

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
July 2, 1946.

The Standing Committee on Banking and Commerce met this day at 4 o'clock p.m. The Chairman, Mr. Hughes Cleaver, presided.

The CHAIRMAN: If the members all have copies in their hands of Bill 140 we will proceed with that bill, an Act to amend the Small Loans Act, 1939. Is it your pleasure that the committee should first have a general statement from Mr. Mayhew, the parliamentary assistant to the Minister of Finance? (Agreed.)

Mr. MAYHEW: Mr. Chairman and gentlemen: I am sure we are all very pleased to note that one of the original members of the 1938 committee, which was the year of the foundation of this small loans legislation, is now the chairman of this committee, Mr. Cleaver. I notice also there are several other members on this committee who were on that committee at that time. I am sure they will all be of great assistance to us. I am not going to take up any great length of time in making a statement. Mr. Finlayson is here to answer any questions, and I am sure that is what we want to hear.

I might state that the reasons for bringing in this change at this time are several. Probably the one that we considered the most important is the report of the superintendent of insurance who is also superintending these small loans. Mr. Finlayson has made a recommendation to the minister that the rate be changed from 2 to 1½ per cent. That is the only change in the bill. Another reason why it was thought advisable to bring in the change at this time is that there has been a general reduction in interest rates since 1939, the year the Act was passed. Further the report of the superintendent gives the growth of the various companies, and it has been considerable. In fact, business has been more than doubled since 1939.

Mr. FLEMING: That is the volume of business?

Mr. MAYHEW: The volume of business. They seem to be in a very strong position. Further than that there was the position taken by the Minister of Finance when he was introducing the bill in 1939. He used some pretty strong statements in connection with it, and particularly with regard to the rate of interest. It is quite evident from his statement it would appear that 2 per cent was the maximum that should be charged at that time.

Then there was also a further report, which I would recommend members to read if they have not already done so, of the then chairman of the Banking and Commerce Committee. His report was made to the House at the time the bill was introduced.

I should like to make this short statement. [The Small Loans Act was enacted by parliament in 1939 to come into force on January 1, 1940. Prior to that time the three licensed small loans companies were governed as to rates of cost by the provisions of their special Acts of parliament and by an amendment to the Loan Companies Act, R.S. 1927, Chap. 28, passed in 1934, Chap. 56, restricting the rate of cost for dominion companies to 2½ per cent per month. The Small Loans Act, 1939, fixes a maximum rate of 2 per cent per month.

The Small Loans Act applies to the said small loans companies and also to money lenders, however incorporated. At the present time there are three small loans companies and fifty money lenders licensed under the Act.