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# Standing Committee on Procedure and House Affairs

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**Monday, June 18, 2007**

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**Chair**

**Mr. Gary Goodyear**

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Monday, June 18, 2007

• (1100)

[English]

**The Chair (Mr. Gary Goodyear (Cambridge, CPC)):** Colleagues, let's bring our meeting to order.

There are a couple of things I want to mention at the start.

The agenda for today lists the meeting as being from eleven o'clock until one o'clock. I just want to bring it to your attention that we do have the room until two o'clock, if we need it. The committee did vote on extending to three hours all the meetings—including today's—that were necessary this week, so a slight error there. I'm just bringing it to your attention, then, that this meeting is scheduled to go until two o'clock, if necessary. As a result of that, of course we do have lunch coming, so not to worry; there will be lunch arriving as needed.

Colleagues, once again, pursuant to the order of reference of May 28, the committee will continue its study on Bill C-54. As decided by the committee last week, we will now commence clause-by-clause. I should remind you that this meeting is being held in public.

To the officials, I thank you for coming out again. We certainly appreciated your visit last week, and will potentially more so today.

I would now ask you each to introduce yourselves and give your position.

[Translation]

**Mr. Marc Chénier (Counsel, Legislation and House Planning, Privy Council Office):** My name is Marc Chénier and I am a legal counsel in the democratic reform group at the Privy Council Office.

[English]

**Mr. Dan McDougall (Director of Operations, Legislation and House Planning, Privy Council Office):** I'm Dan McDougall, director of operations with legislation and House planning at the Privy Council Office.

**Mr. Randall Koops (Senior Policy Advisor, Legislation and House Planning, Privy Council Office):** I'm Randall Koops, senior policy advisor with legislation and House planning, also at the Privy Council Office.

**The Chair:** Thank you very much.

Members, I want to thank you all again for your diligence in getting to us by the deadline any amendment changes. If you had an opportunity to look through the package of material distributed last Friday, you will have noted that there was in fact one additional amendment. It is in your package on page 2.1, indicated as a new

amendment. It was not in the original package you received at the beginning of last week.

So you now have, hopefully, the updated copy of the amendments. If you do not have that, we have extra copies. You'll know you have the new one when you see page 2.1 in the package.

I will also tell you, as I did before, that I have found all of the amendments, including the new one, in order. So we are ready to move on with our clause-by-clause. I'll just remind members that we will simply put the clause on the table. If there is an amendment to the clause, we'll ask the particular representative of the party that made to amendment to introduce it. The amendment will be moved and we can have debate on it. We have our experts here to help us if we need their help. Then we will vote on it and proceed to the next clause.

If there is no amendment to a particular clause, there is an opportunity to discuss the clause. However, I think we could probably put the question to those clauses as we move through. As we come upon them, we can put the question if there's nothing to do.

Again, I would remind members about the amendments as they come in. There are two ways in which we organize our amendments. One, obviously, is in the order in which they appear in the bill. In the cases of multiple amendments to the same line in the bill, then we time them very specifically as to when they were received. Whoever got their amendment in first is obviously dealt with first, in that case.

Did you want to bring something up, Mr. Owen?

• (1105)

**Hon. Stephen Owen (Vancouver Quadra, Lib.):** Yes, just a question on process. A number of the amendments from different parties tend to be consequential. Will they be grouped so that we can try to deal with them more quickly?

**The Chair:** Yes. In the case of consequential amendments, there are a couple of amendments where, when we make one change, changes are then necessary to other clauses. We have our legislative clerks here as well. They're going to help us pin those things together. We can move through this fairly quickly.

I think members have probably noticed with this bill that there are repetitive clauses. Ultimately the bill has been written for registered associations, for example, and registered parties, and leadership candidates, and so on. Clauses tend to repeat themselves as we change which individual we're talking about. So I think once we get the first five or six out of the way, we'll start to see the repetition.

Without further delay, I think we should start with our clause-by-clause.

Colleagues, just let me take a moment to make sure we're on track here....

Please, Mr. Reid.

**Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC):** Just further to Mr. Owen's point, may I assume that if there are any situations in which the adoption of one amendment would have the consequence of making it impossible to adopt the second one, that will be pointed out to us?

**The Chair:** It will be. In fact, just to warn everybody, what you're concerned with actually affects most of the amendments. So you'll see that we do have a conflict, and I'll explain that to everybody as we hit that clause.

Colleagues, I should remind everybody of just one more thing before we get going. Bill C-31, which this committee took great pains to review and question witnesses on, is actually up for debate in the House at 12 o'clock today. It's a bit of a time conflict, since most of the experts on that bill are right here at this table. So I just wanted to let you know. It's not a push to get this done in any way, but let's see if we can get this done, and the members should know that we're debating all the good work that we did up in the House at noon today.

(Clauses 1 and 2 agreed to)

(On clause 3)

**The Chair:** There are two amendments to clause 3. There is NDP-1, which you will find on page 1, and CPC-1 on page 2. The NDP amendment was in first, and I would ask the member from the NDP to introduce and move that amendment.

**Mr. Paul Dewar (Ottawa Centre, NDP):** Thank you, Mr. Chair.

The reason for the amendment is simply—and I'm sure it's similar to other amendments—that it's making a certainty for the bill and clarification on firmness of rates and getting some predictability. The intent of this is to simply give that to the bill and to firm it up a bit, and I guess there are other amendments similar to this.

I would rewind on that, Chair. It's the deletion of lines 14 to 21 on page 1 and replacing lines 22 to 26 and lines 1 to 3 on page 2 with the following:

Act are repealed

Elections Canada had suggested this change due to duplication, so it's a simple suggestion that had been brought forward by Elections Canada and it speaks to any concerns around duplication.

• (1110)

**The Chair:** Colleagues, I want to point out that we do have a line conflict between this NDP-1 and CPC-1 on page 2 of your package. Obviously if we adopt NDP-1 we will not be proceeding with CPC-1.

I'll give members a few minutes to let that sink in.

Mr. Guimond, please.

[Translation]

**Mr. Michel Guimond (Montmorency—Charlevoix—Haute-Côte-Nord, BQ):** Thank you, Mr. Chair.

We will be voting against the amendment suggested by our NDP colleague. However, we will be voting in favour of the amendment proposed by the Conservatives. We feel that the NDP amendment removes an association's obligation to declare in its financial report the loans, securities and related transactions in the association's name, as well as the loans taken out for the campaign. For those reasons, we cannot support an amendment that would clearly have such an effect.

[English]

**The Chair:** Thank you, Mr. Guimond.

Mr. Owen, you had your hand up, and then Mr. Preston.

**Hon. Stephen Owen:** Thank you.

I make the same point as Monsieur Guimond makes, but with the opposite conclusion. I think that one of the concerns with this—and I'm not sure whether this is what the NDP has in mind, but it comes up at other times in their proposed amendments—is the difficulty, which we heard some evidence on last Thursday, of riding associations in rural areas that do not have access to chartered accountants and financial agents. With onerous reporting requirements, they simply may not be able to keep up or find someone capable of keeping track of all of these things. I think perhaps that was one of the concerns the NDP had on it. There are vastly different financial—not monetary but financial—expertise resources available in different ridings across the country.

I just throw that out for discussion. It doesn't determine it in my mind one way or the other. I do think we have to have accurate accounting for these issues, but there was a sense of realism raised by witnesses from the parties on Thursday.

**The Chair:** That's a good point.

Could we have Mr. Preston and then Mr. Lukiwski?

**Mr. Joe Preston (Elgin—Middlesex—London, CPC):** The true question here was obviously that if we do one, we can't do something else, so I'm going to stand against the NDP amendment so that the CPC amendment can go through.

I'd like to ask the witnesses a question, if possible. The reason for the NDP amendment had to do with some comment from Elections Canada on duplication problems or something. Is that really true?

**Mr. Marc Chénier:** Mr. Chair, I'd just like to point out to the committee that proposed section 405.6 just sets out what must be included in the report on loans, and the various clauses that are listed provide for the actual return that must be provided by each entity. If you look at proposed subsection 405.6(2), it says that the report on loans has to be submitted with a return that's provided by each political entity, so that there is in fact no duplication. It's the same return we are talking about. Proposed section 405.6 just specifies what must be in the return.

The second comment is just maybe a caution to the committee that if you adopt the motion as is at paragraph 405.5(1)(b), that would have the effect of removing all reporting requirements on unpaid claims by the various entities. They would just cease to exist, so Elections Canada would not be able to see what claims remained unpaid.

**The Chair:** Mr. Lukiwski, do you have a comment?

**Mr. Paul Dewar:** Mr. Chair, based on comments just made, I'd be happy to withdraw the amendment and move on to the next one.

**The Chair:** We need unanimous consent from the committee. Is there unanimous consent to withdraw that motion?

**Some hon. members:** Agreed.

• (1115)

**The Chair:** Staying with clause 3, can we now deal with amendment CPC-1, on page 2, please?

Who would be the spokesperson from the Conservative Party?

Mr. Preston.

**Mr. Joe Preston:** I'll quickly do it.

It was something we talked about with other witnesses. The amendment allows for your contribution limit to return to you in that year if a loan is paid off. This is one of the amendments that help us get that thing started. That is truly all we're trying to accomplish with this one.

**The Chair:** Is there anybody else who would like to speak to that, or are we ready for the question?

Mr. Dewar, please, and then Mr. Proulx.

**Mr. Paul Dewar:** I'd just like to hear our witnesses' comments on this, to establish what this would do and how it would change the intent of the bill as it is presently written.

**The Chair:** Perfect.

Could we have comments from our witnesses, please?

Marc.

**Mr. Marc Chénier:** We're just adding to this amendment the dates and amounts of repayment of the principal and payments of interest that are made on the loan. If you look at amendment CPC-2, the amount of the loan that is repaid during the calendar year in which the loan was made will not count toward the contribution limits. This will allow for that provision to be enforced.

**The Chair:** Go ahead, please, Dan.

**Mr. Dan McDougall:** In effect, this is a consequential amendment to a subsequent amendment, which appears later. The principle is established later on, and this would be a consequential amendment to that. It does come earlier in the package, though, but it relates to transparency provisions, so what is provided for later will be made clear in the reporting requirements.

