as good as that of a bond company, and many other things could be suggested that would be just as good. Why not provide that such security may be accepted as shall meet with the satisfaction of the minister? The only real difference is that the trader has to pay \$75 to get the bond from the guarantee company, whereas in the other case he has not that expense.

Mr. BUREAU: There is a lot in what my hon. friend says, but he knows by experience the difficulties in connection with taking other security. If a man wants to be his own security—

Sir HENRY DRAYTON: It would have to be outside security, of course.

Mr. BUREAU: There were cases as soon as the law was amended, and when they came to the minister and he had to make a decision, he was accused of causing hardship and all sorts of things. In the case of a bond to be given when duty was not paid on liquor, we made it a guarantee bond approved by the department. I would have no objection to what has been suggested if it were not for the difficulty of administration, and the very difficult position in which the minister is very often placed. He may do some injustice in refusing to accept certain bonds, and on the other hand he may expose the government to loss by accepting certain

bonds. This makes it difficult. If my hon. friend wants to make it bank security, or add to the kinds of securities we must accept, all right; but I think it is unfair to leave it to the minister to judge whether or not the security should be accepted.

Sir HENRY DRAYTON: I do not want to add for one moment to the minister's difficulties, or to be the cause of his losing one wink of sleep. Why not say, or "bank guaranteed"?

Mr. BUREAU: I would not object to that.

Mr. WHITE: That would cover the ground, I think.

Mr. JACOBS: It is just a question whether the bank has the power to give guarantees to the government for its customers. Banks are created for a certain specific purpose, and I do not think it would extend to giving credit to the government for their customers. That is the function of a bonding indemnity company.

Sir HENRY DRAYTON: I do not think there would be much trouble about that. Every time a bank issues a letter of credit it is, in effect, doing that.

Mr. BUREAU: We have never had any difficulty in getting bonds from outside, but they want us to take their own guarantees, and that is where the trouble comes in. Better leave it as it is, and if there is any difficulty in any particular case we will see what we can do about it.

Mr. WHITE: The minister has had a special case placed before him, and he says he cannot alter the statute.

Mr. JACOBS: Why cannot the man get a bond to guarantee his dealings?

Sir HENRY DRAYTON: It would cost him \$75 a year. It is a very serious addition the government is making to the cost to the public.

Mr. BUREAU: How are you going to protect the government?

Sir HENRY DRAYTON: This is one of the troubles of this legislation. The government says: You can only do business with us if you give us a bond, and that will cost you \$75 a year to get. Now, there is any amount of different ways of giving security.

Mr. ROBB: He can always get his refund.

Sir HENRY DRAYTON: My hon. friend knows about refunds.