

Supply—National Revenue

not going to quarrel with that statement at the moment, but I am just wondering whether a report of this type might not be made available to the members.

Mr. McCann: It will be in *Hansard* now.

Mr. Monteith: It will be now, but if we could have something of this nature before us prior to coming to the estimates I think we could go over the estimates with a much clearer picture of just what exists.

Mr. McCann: I made a similar statement last year. Perhaps my hon. friend did not read it, or he has forgotten it.

Mr. Barnett: I must say that from my observations many of these wage earners who are subject to income tax deduction would agree with the statement made by the minister. I think that is borne out by the high percentage of deduction arrangements which on balance may more often result in refunds. However, the fact that refunds are created does bring about a certain problem, and it is in connection with this that I rise at this stage.

I have in my hand a clipping from the Vancouver *Sun* of February 26 last which is headlined, "Loggers sell tax refunds for 50 cents on dollar. Scheme startling but wholly legal." At one point in the news story it states that the income tax officials in Vancouver were horrified and shocked by the scheme. The article goes on to indicate that as far as they were aware at that particular time there was not much they could do about it. The dispatch goes on to describe how the scheme works, and I think it might be of interest to hon. members from other parts of the country if I quoted this briefly so they may be alerted to the possibility of a similar racket being started in their parts of the country. The article reads:

Here's how it works:

Fred Fieber, secretary of local 1-71, international woodworkers of America, estimates there are between 4,000 and 5,000 loggers in the Vancouver area who have been out of work since the fall lay-off. Most of them will be rehired in April or May when bush operations again swing into high gear.

In the meantime, they and their families are living on what moneys they saved last year.

Loggers are not noted financiers.

Most of them, Fieber points out, are currently short of ready cash.

Most of them also have a nice nest egg owed them by the income tax branch in the form of refunds on the deducted-at-source taxes they paid during the months they worked last year.

These two factors, the loggers' need of cash and the refunds due from Ottawa, are the props for the racket.

The scene is a second-floor office in a dingy side street in downtown Vancouver.

Then the article goes on to describe how the scheme was operated. It was simply a

[Mr. Monteith.]

matter of the individual to whom a refund was due giving to the operators of this scheme a power of attorney to collect his income tax refund. He would turn over his slip indicating what he had coming, and then would be paid by the operator on the basis of 50 cents on the dollar. I imagine the department here in Ottawa must have had some report on this situation which I think the minister will agree is a most unfortunate development. I was wondering whether the minister could give any report at this time as to what action the government has considered taking to deal with this situation. If not, I might have one or two further questions to ask.

Mr. McCann: We are familiar with the situation which was brought to our attention by the district office in Vancouver. It is a matter of a man having a slip which entitles him to a refund, and which he sells for cash at a discount. That led to another racket, where these things were forged and sold. That was about the time we caught up with it. There is no law to prevent a taxpayer from borrowing on the security of his refund. It is like pawning a watch, where you borrow money and sometimes you go back and pick up your watch and sometimes you do not.

That is what happened here. A man had a refund slip, and there was no law to prevent him from borrowing \$10 on one that was worth \$25, and probably taking that \$10 and moving to another part of the country and the other fellow getting the benefit. This practice leaves the discount operator and the department open to fraud. However, I may say that I think we have the matter well in hand, and it will be closely watched another year when the refunds come around.

Mr. Barnett: I am not too disappointed at the report the minister has given, because I think there are few hon. members who would quarrel with a man having the right to assign his refund if circumstances warranted him doing so. However, I think it is important that some consideration should be given to devising some practical means of making this sort of thing less likely to develop. I have had some discussion on this with people at the coast.

I should like to know the reason for the time lag which occurs before these men can get their refunds. I am not suggesting that there is undue delay in the department, as I think most hon. members will agree that there has been a considerable speed-up in paying refunds over the situation of a few years ago. What is the deadline for a firm sending in the T.4 slips to the department?