**The Chair:** If I could just ask for clarification, is the later amendment to which this is consequential amendment CPC-2?

**Mr. Dan McDougall:** That's right.

**The Chair:** My colleagues can refer to that.

Mr. Proulx, you are good?

Are there any other comments?

(Amendment agreed to) [See *Minutes of Proceedings*]

(Clause 3 as amended agreed to)

(On clause 4)

**The Chair:** Colleagues, on clause 4 there is one amendment provided to us by the Liberal Party. It is amendment L-0.1 on page 2.1 in your package.

I would ask Mr. Owen to please introduce that amendment.

**Hon. Stephen Owen:** Thank you.

The impact of this would be to allow leadership contestants to add in subsequent amounts in subsequent calendar years so that the restriction against loans—or guarantees, I suppose—to the indexed amount of \$1,000 or \$1,100 in one year would not be the total contribution or loan that could be made, but in subsequent years it could be added to as well for a particular leadership contest.

**The Chair:** Any questions or comments?

Mr. Dewar, please, and then Mr. Reid.

**Mr. Paul Dewar:** I'd like to have our panel comment on how this changes things, notwithstanding Mr. Owen's explanation, and if this has any consequence or is related at all to the most recent changes to Bill C-2 and the caps on contributions, because that particular piece of legislation changed donations, obviously.

The first question is how this would change the bill. The second question is if this has any effect on recent changes to Bill C-2.

**Mr. Dan McDougall:** This would have the effect of increasing, in these limited circumstances, the limits that were put in place via Bill C-2.

**The Chair:** Mr. Reid, did you have a comment?

I'm still looking for other folks, if you can raise your hands, please.

Mr. Reid.

**Mr. Scott Reid:** Mine is also a question to our officials.

My reading of this, and I stand to be corrected, which is why I'm asking you, is that it would also have a retroactive impact on the Liberal leadership contest that has been completed. It would allow people who have already made a donation to a particular leadership candidate, once this bill is given royal assent, to make further contributions to those leadership contests, one presumably in 2007 and an additional one in 2008, however long these debts are carried....

Do I understand this provision correctly?

**Mr. Marc Chénier:** Since there's no provision specifying retroactive application, the law would be the law on the day of coming into force. From that day forward they would be able to give \$1,100 in each of the calendar years after that.

• (1120)

**Mr. Scott Reid:** Including to the leadership contest that's already over. Imagining that I had already contributed to one of the leadership contests in 2006, I would be able to retroactively continue contributing \$1,100 in each year of this year, next year, and so on. Is that correct?

**Mr. Marc Chénier:** If the individual was still a leadership contestant, because they haven't wrapped up their campaign yet, then that would be the effect.

**Mr. Scott Reid:** Those campaigns are not, for these purposes, wrapped up at this point, are they?

**Mr. Marc Chénier:** I haven't checked the returns posted on the Elections Canada website recently, but most of them weren't up until when they were posted a couple of weeks ago.

**Mr. Scott Reid:** If I understand correctly—and I can't say this is intentional or not—one of the practical effects of this appears to be to provide a method by which individuals can contribute in excess of the amounts allowed by Bill C-2, by our current law, to those leadership campaigns.

On that basis, Mr. Chairman, I would urge members to vote against this.

**The Chair:** Thank you.

Mr. Proulx.

[*Translation*]

**Mr. Marcel Proulx (Hull—Aylmer, Lib.):** Thank you, Mr. Chair.

Mr. Chénier, I would just like to correct the terminology. Though Mr. Reid mentioned a retroactive impact, I did not hear you mention retroactivity, because there is none. What you are saying is that, if a person wanted to contribute to a fundraising campaign to pay off a leadership candidate's debt, that person would be able to contribute \$1,000 or \$1,100 annually, starting from now, whether the race took place last year, or takes place this year or next. There is nothing retroactive in that. The leadership candidate's debt is not a retroactive one. It is a debt that exists now. If there is no debt or if there is no leadership race, people cannot make contributions. We have to understand this.

Do you agree with me?

**Mr. Marc Chénier:** Yes, you are right. The moment the act comes into effect, and at any time thereafter, a person can contribute \$1,100 each calendar year.

**Mr. Marcel Proulx:** The person can do so as long as the debt is not paid off. Once a leadership candidate's debt is paid off, there is no longer any reason nor any legal way to conduct a fundraising campaign for a leadership race.

Right?

**Mr. Marc Chénier:** It is...

**Mr. Marcel Proulx:** For example, let us say that next year, the candidates in the Liberal Party leadership race of December 2006 have all paid off their debts, and no longer owe any money. At that point, there will no longer be any way to make a financial contribution to the 2006 leadership race, because first of all, the race

is over. Beyond that, since the candidates are no longer in debt, it is no longer possible to contribute in that way.

**Mr. Marc Chénier:** The person is presumed to be a nomination contestant from the previous campaign until his financial campaign is wrapped up. As soon as it is, he is no longer contesting the nomination.

**Mr. Marcel Proulx:** I can understand that members of the Conservative government might want to put this bill into effect in order to cause problems for those who have not yet managed to pay off all their debts. They are raising money legally. Pulling the rug out from under them in that way is a bit much, in my opinion. But I know that you will not be making any comments on that, Mr. Chénier.

[*English*]

Mr. McDougall, you said it would be against the existing law if we were to change this. Could you explain that to me, please?

**Mr. Dan McDougall:** I didn't say it would be against it; I said it would be a change to the existing law.

**Mr. Marcel Proulx:** Okay. Your answer was not a negative answer. You just acknowledged that it would represent a change in the actual law.

**Mr. Dan McDougall:** That's correct.

**Mr. Marcel Proulx:** It was not a comment on whether it was appropriate or not.

**Mr. Dan McDougall:** It was no such comment.

**Mr. Marcel Proulx:** Thank you, sir. For those reasons, I will be voting in favour.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Proulx.

Are there any other questions or comments on this amendment?

(Amendment agreed to) [See *Minutes of Proceedings*]

(Clause 4 as amended agreed to)

(On clause 5)

**The Chair:** Colleagues, clause 5 is a reasonably long one with a number of changes, with a number of line conflicts.

We'll start off with the first amendment by the NDP. That is amendment NDP-2, on page 3. This has a conflict with amendment L-1. You might want to pay attention to amendment L-1. If amendment NDP-2 is adopted, then L-1 cannot be proceeded with.

I call on Mr. Dewar to introduce amendment NDP-2, please.

• (1125)

**Mr. Paul Dewar:** Thank you, Chair.

I started off with this one erroneously when we started the amendments.

It is essentially to have some predictability, some firmness in terms of the rate, and some fairness in terms of transparency on what the rate would be, and to give a definition, so that it would read:

a loan referred to in subsection (1) at a minimum interest rate to be set as the prime bank rate plus 1% or higher.

Again, this is something that we think will provide more transparency and more fairness in terms of establishing what the rate is, so that there is no playing around with numbers, if you will, to gain advantage for any one particular group or political party, or candidate, for that matter. That is the intent of this amendment.

Thank you.

**The Chair:** Thank you.

If there any other comments, please raise your hands.

Mr. Owen, please.

**Hon. Stephen Owen:** In looking at this amendment, Mr. Chair, and from the witnesses we had on Thursday and from considering officials' comments, what we're trying to achieve in the current act by the two suggested amendments is to make it a more objective process. What we heard on Thursday was that—I think all witnesses agreed—banks will favour, in some way, people with more assets in terms of interest rates, not simply as to whether they would grant a loan or not, but there would be lower rates. The fair market value that exists in the bill and the commercial value that would be suggested by Liberal amendment L-1 both introduce more subjectivity into it than this as a floor, so that it does actually create a greater chance of a level playing field.

In that situation, we would withdraw amendment L-1 and support amendment NDP-2.

**The Chair:** We are not on amendment L-1, but I'll take that under advisement when we get there. We'll ask for unanimous consent to withdraw that motion.

Colleagues are going to have to kind of estimate whether they are debating amendment NDP-2 or amendment L-1.

I actually have a list here. Mr. Lukiwski, I'll put you down.

A point of order, Mr. Reid.

**Mr. Scott Reid:** On a point of order, Mr. Chair, am I mistaken that in the event that this passes, you don't have to ask for unanimous consent, because effectively the Liberal amendment dies by virtue of the fact that this has passed?

**The Chair:** You are correct. We will not be dealing with LIB-1 at all. That's why I'm letting it go.

Mr. Lukiwski, and then Monsieur Guimond.

**Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC):** Thanks, Chair.

Very quickly, I don't think it's the role of Parliament to be dictating interest rates for financial institutions. I just don't believe that's our purpose here. Obviously we can entertain the witnesses and they can comment on the clause itself, but I just don't feel that's the role of this institution.

**The Chair:** Thank you.

Monsieur Guimond.

[*Translation*]

**Mr. Michel Guimond:** Thank you, Mr. Chair.

We are going to vote against amendment NDP-2 for the following reason. Given that that the bill does not restrict interest rates charged on loans by a registered party, an association or a private individual, we see no use in setting a minimum rate. As we understand the bill, if someone agrees to lend me money at a rate lower than the commercial rate, I have to declare the difference as a contribution. So we oppose amendment NDP-2.

I am chuckling a little at our NDP friends. It is almost as if they want to give banks a break, which is not a habit of theirs. They have called the banks corporate bums before. I am surprised at amendment NDP-2, but we are going to vote against it.

I find it a pity, though, that the Liberals have withdrawn their amendment, because we wanted to vote for it. But they decided to withdraw it, so they will have to live with the consequences.

No one was listening to me, but anyway...

• (1130)

[*English*]

**The Chair:** Mr. Reid.

**Mr. Scott Reid:** My intention is to vote against this. It's not that I think it's necessarily a bad idea, but vis-à-vis the place where loans are likeliest to be used, which is in actual races in a riding, it seems to me that effectively the rate of interest is going to be set by the certainty that the rebate from Elections Canada has been turned over, and it seems to me that the surety therefore is equally certain in all cases and the rate of interest is likely to be the same in all cases.

**The Chair:** Thank you.

Mr. Dewar.

**Mr. Paul Dewar:** I would like to clarify a couple of points for my friends.

I won't comment on the NDP and banks; I'll leave that for others to figure out. But I will say, Chair, that the point of this is that if we're talking about the person contributing to an election and they've received a better interest rate, and this rate is lower than the going rate, that would then have to be established as a contribution. I don't think it would be very hard to establish that sometimes that would be unintended. A person might give a better rate of interest on the loan or contribution to any given candidate and they might be.... Are we now going to have Elections Canada well enough resourced to establish that each and every loan was at a certain rate, and what it was, and if it wasn't, that the person had to figure it out? This provides clarity and some baseline and foundation so that we don't have to get into that kind of exercise.

So I'd say to my friend from the Bloc that for reasons of fairness and transparency, as I said at the beginning, we set the rate so that it's understood, so everyone is playing by the same rules. I say to my friends in the Conservative Party—and I might be contradicted by our witnesses here, and if so, I need to know this—that this isn't setting the interest rate policy of the Bank of Canada. We're not into any boundary issues here, I believe; we're simply saying that for purposes of this legislation, we establish a floor, if you will. And the reason was that witnesses came forward and were concerned about the fairness in the floor and access to money, and that we have fairness from coast to coast to coast.

So I wanted to respond, Chair, to the comments made by my friends from the Bloc and the Conservatives on this. It's not about establishing bank policy; it's about establishing clear rules. To my friend from the Bloc, I don't understand how he would be against this because somehow someone was able to get a better rate for a loan and that this would then be something they would have to declare on their election expenses. I think that would be very difficult and have unintended consequences. Some innocent people might get charged if they're not aware of this, and this is providing certainty and fairness.

**The Chair:** Thank you.

I have Mr. Proulx up next.

**Mr. Marcel Proulx:** Thank you, Mr. Chair.

I have just a quick question, Mr. Dewar. The way I understand this, if we accept NDP-2, a bank that wanted to lend money at a bank rate of less than 1% above prime rate could not. Is that the idea of this amendment?

**The Chair:** Mr. Dewar, please.

**Mr. Paul Dewar:** For the purposes of this legislation, this is what the formula would be, yes.

• (1135)

**Mr. Marcel Proulx:** They could not charge less than 1% above the prime rate.

**Mr. Paul Dewar:** Correct.

**The Chair:** Above or below.

**Mr. Paul Dewar:** No, no, let's be clear. This is a floor we're building here, not a ceiling.

**The Chair:** Correct; my apologies.

**Mr. Marcel Proulx:** Then I don't agree, Mr. Chair, and will be voting against it.

Thank you.

**The Chair:** Ms. Redman.

**Hon. Karen Redman (Kitchener Centre, Lib.):** Thank you, Mr. Chair.

I was just going to make exactly that point. Despite the fact that Mr. Dewar thinks the paperwork will be onerous, I would submit that it absolutely will be when this bill passes.

This is a floor, it's not a ceiling, so you may well have people who have rates that are at this floor. You've established it at prime plus 1%. There may well be people who are getting prime plus 3%. That reporting mechanism is going to kick into place anyway, because everybody will not have the same rate of return.

I see very little advantage in establishing the floor.

**The Chair:** Mr. Dewar, one comment.

**Mr. Paul Dewar:** I'd just like comments from our panel on this. We're hearing different things. Maybe some clarity would be helpful.

**The Chair:** Does anyone on the panel wish to comment on this discussion?

**Mr. Marc Chénier:** I'd just like to point out that in the bill proposed subsection 405.5(1) starts with the following:

405.5 (1) Except as permitted under this section, no person or entity shall

(a) make a loan

So the rate of interest charged is one of the conditions that must be met in order for the loan to be permitted under this section. We are in fact talking about an offence if the financial institution makes out a loan below the rate of interest specified in the act.

Right now it's a fair interest rate. Under the NDP proposal, it would be a minimum set rate of prime plus 1%.

**The Chair:** Mr. McDougall.

**Mr. Dan McDougall:** Perhaps for further clarity, there was some mention made that if a rate was set below that, the difference would be treated as a contribution. That is not the case. It's simply that the loan would be illegal, and it would be subject to the offence provisions.

**The Chair:** Any further comments, Mr. Proulx?

**Mr. Marcel Proulx:** I just want to make sure I understand Mr. Chénier and Mr. McDougall.

What you're saying is that a bank could not charge less than a fair market rate of interest. It doesn't say anywhere that it cannot be 1%, or 0.5%, or 0.75% above prime rate. As long as it's above prime rate, as long as the bank is not lending money without any profit, there's nothing you can do to touch them in terms of this being an illegal loan, right?

**Mr. Marc Chénier:** Right now, according to the bill, it has to be at fair market value.

**Mr. Marcel Proulx:** Sure, fair market value, but there are loans made every day at prime plus 0.5% or—

**Mr. Marc Chénier:** That's right. It's an assessment that the bank makes according to the degree of risk it's willing to accept.

**Mr. Marcel Proulx:** Okay, but that therefore means it doesn't have to be 1% above prime. It could be 0.5% above prime. Therefore, NDP-2 would be forcing a minimum charge above rate.

Again, I'm against it, Mr. Chair.

**The Chair:** Thank you.

Any further comments on this amendment?

I think we're ready for the question on NDP-2.

(Amendment negated)

**The Chair:** This brings us to Lib-1, the Liberal amendment on page 4.

I will offer the floor to Mr. Owen.

Now, under these circumstances, do you feel you want to withdraw that amendment?

**Hon. Stephen Owen:** I'd like to get some comment from the officials, because we've heard from Elections Canada officials as to the difference between commercial value and fair market value as it might be applied to a political loan situation.

**Mr. Marc Chénier:** The choice of the fair market rate was deliberate, because the drafters informed us that an interest rate does not have a value per se, so that's why the bill that was introduced didn't refer to commercial value.

•(1140)

**Hon. Stephen Owen:** Subject to any other colleague's comments

**The Chair:** Yes. Are there any other comments on this?

**Hon. Stephen Owen:** —I'm happy to ask for unanimous consent to withdraw it.

**The Chair:** Do we have unanimous consent to withdraw amendment Lib-1?

**Some hon. members:** Agreed.

(Amendment withdrawn)

**The Chair:** Colleagues, we now go to CPC-2 on page 5. I will tell you that there is a line conflict with both Lib-2 and Lib-3. You might want to look at all of those at the same time. If CPC-2 is adopted, then Lib-2 and Lib-3 cannot be proceeded with, so please have a look at all of those at the same time.

I'm going to ask Mr. Preston to introduce CPC-2.

**Mr. Joe Preston:** This is the piece that finishes what we started under CPC-1. It simply brings forward the ability, once a loan is paid off, to re-establish your contribution limit in a given year.

**The Chair:** Thank you.

Are there any comments or debate on that?

Mr. Owen, go ahead, please.

**Hon. Stephen Owen:** We are, I think, trying to achieve the same result. We may get some opinion from our experts as to which wording might be preferable, but I think the intent of our two amendments is the same.

**Mr. Marc Chénier:** I'm assuming Mr. Owen is talking to Lib-3. Amendment CPC-2 also allows the amount of a guarantee or suretyship to be reclaimed, I guess, if it's paid back. The Liberal amendment does not do that.

**The Chair:** Mr. Proulx.

**Mr. Marcel Proulx:** I just want clarification from our experts. What's the difference between a guarantee and a suretyship?

**Mr. Marc Chénier:** It's official government policy to have bijural drafting in law, so the French and English versions both have to represent the common law and the civil law concepts. In the case of the English version, "guarantee" does not have the same meaning in the civil law, so that's why "suretyship" is needed.

**Mr. Marcel Proulx:** Thank you.

**The Chair:** Are we ready for the question?

(Amendment agreed to) [See *Minutes of Proceedings*]

**The Chair:** As a result of that, colleagues, amendments Lib-2 and Lib-3 on pages 7 and 8 respectively are automatically defeated.

We will deal now, colleagues, with amendment Lib-4 on page 9 of your booklet. There is no conflict with any other amendments on this.

I would ask Mr. Owen if he would introduce and move this amendment.

**Hon. Stephen Owen:** Thank you.

I think Mr. Chénier's explanation for the use of suretyship plus guarantee brings new information to us, which is very helpful. Certainly in drafting this amendment we had been following the advice of Elections Canada. Looking at the English, "surety" and "guarantee" are synonymous, but that's not so, obviously, in the French. Therefore, in light of the information given to us by the government on Friday, I think this should be withdrawn.

**The Chair:** Technically it hasn't been moved by Mr. Owen, so it doesn't need to be withdrawn, but I see unanimous consent to withdraw it.

Colleagues, amendment NDP-3 is on page 10, and I am going to ask Mr. Dewar to help the committee with this. It is my opinion and the opinion of our legislative people that amendment NDP-3 may also apply to amendments NDP-5, NDP-8, NDP-9, NDP-10, NDP-12, NDP-13, NDP-14.

Mr. Dewar is shaking his head.

•(1145)

**Mr. Michel Guimond:** Could you repeat that, please?

**The Chair:** Yes. Colleagues, I apologize for going so fast.

Amendment NDP-3 on page 10 may have some consequential issues and may also apply to amendments NDP-5, NDP-8, NDP-9, NDP-10, NDP-12, NDP-13, and NDP-14, but not amendment NDP-11. I do not have NDP-11 down here. It seems to be significantly different.

Colleagues, if you notice, coming up next is amendment NDP-3. NDP-4 is not relevant, but NDP-5 is also coming up. We will now deal with amendment NDP-3 and we'll muddle our way through how this applies to the other ones.

I'm going to ask Mr. Dewar to introduce amendment NDP-3 on page 10.

**Mr. Paul Dewar:** Actually, I will move that, Chair, and perhaps turn to our panel. I'll explain the reason for it. But there is a cascading effect here, and maybe we could hear from our panel on the net effect the amendments would have on the bill.

Essentially this just changes the timelines from what was in the bill, 18 months, to three years, and that was simply to give people more opportunity to deal with the financial aspects of the bill. We have heard testimony, I'm told, from people who were asking for this kind of extension. I don't think it takes away from the important intent of this bill and the importance of having limits on loans and on any loopholes within loans.

That is the intent of these amendments. Maybe we can go to the panel on this.

**The Chair:** Would anyone from the panel want to comment on that? Mr. McDougall or Mr. Chénier.

**Mr. Marc Chénier:** I will provide an explanation, Mr. Chair, on how the bill is structured.

Right now different types of entities are able to make a loan to a political entity. These include individuals who can make contributions, financial institutions, and other political entities. So those are the three groups that are able to make a loan.

As for loans to individuals, we have seen this in amendment CPC-2, that the amount that remains unpaid during the year in which the loan was made is a contribution for the purposes of the contribution limits. So those are already counted in the year that they were made as a contribution for the purposes of the contribution limits.

Right now in the act different entities have to pay back their claims within different periods of time. Candidates have to do so within four months, leadership contestants within 18 months at the end of the contest, parties and registered associations according to the terms they negotiate with their lender.

The difficulty with having a three-year repayment for a loan, for Elections Canada purposes, is that campaign candidates who are deemed to be candidates for the purpose of the act will continue to need to have dealings with Elections Canada. You can have over 1,000 candidates being candidates, according to Elections Canada, for three years. I can foresee Elections Canada having difficulty with administering so many candidates for a long period of time. That's why there's an end clause that is very short right now—four months after the election. Extending it to three years might cause administrative problems for Elections Canada.

**The Chair:** Madam Redman, please.

**Hon. Karen Redman:** This accounting is going to have to be made, whether it's four months or three years, so is it your assumption there would have to be interim reporting or something done on an annual basis? Can you flesh out for me why this would be more onerous for Elections Canada?

**Mr. Marc Chénier:** Again, there are different roles for the different types of entities. Let's just take candidates, for example. Right now, they have to report within four months after the election. They also have to have paid out claims within that period of time. If they haven't and the Chief Electoral Officer has allowed an exception—and there are various reasons why this can be done—then they have to update a return every time something happens to that return. If they make a payment on the outstanding amount, they have to report that to Elections Canada. This very obviously extends the period of time for which candidates and nomination contestants will have to have dealings with Elections Canada to wrap up their campaigns.

• (1150)

**Hon. Karen Redman:** Just to follow that up, if I were making monthly payments, Elections Canada would get a report from my financial person or me as a candidate every month of that three years until it was paid off?

**Mr. Marc Chénier:** Every time something changes from the time a report is filed, they have to report to Elections Canada within 30 days what the change has been.

**Hon. Karen Redman:** And that's part of the Canada Elections Act?

**Mr. Marc Chénier:** That's part of the Elections Act, that's right.

**The Chair:** I think that's a good point.

That issue of updating within 30 days is not part of this bill; it's part of the Canada Elections Act. It seems quite onerous to be making out reports every month. I agree with Madam Redman.

Colleagues, I would point out—and Mr. Dewar could probably clarify this—this amendment actually is dealing with two things. If you'll notice, it's changing the 18-month timeframe to three years. It's also changing from the establishment of a loan to polling days as the beginning in the calculation, so everyone—

Am I correct on that, Mr. Dewar?

**Mr. Paul Dewar:** That's correct.

**The Chair:** Could we have further comments and questions, please?

Mr. McDougall.

**Mr. Dan McDougall:** There may indeed be a problem with the last point that you pointed out in terms of polling day. A polling day is not applicable in all situations.

**The Chair:** Could you explain that again?

**Mr. Dan McDougall:** For a leadership contest, for example, there is no polling day per se. For loans that were made pursuant to a leadership contest, there wouldn't be a time period that would come into force with this provision as it is. It would require some other amendments to make this actually do what it's purporting to do.

**Mr. Paul Dewar:** On that point, Chair, if it's something that had been asked for by Elections Canada—and of course their focus is polling day—then yes, they are aware of leadership contests. That's the reason for that. You're quite right.

**The Chair:** I'm not at liberty to do this as chair, but I'm looking for a subamendment to fix that one little hole. While I mention to everyone in the room that lunch is here—we're going to talk and eat at the same time—I am looking for some wordsmithing here as a subamendment to fix this.

Mr. Owen, go ahead, please.

**Hon. Stephen Owen:** Mr. Chair, this will apply to a future one, a subsequent one of ours, as well, changing it to polling day.

On polling day or at the end of a leadership or a nomination contest is the situation we're trying to... Maybe we can get some comment from our officials as to whether that would cover the concern.

**Mr. Marc Chénier:** Currently, what the act says is that it's within polling day for a candidate. It's within the selection date for a nomination contest unless it occurred within three months—or during an election period, in which case it's four months—after polling day. It's 18 months from the end of a leadership contest. For registered parties or registered associations, it's within the negotiated terms of the loan.

**Hon. Stephen Owen:** Mr. Chair, I'm a bit concerned and a bit confused as to why Elections Canada have recommended this amendment in this form. Perhaps we could have a subamendment that incorporated something like the end of the polling date or the end of the contest.

**The Chair:** Colleagues, before I move to Mr. Preston, I would like to suggest to our witnesses that we are looking for wording to capture the leadership contest, the nomination of contestants. I think we all understand the intent of this amendment; we just need the wording that captures every part of this bill.

I am going to ask Mr. Preston first—he had his hand up—and then we'll go back to our witnesses and anybody else.

**Mr. Joe Preston:** After hearing what we're attempting to accomplish here, I think the wording is easy: it's "no".

I think the answer is that what we're trying to accomplish doesn't need to be accomplished. If we just leave it where it is, we'll be in fine shape. We won't have to wordsmith any further. I'm not certain what we're trying to accomplish here.

• (1155)

**The Chair:** Are there any comments from the witnesses?

**Mr. Joe Preston:** Look at all the compelling arguments I'm getting.

**The Chair:** We have kind of come around the table here. I'm not going to push this thing until I see that everybody seems to understand what's happening.

We have a motion on the floor that doesn't seem to capture fully what we want to do. Mr. Preston has suggested that actually just voting against the motion leads us back to the original wording, which might capture it.

I'm going to ask colleagues to take 30 seconds or a minute to look at those two suggestions.

Mr. Owen, please.

**Hon. Stephen Owen:** I believe my subamendment was to add, after "polling day", the words "or after the end of a political contest".

**The Chair:** And that would capture the nomination of contestants and leadership.

We're coming close, people.

Can I get any comments from other members, and in particular from our witnesses?

Mr. Chénier, do you have anything to offer on this?

**Mr. Marc Chénier:** We want to avoid the general here. It would be preferable to have the exact trigger event that allows for the deemed contribution rule to apply.

**Hon. Stephen Owen:** How about a nomination or leadership contest?

**Mr. Marc Chénier:** So it would be something like three years after polling day for the election, the selection of the nomination contestants, the day of the leadership contest, or the term negotiated by the entities.

**The Chair:** In your wording, Mr. Chénier, we have captured the registered associations, which aren't important; registered parties are not important. Leadership, candidates, nomination contestants—we've captured all three.

Mr. McDougall.

**Mr. Dan McDougall:** To comment along the lines of the question I was asked earlier, as to whether I was actually recommending something, in this case I'd like to be clear that we're just trying to clarify the language.

I would also point out that we're dealing with the second half of this particular amendment. I would suggest that the first part of it, the

three years, is in fact the big policy issue for the committee members themselves to decide.

**The Chair:** Of course. We are dealing with two separate issues here. However, if I can get the wording of this subamendment down, and the committee can agree on that, then we can go back to the amendment itself.

Mr. Lukiwski.

**Mr. Tom Lukiwski:** Mr. Chair, I don't want to muddy the waters any more than they are, but I have no problem with what the subamendment is contextually to include—nomination races and leadership races. The question is more whether it should be extended from 18 months to three years. I have a problem with that. I would vote against this amendment because I think 18 months is appropriate.

I agree with the subamendment that includes nomination races and leadership races, but I think it should still be under the 18-month timeline rather than the three years. But I assume that would require yet another amendment, which is why I say I don't really want to muddy the waters.

I'll be voting against this subamendment just because I don't believe the three years should replace 18 months.

• (1200)

**The Chair:** Order, please.

We have some concerns here at the front table that if we're ultimately going to go back to 18 months, there's no need for an amendment at all. That's what we're dealing with right now.

**An hon. member:** We're moving to 36 months.

**An hon. member:** We haven't voted on that.

**The Chair:** I appreciate that, but I'm just telling colleagues that's where we're going to end up going so you can see the ramifications of what we're doing.

My thinking is that we should deal with the subamendment—the wording—and either vote it in or vote it out, and then go back to the amendment, which we'll vote in or vote out. We can add an amendment to it to change it to three years, if that is what the committee means, but the order of business is to deal with this subamendment right now.

I think we've nailed down the wording on the subamendment. If we could have that read to the committee, then we will know what we're voting on.

Could you please read what you just said, Mr. Chénier?

**Mr. Marc Chénier:** It's three years after polling day, in the case of a candidate; the selection day in the case of a nomination contestant; the day of the leadership contest in the case of a leadership contestant; and in the case of a registered party and registered association, the day that the amount is due, according to the terms of the contract for the loan.

**The Chair:** All right.

Mr. Lukiwski.

**Mr. Tom Lukiwski:** I'd like a point of clarification just so I'm quite sure. If we vote in favour of the subamendment, then we can go back to the amendment, and if we change that—if it remains at 18 months rather than three years—then that will have the consequential effect on the subamendment as well, right?

**The Chair:** That's correct.

If we vote in the subamendment, the committee still has to debate and vote in the amendment. So you'll have two opportunities to vote. Right now we're at the subamendment level. We need to vote that up or down. We have the wording. Everybody is clear on the wording? I'm seeing most heads nod.

Did anybody else want to speak to this subamendment?

We're ready for the question.

(Subamendment agreed to) [See *Minutes of Proceedings*]

**The Chair:** Colleagues, we're going down to the amendment level, which is pretty much what you just heard. We have a new amendment that is worded differently. Everybody remembers the wording. This one includes the three years.

Are we ready for the question or is there debate on this?

Mr. Dewar.

**Mr. Paul Dewar:** There is debate. I wanted to clarify whether the subamendment helps. If it's a question of timing—and I'm looking for a response here from members—we'll change the timing if it's a problem.

What we're trying to do is clarify. In other words, if three years isn't going to work here, what would you suggest? Is it 18 months or nothing?

**The Chair:** We're debating it right now. It's 18 months or...

Mr. Lukiwski.

**Mr. Tom Lukiwski:** I'll be voting against this amendment, because I think the 18 months is appropriate. We've heard some of the commentary from our officials, reflecting the wishes, I believe also, or some of the challenges it might pose for Elections Canada. I will vote against the amendment only because it extends it to three years.

I would like to see it remain at 18 months.

**The Chair:** Are there any other comments on this amendment by the NDP?

Mr. Dewar, please.

**Mr. Paul Dewar:** Clarifying that the language with the subamendment is an improvement and captures things, the only concern is the timing.

All right.

**The Chair:** That's exactly where we are.

I'm ready for the question. My job is just to keep the thing moving.

(Amendment agreed to) [See *Minutes of Proceedings*]

● (1205)

**The Chair:** Of course, colleagues, we will keep it in mind, and I'll bring it to your attention for NDP-8, NDP-9, NDP-10, NDP-12, NDP-13 and NDP-14.

However, next we will be dealing with NDP-4—again staying with clause 5—on page 11 of your booklets. I will ask Mr. Dewar to comment on this as well.

**Mr. Paul Dewar:** Thank you, Chair.

**The Chair:** Hold on one second.

Colleagues, I apologize. I was not made aware of this. I understand there has been a change to the original NDP-4. The indication from my perspective is that I'll need unanimous consent to introduce this alteration to NDP-4. I don't need unanimous consent to withdraw it, because it never got moved, but I will need unanimous consent of the committee to accept the new version of the old NDP-4.

Do I have unanimous consent?

**An hon. member:** We need to see it beforehand.

**The Chair:** The committee is asking to see the new version first. I think that's acceptable. Then I'll ask if the committee wants to adopt it. It's being passed out right now.

Colleagues, this might be a good opportunity for those who haven't already stepped up and gotten their lunch to do so. I think we'll officially suspend for one and a half minutes while members read this new version.

The meeting is suspended for one and a half minutes.

● \_\_\_\_\_ (Pause) \_\_\_\_\_  
●

**The Chair:** Colleagues, let's bring the meeting back to order.

Everybody has seen the updated version of NDP-4. I would ask Mr. Dewar to introduce it, but first of all, I want to have unanimous consent to technically waive the 24-hour notice for this motion, as I deem it to be a new motion that is actually in order.

Colleagues will notice one slight mistake in the English version right away. Everybody is aware that there is a word missing. The word "not" is missing.

Do I have unanimous consent for this committee to accept this motion as a replacement of the original NDP-4?

On a point of order, Mr. Owen.

● (1210)

**Hon. Stephen Owen:** It's really a question of order.

Would it be appropriate, before we consider unanimous consent, to hear what the effect of the change is, in the mind of the proposer?

**The Chair:** Is that okay with the committee? I'm at the committee's will. It seems to make sense.

Mr. Dewar, please.

**Mr. Paul Dewar:** Thank you, Mr. Chair.

I thank the committee for their indulgence, and I thank the clerk for pointing out the omission of the word “not” in the second line of the new and improved NDP amendment.

What we have is more clarity in the amendment that we're proposing right now to replace the amendment we had tabled before, so that there's no question we're talking about the guarantee of a loan and to make sure there's no ambiguity there. We've added a couple of lines to ensure there's no ambiguity that we're talking about a loan guarantee to a candidate. Simply put, it's to put in the words “may guarantee a loan”. That's in the NDP amendment that you have in front of you to replace the NDP amendment that was tabled on June 11.

**The Chair:** Colleagues, I think we're at the stage right now where we either just give unanimous consent to introduce the motion.... And I have concerns with that, but I'm just the chair. We can debate it out, and vote it up or vote it down. I don't think we need to debate it at this stage. We need to accept whether or not we're going to debate it.

Do I have unanimous consent to accept this new version of amendment NDP-4?

**Some hon. members:** Agreed.

**The Chair:** We have unanimous consent.

Mr. Dewar, you have given your explanation.

The amendment is moved. Is there debate on this amendment?

Mr. Reid, please.

**Mr. Scott Reid:** Mr. Chairman, this ultimately takes the form of a question to Mr. Dewar, through you, of course.

I've just been reading new proposed subsection 405.7(1.1), comparing it to proposed subsection 405.7(1), which it follows in the text of the bill. Proposed subsection 405.7(1) talks about a loan and talks about contributions to a registered party, registered association, candidate, leadership contestant, or nomination contestant. I have the impression, from reading new proposed subsection 405.7(1.1), that this refers only to a loan to a candidate, not to a registered party or registered association, leadership contestant, or a nomination contestant.

I don't know if that is the intention, but that's really what I'm asking, if it's to be that narrow.

**Mr. Paul Dewar:** That was our intention, yes, singular to a candidate.

**Mr. Scott Reid:** So it's not for someone seeking a nomination, not for leadership....

Okay. Thank you.

**The Chair:** Mr. McDougall, do you have a comment?

**Mr. Dan McDougall:** Yes, Mr. Chair, if I may.

I would just point out that there may be a conflict between this provision and the one that was previously adopted by the committee in the version of amendment CPC-2, which actually specifies the amounts of guarantees that can be made in any one year, that being \$1,100. This provision seems to be suggesting that notwithstanding

the contribution limit for guarantees of \$1,100, there indeed be—if I read this correctly—a \$3,300 guarantee contemplated here.

So I'm not certain that there's not a conflict between the two provisions.

**The Chair:** Mr. Dewar, I think you have the answer to that.

**Mr. Paul Dewar:** Yes, Mr. Chair. I just want to establish to our panel that it was to ensure that if there were a default, that would be considered as a contribution. That's why the \$3,300 is intended here—in other words, \$1,100 per year over three years. If it's paid back, no problem. If it isn't, default. That's then considered a contribution.

That is, I guess, the intention here.

• (1215)

**The Chair:** Mr. Chénier.

**Mr. Marc Chénier:** Mr. Chair, I'd just like to point out that under amendment CPC-2, which was just adopted by the committee, the unpaid amount of a loan will already have been counted as a contribution during the year in which it was made. So this isn't a question of the paid amount of the guarantee. The unpaid amount of the guarantee would have been counted as a contribution during the year the loan was made. It wouldn't be counted again at this point if the amount were actually claimed by the lender.

I think the problem that the NDP is trying to solve here doesn't really exist under the proposed scheme.

**Mr. Paul Dewar:** So perhaps the only way to do that, Chair, would be to have the famous Canadian term of “notwithstanding” apply here to make this work. So notwithstanding going back to amendment CPC-2—

**Mr. Marc Chénier:** If I understood this, I think it's more—

**Mr. Paul Dewar:** You're saying it's redundant.

**Mr. Marc Chénier:** I think so.

**Mr. Paul Dewar:** I'll take that under advisement.

Can I just have 30 seconds, Chair?

**The Chair:** Agreed.

Order, please, colleagues. We didn't suspend the meeting. I just offered Mr. Dewar 30 seconds to consult with his experts.

Are we anywhere, Mr. Dewar?

**Mr. Paul Dewar:** Yes, we are.

I appreciate the conflict here, and there might be an opportunity for us to look at this at report stage and suggest something else. Because of the perceived conflict and with the advice from our panel, I'll ask to withdraw this at this time, and if there is a way to do this so that we can make it more clear, we can do that at report stage. I'm hearing from our panel that this is kind of difficult to do the way it's stated here, and I guess I don't want to get into notwithstanding clauses today.

So I'll ask if we can have unanimous consent...or a vote on it.

**The Chair:** Do we have unanimous consent to withdraw this motion?

**Some hon. members:** Agreed.

(Amendment withdrawn)

**The Chair:** Colleagues, although I want to point out that I very much appreciate the hard work the NDP has done on this bill, I guess it's a good example of introducing motions whereby we don't have time to review them, because frankly there would have been a note here that it conflicted with an earlier amendment.

However, that being said, we'll move on to NDP-5, page 12 in your notebook, also dealing with clause 5. If you recall, we did carry NDP-3, which does apply to NDP-5. I'll let you look at NDP-5 right now, but I think we're going to just call the question.

**Mr. Paul Dewar:** As you mentioned, Chair, these are all related to the previous NDP amendment. I'll let members read it for themselves, and then we can go ahead and vote.

**The Chair:** Is it the will of the committee to group NDP-5, NDP-8, NDP-9, NDP-10, NDP-12, NDP-13, and NDP-14 and ask for the question now?

**Some hon. members:** Agreed.

**The Chair:** All right.

As the chair, I want to make sure everybody is aware of what we're grouping. We already did NDP-3, so right now we're going to vote on NDP-5, NDP-8, NDP-9, NDP-10, NDP-12, NDP-13, and NDP-14. Shall those amendments carry?

(Amendments agreed to) [See *Minutes of Proceedings*]

• (1220)

**The Chair:** Colleagues, we're still on clause 5.

Mr. McDougall, did you have a comment?

**Mr. Dan McDougall:** Mr. Chair, if I may, just a point of clarity. It is with the same consequential amendments that were passed with the original NDP to which these.... So it would be NDP-5, NDP-8, NDP-9, NDP-10, NDP-12, NDP-13, and NDP-14 as amended appropriately consistent with what was passed with NDP-3.

**The Chair:** Yes, of course. Colleagues, as you do recall, we did change some of the wording there to capture nomination candidates and leadership, so with the same sorts of changes, that amendment as amended will carry.

Liberal amendment 5, on page 14 of your booklet, also deals with clause 5 of the bill, and I will ask Mr. Owen to introduce that, please.

**Hon. Stephen Owen:** Thank you.

This amendment is really a matter of administrative fairness. Before the Chief Electoral Officer makes a determination that would have consequences for the electoral district association or registered party or lender, they should be given an opportunity to make representations to the Chief Electoral Officer. Those decisions could have significant financial consequences, and it was felt, as a matter of administrative fairness, that there should be an opportunity to be heard.

**The Chair:** Any other comments on that?

Mr. Lukiwski.

**Mr. Tom Lukiwski:** Again, I would like to have our officials comment on this.

**Mr. Dan McDougall:** I have no particular comment. This may indeed be something, I would suspect, a CEO would do in any case.

**The Chair:** Could you repeat that, Mr. McDougall?

**Mr. Dan McDougall:** I don't know for certain, but I would imagine that this may be something that the CEO would do in any event, as a matter of procedural fairness, as you said.

**The Chair:** Thank you.

Madame Robillard.

[*Translation*]

**Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.):** It is just a translation problem, Mr. Chair. In the French, “Chief Electoral Officer” is translated by “directeur général” instead of “directeur général des élections”.

**Mr. Michel Bédard (Committee Researcher):** Subsection (3), that comes just before, refers to the “directeur général des élections”.

[*English*]

**The Chair:** Colleagues, again, it's not that I'm lonely—I'm not lonely—but I want the discussion on the record. Could you talk to the chair? We'll get your microphones on, and we'll have these comments on the record.

Colleagues, we're just making sure that the translation expresses the same intent as the English version. Are there any other comments on the amendment while we're doing that? We're getting ready for the question.

We'll hear from Mr. Proulx and then Madame Robillard.

**Mr. Marcel Proulx:** We're having a translation problem here. I think that Ms. Robillard is right.

What the researcher was saying is that in the previous paragraph, we referred to *directeur général des élections*, and in the following paragraph we also refer to *directeur général des élections*. We might as well do the same thing in clause 3.1, *directeur général des élections*, just for clarity. We're very strong on clarity, as you know.

**The Chair:** I'm going to take that as a subamendment to the amendment.

Colleagues, we want to change some of the wording in the French version, which I take as a subamendment. If we could perhaps ask one of our members there to read the changes for the members, we'll vote on the subamendment changes.

Madame Robillard.

• (1225)

[*Translation*]

**Hon. Lucienne Robillard:** It should read:

(3.1) Avant que le directeur général des élections se prononce en application du paragraphe (4), l'association de circonscription, le parti enregistré ou le prêteur doivent obtenir la possibilité de lui présenter des observations.

So we just have to add the words “des élections” so that the title is accurate.

[*English*]

**The Chair:** Is everybody in agreement with that?

(Subamendment agreed to)

(Amendment as amended agreed to) [See *Minutes of Proceedings*]

**The Chair:** Colleagues, we're at amendment BQ-1, on page 15 of your booklet.

Monsieur Guimond, would you introduce that, please?

[*Translation*]

**Mr. Michel Guimond:** Thank you, Mr. Chair.

Without wishing to take shots at my colleagues in other parties, I point out that this is the Bloc Québécois' only amendment. We preferred quality to quantity.

I just want to tell you that Bill C-54, as presently written, says that if a candidate cannot pay back a debt, it is the political party, if there is no registered riding association, that assumes the responsibility for paying the amount owing, just as if it had guaranteed the loan. So the party would lose all control over loans negotiated by candidates.

By way of analogy, imagine that I was allowed by law to borrow as much money as I liked. If the bank manager asked me who was guaranteeing the loan, I could say that it was my cousin across the street. I have not discussed it with him, but he ends up as the guarantor. As it stands, with the present wording, the responsibility lies with the political party. The aim of the amendment is to remove that provision. I hope that my colleagues will vote in favour.

[*English*]

**The Chair:** Mr. Lukiwski, could we have your comments, please?

**Mr. Tom Lukiwski:** Very quickly and very simply, Mr. Chair, I'll be voting against this amendment because it absolutely contradicts one of the main policies of the bill, and that is accountability. If the candidate cannot repay the loan, then it is incumbent upon the registered party or the riding association to absorb that liability. That's one of the fundamental tenets of this bill, so I cannot support this amendment.

**The Chair:** Are there any other comments?

Madam Redman.

**Hon. Karen Redman:** Further to Tom's comment, this just requires notification. It doesn't stop them from doing it. Is that right?

[*Translation*]

**Mr. Michel Guimond:** I do not understand. The candidate in debt remains responsible. The political party does not have to shoulder that responsibility, it is not the party's fault. Normally, the person responsible for a debt is the one who signs the agreement.

This is more than a question of notification. It is about removing the responsibility for a candidate's debt from a political party.

**The Chair:** Mr. Bigras.

**Mr. Bernard Bigras (Rosemont—La Petite-Patrie, BQ):** Can we perhaps ask our experts if Bill C-54 allows for the possibility of an individual borrowing without a limit on behalf of another entity?

If someone can go to the bank and borrow as much as he likes, the responsibility for the debt should be his rather than the political organization's. Otherwise, that organization could find itself

vulnerable. Is this not the real problem that we have to solve in Bill C-54?

• (1230)

**Mr. Marc Chénier:** I would like to make a small correction. It is not the person as an individual who takes out the loan, it is the campaign. But the fact remains that, as presently written, the bill requires the local association or the party to assume responsibility for the debts or unpaid loans of its candidate.

[*English*]

**The Chair:** Mr. Lukiwski, and then Mr. Owen.

**Mr. Tom Lukiwski:** Thank you, Mr. Chair.

I go back to my original statement, because this is really contradicting the intent of one of the major policies and tenets of this bill, which is to make sure that someone is accountable at the end of the day.

I'll give you an example from my home province of Saskatchewan. In the last federal election—I won't name the candidate or the party—a candidate ultimately declared bankruptcy. Included in his liabilities was an \$8,000 personal loan from one of my constituents. Quite frankly, I think this guy is a scam artist, and that's why I'm not going to get into details about his name or the party. Had there been this provision in place, at least this poor, naive young kid who forked over \$8,000 out of his own pocket would have had some opportunity to recover his cash.

The way this bill is now, if you have a candidate who, for whatever reason, either purposely or inadvertently goes bankrupt, and sticks someone—whether it be individuals or suppliers—with unpaid bills, I just don't think that's right. It's probably incumbent upon the parties to ensure that the types of candidates they're attracting, or at least running in a federal election, honour their obligations. If they don't, then I think it's incumbent upon the party to do so.

This is a very key provision of this bill—to make sure that no one has the opportunity to default on a loan. I think we have to defeat this for that reason, so I'll be voting against this. If the candidate doesn't come up with the cash, then the party or the registered association has to.

**The Chair:** Mr. Proulx is next, and then we have Mr. Dewar.

[*Translation*]

**Mr. Marcel Proulx:** Mr. Chair, I understand this change very clearly. Nowhere does it say that loans must be endorsed or guaranteed by the association. From what we can read in the bill before us, the association and the party are not necessarily aware of the situation. The Bloc Québécois' amendment seeks only to establish a normal situation by removing the association or the party from responsibility for a debt they knew nothing about.

So we say in the amendment that the Chief Electoral Officer must inform the claimant, the candidate's registered riding association, or if there is no registered association, the party. I feel that, somewhere in this bill, it should have been clearly, honestly and transparently stated that the association or the party would be ultimately responsible for the debt, but that has not been done. This is why I think the Bloc Québécois is perfectly right to remove that part of the clause, in order to prevent any association or political party from becoming responsible for the debt.

It is simply that the government lacked transparency in preparing this bill. As a committee, we want to add that transparency. So I will vote for the amendment and I urge my colleagues to do the same, Mr. Chair.

Thank you very much.

[*English*]

**The Chair:** Merci.

We have Mr. Dewar and then Mr. Owen.

**Mr. Paul Dewar:** I'd like to hear from our panel on Mr. Lukiwski's contention about this really going against the intent of the bill. Mr. Lukiwski mentioned that this would, in essence, undermine—if I may paraphrase—the intent of the bill, so I would comment on that and what effects this would have.

The other question I have is about what happens when a candidate leaves debt behind with the riding association and crosses the floor to another party.

**A voice:** No, that couldn't happen.

**Mr. Paul Dewar:** No, I know it couldn't happen, but I've heard tell that it might in the future.

If that were the case, who would be holding—

**An hon. member:** Which party?

**Mr. Paul Dewar:** Which party? I don't know. I can't keep track of you guys.

How would this amendment affect that situation? In other words, if someone who has incurred debt crosses the floor to another party—they walk away—with this amendment, what would happen? Would this affect that at all?

This is just a question about Mr. Lukiwski's concern about this amendment affecting the intent and thrust of the bill, and secondly about the situation in which someone crosses the floor and leaves the party and leaves the debt behind.

• (1235)

**Mr. Marc Chénier:** Mr. Chair, I'll answer the second one of these questions. I'm not sure it is our role to answer the first one.

On the second one, right now the Canada Elections Act is blind to what happens after the person is elected, so it's the association or the party that endorsed the candidate during the election that would assume liability for the debt.

**Mr. Paul Dewar:** With this amendment, that would remain the case?

**Mr. Marc Chénier:** The Bloc amendment would remove the assumption of liability by the association.

**Mr. Paul Dewar:** That's correct. Thank you.

**The Chair:** Are there any other comments?

Mr. Owen, please.

**Hon. Stephen Owen:** I was going to make the same comment that Mr. Proulx made.

**The Chair:** Are we good to go? Are there no further comments?

(Amendment agreed to) [See *Minutes of Proceedings*]

**The Chair:** We are on the last amendment for clause 5: amendment NDP-6, on page 16 of your package. I'll ask Mr. Dewar to kindly introduce this one.

**Mr. Paul Dewar:** Thank you, Chair.

This essentially—and I would ask the panel if they want to comment on whether this has already been done—brings clarity as to where any moneys, for instance a surplus, would go:

(5.1) After polling day,

(a) any surplus of a candidate shall be remitted to the candidate's registered association; and

on the other side of the equation

(b) any remaining debts of a candidate shall be transferred to the candidate's registered association.

This is, again, to bring some clarity to the bill and to be transparent as to where the money is to go, be that on the red side or the black side of the equation, i.e., surplus or debt.

[*Translation*]

**The Chair:** Mr. Guimond.

**Mr. Michel Guimond:** I think we should vote against amendment NDP-6 because it compounds the problem that we wanted to correct with the Bloc Québécois amendment. You would expect people who were in favour of the Bloc Québécois amendment just now to be opposed to this amendment. I find there is a contradiction anyway. We are going to vote against this amendment.

[*English*]

**The Chair:** Mr. Lukiwski.

**Mr. Tom Lukiwski:** There is some consistency in Monsieur Guimond's argument. That's why we're voting in favour of this amendment.

(Amendment negatived)

**The Chair:** Colleagues, we have finished the amendments to clause 5. I am going to pose the question on clause 5.

Do you have a point of order, Mr. Dewar, or are you just ready to vote?

**Mr. Paul Dewar:** Sorry, are we on NDP-7?

**The Chair:** Not yet.

(Clause 5 as amended agreed to)

(Clauses 6 and 7 agreed to)

(On clause 8)

•(1240)

**The Chair:** We now have amendment NDP-7, on page 17 of your booklet.

I will point out that there is a line conflict with CPC-3. If NDP-7 is adopted, then we will not proceed with CPC-3. Have a look at both of those, but we will begin with NDP-7.

Mr. Dewar.

**Mr. Paul Dewar:** I would just ask to have unanimous consent to have this withdrawn, Chair.

**The Chair:** It hasn't been tabled, so unanimous consent is doubly good.

**Some hon. members:** Agreed.

**The Chair:** That's withdrawn, which leads us now to CPC-3.

**Mr. Joe Preston:** We've run into it before, and we'll run into it again. We voted for it the first time, and we probably should do it in each case.

**The Chair:** Mr. Preston, would you just quickly, for the record, introduce CPC-3?

**Mr. Joe Preston:** Well, I thought I just did, but I'll do it again.

We've run into it before, and as it repeats itself two or three times through the bill, we'll run into it again. We voted for it the last time, and it seemed perfect then, so we'll try it again.

**The Chair:** This is amendment CPC-3, found on page 18 of your book.

Mr. Preston is correct: it will come up again.

Colleagues, we are going to deal with these separately. They're not grouped together in my notes, and I don't want to cause confusion.

Monsieur Guimond.

[*Translation*]

**Mr. Michel Guimond:** I would just like to ask a quick question.

If we pass amendment CPC-3, will that take care of amendments CPC-4, CPC-5 and CPC-6? Are we reading that correctly?

[*English*]

**The Chair:** That's correct.

If all members are clear on that, then I'm happy to group all of those together. Do we want to group them?

All right. We're going to group them together, colleagues. I'll read it out for you: shall amendment CPC-3, with respect to clause 8; and CPC-4, with respect to clause 14; and CPC-5, with respect to...?

Colleagues, I'm not comfortable doing this, as chair, and I'm not going to do it. I apologize; I'm going to un-group them. There are line conflicts; in fact, in some cases the NDP comes first. We're going to deal with them separately. It's no big deal. We'll just deal with them separately.

All right, so back to the original one. I'm sorry; I've made a decision there, and I'm going to stick to that.

Colleagues, we're on CPC-3, the amendment to clause 8.

(Amendment agreed to) [See *Minutes of Proceedings*]

(Clause 8 as amended agreed to)

(Clause 9 agreed to)

(On clause 10)

•(1245)

**The Chair:** Colleagues, as you'll remember, we agreed to NDP-8. That's the only amendment to clause 10.

(Clause 10 as amended agreed to)

(On clause 11)

**The Chair:** As well, colleagues, we agreed to amendment NDP-9 with respect to clause 11. That's the only amendment that we did agree to there.

(Clause 11 as amended agreed to)

(On clause 12)

**The Chair:** We did agree to amendment NDP-10 with respect to clause 12. The amendment carried.

(Clause 12 as amended agreed to)

(Clause 13 agreed to)

(On clause 14)

**The Chair:** Colleagues, we are now at amendment NDP-11.

I shall inform you that there is a line conflict with CPC-4.

**Mr. Paul Dewar:** Mr. Chair, I withdraw.

**The Chair:** The NDP amendment is withdrawn, which means that CPC-4, which we originally agreed to, is now on the table. I'm assuming that colleagues will agree to CPC-4.

(Amendment agreed to) [See *Minutes of Proceedings*]

(Clause 14 as amended agreed to)

(Clause 15 agreed to)

(On clause 16)

**The Chair:** Colleagues, we did have NDP-12, which was carried earlier, on page 24 of your booklets with respect to clause 16. There is, however, a line conflict with L-6. Since NDP-12 carried, L-6 on page 25 of your booklet cannot be proceeded with. Does everyone understand that?

We have one amendment, therefore, to clause 16.

(Clause 16 as amended agreed to)

(On clause 17)

**The Chair:** Colleagues, you'll recall that NDP-13 carried earlier. There are no other amendments to clause 17.

(Clause 17 as amended agreed to)

(On clause 18)

**The Chair:** NDP-14, on page 27 of your booklet, was carried earlier. There are no other amendments to clause 18.

(Clause 18 as amended agreed to)

(Clause 19 agreed to)

(On clause 20)

**The Chair:** There is NDP-15 on page 28 of your booklets. I will note that there is a line conflict with CPC-5 on page 29. If NDP-15 is adopted, then CPC-5 cannot be proceeded with.

I'll ask Mr. Dewar to introduce this amendment.

**Mr. Paul Dewar:** Chair, I'm going to withdraw that amendment.

**The Chair:** Okay. Unanimous consent is not needed, but I see heads shaking. NDP-15 has been withdrawn, which puts us to CPC-5 on page 29.

I will ask Mr. Preston to introduce that amendment.

**Mr. Joe Preston:** It's the same as the rest. It accomplishes the same thing, for the third or fourth time.

**The Chair:** Is everybody comfortable with that?

**Some hon. members:** Agreed.

(Amendment agreed to) [See *Minutes of Proceedings*]

(Clause 20 as amended agreed to)

(Clause 21 agreed to)

(Clauses 22 to 25 inclusive agreed to)

(On clause 26)

**The Chair:** Colleagues, in clause 26 there is NDP-16 on page 30 of your booklets. There is, however, a line conflict with CPC-6 on page 31. The NDP is indicating that they are withdrawing their amendment.

NDP-16 is withdrawn, leaving us with CPC-6.

Mr. Preston.

**Mr. Joe Preston:** Call the question, please.

(Amendment agreed to) [See *Minutes of Proceedings*]

(Clause 26 as amended agreed to)

(On clause 27)

● (1250)

**The Chair:** Colleagues, we're now down to clause 27, for which there are five amendments, beginning with L-7 on page 32 of your booklet.

I'll ask Mr. Owen to introduce that motion.

**An hon. member:** Agreed.

**Hon. Stephen Owen:** That is very agreeable of you.

This adds the failure, in explicit terms, to repay a loan to the failure to pay expenses. This is one of the central purposes of the bill. It is likely why the Conservatives are also putting this forward.

**The Chair:** Is there further discussion?

Mr. Lukiwski.

**Mr. Tom Lukiwski:** I'd like the PCO officials to comment, because although there are some similarities with amendment CPC-7, I'd like to get an analysis or at least an observation from our officials.

**Mr. Marc Chénier:** Mr. Chair, the descriptive references that appear at the end of an offence are not part of the bill. Because of this, it's Department of Justice policy not to amend them when there is no other change in the provision. That's why they were not amended in the bill as introduced.

**The Chair:** Perhaps we could have a repeat of that.

Please, Mr. McDougall.

**Mr. Dan McDougall:** Mr. Chair, if I may, my colleague is speaking to the subsequent ones, where the government amendments are being made to change the parenthetical expressions. The rationale for why they weren't is as he said. I would note that in the proposed amendment here the parenthetical expression is not being changed, as I recall, which is why the government version is trying to achieve the same goal, but it's drafted in a slightly different way in order to put that parenthetical expression back in, in a manner that is consistent with the subsequent ones.

**The Chair:** Mr. Owen, please.

**Hon. Stephen Owen:** In light of that explanation, I would seek unanimous consent to withdraw amendment L-7.

**The Chair:** Do I have unanimous consent to withdraw?

**Some hon. members:** Agreed.

(Amendment withdrawn)

**The Chair:** On CPC-7, page 33, Mr. Preston, please.

**Mr. Joe Preston:** As was just stated, it seems to fix what we wanted to fix there.

**The Chair:** Are there any comments, discussion, questions?

(Amendment agreed to) [See *Minutes of Proceedings*]

**The Chair:** We're now at amendment L-8 on page 34. Could I ask Mr. Owen, please, to introduce that?

**Hon. Stephen Owen:** Mr. Chénier has also spoken to this, and Mr. McDougall. It intends to explicitly add the concept of borrowing, and from the description I've heard—maybe I can get this confirmed—because of the policy with respect to comments within parentheses, this actually isn't necessary. Perhaps you could—

**Mr. Dan McDougall:** Mr. Chair, it's technically not necessary. The parenthetical expressions are for clarity purposes only. They do not have substantive effect. The reason they weren't included in the original draft for that clarity is that it's the policy of the Department of Justice drafters that only when the substantive provision is opened before a proposed amendment are the clarifying provisions then changed. So there is no problem from a technical perspective in doing this. That's just the explanation as to why it wasn't done in the first place. The effect with or without them is the same.

**Hon. Stephen Owen:** With that explanation, I would seek unanimous consent...actually, it hasn't been put yet, but I will withdraw it.

**The Chair:** I'm going to accept either way. We're easy to get along with. Amendment L-8 is withdrawn.

On amendment L-9, on page 36....

**Hon. Stephen Owen:** I make the same point, Mr. Chair. I withdraw.

**The Chair:** For the record then, colleagues, Liberal amendment L-9 is withdrawn.

Amendment L-10 on page 38.

**Hon. Stephen Owen:** I wish to withdraw amendment L-10 as well, on the same point.

**The Chair:** Colleagues, we had one amendment that carried on that clause, amendment CPC-7, if you recall. I pose the question on clause 27 as amended.

(Clause 27 as amended agreed to)

(Clauses 28 and 29 agreed to)

• (1255)

**The Chair:** Shall the title carry?

**Some hon. members:** Agreed.

**The Chair:** Thank you.

Shall the bill as amended carry?

**Some hon. members:** Agreed.

**The Chair:** Shall I report the bill as amended to the House? Mr. Owen is saying yes. Can I hear yes from the other colleagues?

**Some hon. members:** Agreed.

**The Chair:** Thank you very much.

Shall the committee order a reprint of this bill?

**Some hon. members:** Agreed.

**The Chair:** Colleagues, thank you very much. It was a lot of hard work.

Thank you very much to our witnesses.

Mr. Owen, did you have something?

**Hon. Stephen Owen:** Mr. Chair, I have a motion to present with respect to this bill. It's in French and English, and it's being circulated as I speak. It comes, Mr. Chairman, out of the evidence we heard last Thursday with respect to the impact this may have on the borrowing practices of financial institutions. If I may just read it, I think it becomes self-explanatory.

**The Chair:** Mr. Owen, if I could just interrupt—I'm sorry, I recognized you very quickly—I just want to make sure the committee knows that I'll attempt to report this bill tomorrow, Tuesday, at 10 a.m.

My apologies, Mr. Owen. Now we're on to your business.

**Hon. Stephen Owen:** I think I'll read it, Mr. Chairman, just so it's clear and on the record.

I move that the following report be adopted and that the chair report it to the House:

All members of the standing committee agree that the measures contained within Bill C-54 will increase transparency and accountability within the political process and have therefore passed the legislation, as amended, at committee stage. However, members of the committee continue to have serious concerns regarding the implementation of this legislation, specifically regarding the lack of testimony received by our committee on behalf of the Canadian financial services industry, which will be significantly impacted by this legislation. Under this legislation, total loans, loan guarantees, and contributions by individuals could not exceed the annual contribution limit for individuals established in the Federal Accountability Act. Furthermore, only financial institutions, at commercial rates of interest, and other political entities will be entitled to make loans beyond that amount.

Despite efforts by our committee, no representatives from the financial institutions, nor their trade associations, e.g. the Canadian Bankers Association, were able or willing to make submissions regarding the impact this legislation will have on Canadians' access to their democratic system. Will all Canadians have equal access to loans by financial institutions? Obviously, not all candidates for elected office have equal opportunities to win elections. Historically, the Canadian political system has been dominated by a small number of parties at the federal level. Will financial institutions take into account a candidate's relative chance of winning an election, or, perhaps more importantly, their chance of obtaining enough votes to receive a rebate from Elections Canada under the Canada Elections Act before deciding whether or not to extend credit to smaller parties or independent candidates?

Will interest rates be equal for all candidates? Financial institutions make loans based on a number of factors, primarily factors related to their probability of being repaid for the loan. These factors have a tremendous impact on interest rates that are charged for equivalent loans. Will higher interest charges for higher-risk candidates—independents, smaller parties, etc.—become a barrier or a deterrent for Canadians seeking to enter the political system? Are financial institutions prepared to accept these new regulations? Under this bill, individual guarantors for loans are limited to their annual contribution ceiling. Therefore, if a candidate is seeking a \$50,000 loan for the running of a federal election campaign, the candidate will have to secure approximately 50 separate supporters, each of whom are willing to guarantee one-fiftieth of the loan being sought. This significantly increases the amount of work and risk for the financial institution issuing the loan.

Will financial institutions now become the gatekeepers of the Canadian political system? Under this legislation, financial institutions are being granted unprecedented access to the democratic process. Their unqualified ability to provide financial resources to candidates seeking federal office will almost give them an effective veto over who can and cannot fight an effective election campaign with the resources necessary to win.

Therefore, this committee recommends, one, that the Minister for Democratic Reform immediately begin consultations with Canada's financial services sector to address the concerns raised in this report and provide the House of Commons with a report of his findings; two, immediately following Canada's next federal general election, the Standing Committee on Procedure and House Affairs study the impact of this legislation on the accessibility to financial resources by candidates for federal office and whether or not this legislation represents a barrier for women candidates, independent candidates, and smaller-party candidates.

That is the report I put forward as a resolution, Mr. Chairman. I think in support of this I might only refer us back to the information we heard from witnesses, both from Equal Voice as well as the representatives from parties.

• (1300)

**The Chair:** Thank you very much, Mr. Owen.

We're going to open up debate on the motion. The motion is tabled.

Mr. Lukiwski, Mr. Guimond, Mr. Reid, and then Mr. Hill.

**Mr. Tom Lukiwski:** Thank you, Chair.

I'll be voting against this motion for a couple of pretty basic reasons.

One reason is the wording of the motion, particularly in the second paragraph, where it says that members of the committee continue to have serious concerns regarding implementation of this legislation. There may be some who do, but certainly there are some who don't. So I can't support it based on that.

The other thing is that you're making an assumption here—and I know we've had testimony about this at committee before—on the ability of candidates to raise money and to take out loans. My contention and my experience is that the majority of loans taken out are secured by riding associations, inasmuch as they assign their rebate to the financial institution.

Frankly, I don't know of too many individual candidates who can go under any circumstances and get a \$50,000 loan to run a political campaign if their riding association has no money. That in itself is an indication of the relative level of political support within that particular riding. I think that most banks, regardless of what legislation was brought down, would have to be taking a serious look at whether that individual would qualify for a loan. To suggest that it's going to make it more difficult for financial institutions or for candidates because they have to get 50 guarantors—I would suggest that this is going to work itself out, quite frankly.

I think you'd be hard-pressed to find any candidate in any riding who it was apparent didn't have very much political support. It's kind of like the NDP running a candidate in a very strong Bloc Québécois riding. I think it would be very difficult for anyone in that particular situation for the NDP to go in and say "I have no money in the riding association, no organization, so give me \$50,000, because I think I have a great shot at winning this election." It's not going to happen. This is the reality of politics. We all know this. We've all been through this game before.

Based on that, I think the legislation as proposed, and with even some of the amendments the Conservative Party has opposed in the clause-by-clause examination, is still a good piece of legislation. To suggest otherwise would be doing a disservice to a lot of the discussions we've had around this committee table.

Based on those two things alone, I will definitely be opposing this motion. Although I am firmly convinced that Mr. Owen put it forward in all good faith, I just do not agree with many of the terms of this motion.

Thank you, Chair.

**The Chair:** Before proceeding with our next speaker, I am going to ask the committee if we have any more need for our expert witnesses. Can I dismiss them and their team?

Seeing none, with the greatest thanks from the committee, we certainly appreciate your coming out twice. We certainly appreciate the team that comes behind you that didn't get an opportunity to be recognized by the chair. I do recognize and thank you all.

You're excused. Thank you very much.

Continuing discussion, Monsieur Guimond.

• (1305)

[*Translation*]

**Mr. Michel Guimond:** I too would like to indicate how worthy I think Mr. Owen's motion is. But I have serious reservations about the two recommendations.

As regards the second recommendation, I wonder if the clerk could enlighten us about its legality. Can our committee impose an agenda on the next Standing Committee on Procedure and House Affairs that will be struck after the next general election? I do not think that we can make commitments on behalf of the next Standing Committee on Procedure and House Affairs.

He is asking, and I quote, that: "2. immediately following Canada's next federal general election, the Standing Committee on Procedure and House Affairs study the impact of this legislation [...]"

We are always told that committees are masters of their own procedure. So I do not think that it is legal to commit the committee after an election, because this committee dies if the House of Commons prorogues or if there is a general election. For me, there are legal concerns if we commit the next committee to doing something.

Secondly, the first recommendation reads as follows: "1. that the Minister for Democratic Reform immediately begins consultations [...]" I think that is our job as a committee. Perhaps when we come back in September, we could ask the chair to write to representatives of financial institutions, who certainly had good reasons not to accept the invitation that we sent them. The chair of the Standing Committee on Procedure and House Affairs could write a letter to representatives of financial institutions to ask them what they think of the bill. There is absolutely no need to ask the minister responsible for democratic reform to do it for us.

For those reasons, therefore, I am not very keen on supporting Mr. Owen's motion.

*[English]*

**The Chair:** Before we proceed further, colleagues, our clerk had some knowledge of this motion prior to it being tabled. I was given the impression that it was in order. I am going to rule that it's out of order.

I don't believe we have the ability to tell a future committee what they can do. We can suggest to the committee what they can do. With all due respect, these are good suggestions, by all means, but the motion does include recommendations, and the recommendations are out of order, beyond the scope of this committee.

That's my ruling. Does anyone want to overturn it?

Mr. Owen.

**Hon. Stephen Owen:** I wouldn't suggest, in any situation, Mr. Chair, that we would want to overturn your ruling. Let me just say that I accept the comments on it, and of course the clerk's advice.

Perhaps this can just stand as an issue of...both a recommendation or for preventative action with respect to any further discussions this committee might have, or advice from the financial services industry,

and as a persuasive way for future committees, following the next election, just in the interests of ensuring that we're not having any unintended consequences.

**The Chair:** Okay.

On this note, I'm going to offer two things to the committee.

One, about the banking institutes, a number of them were contacted and they chose not to be here. They were offered the opportunity to submit in writing. We haven't received anything like that.

The second thing I might offer, Mr. Owen, is that if you would want to draft up a letter from this committee suggesting that to future committees as a recommendation, I think we could probably deal with that tomorrow. However, in fairness, I did instruct the committee members that today we would go until two o'clock to deal with clause-by-clause, if necessary. Since we've completed clause-by-clause, I'm happy to put this on the agenda for tomorrow, if you so choose to bring it back.

Tomorrow's meeting, colleagues, should be short. We do have the minister coming to make a presentation. Other than that, we don't have witnesses coming on Bill C-55.

Since we don't have any witnesses, my suggestion, Mr. Owen, is that if you want to get on the agenda, there's more than enough time, if you so choose. If not, tomorrow's meeting will be brief.

If there's any other business dealing with the committee, I'm happy to entertain that now.

Seeing none, colleagues, we'll see you tomorrow at 11 o'clock for the introduction of Bill C-55. Thank you.

The meeting is adjourned.

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