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—
Chair

Mr. Gary Goodyear

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• (1105)

[English]

The Chair (Mr. Gary Goodyear (Cambridge, CPC)): Colleagues, let's begin our meeting this morning.

Thank you, everyone, for coming.

As members will know, as a result of the House's having referred to our committee Bill C-54 on Monday, May 28, today we are beginning our review of that bill.

I would remind members that this meeting is being held in public for the opportunity to go over this bill.

With us this morning, from 11 o'clock to 12 o'clock, we have the minister, Hon. Peter Van Loan, leader of the government in the House. The second hour we have reserved for our witness, the Chief Electoral Officer, Mr. Mayrand.

Colleagues, if we're ready, we'll begin. Documents have been handed out to you, including copies of the minister's comments this morning.

Minister, I welcome you to the committee. It's a privilege to have you here before us today to discuss this bill. I'll open the floor for you. You can please introduce your team first and then proceed with your comments.

Thank you.

Hon. Peter Van Loan (Leader of the Government in the House of Commons): I'll have my team introduce themselves.

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

[Translation]

Mr. Marc Chénier (Counsel, Legislation and House Planning, Privy Council Office): I am Marc Chénier and I am a Legal Counsel in the Privy Council Office.

[English]

The Chair: Welcome.

Hon. Peter Van Loan: And I'm Peter Van Loan.

I'm pleased to appear today to assist the committee in its scrutiny of Bill C-54, the accountability with respect to loans bill. The bill is another important part of our agenda to strengthen accountability in Canada through democratic reform.

Our agenda in this respect is extensive and ambitious. It has three main components: strengthening our electoral system to make it more responsive, fair, and effective; second, modernizing the Senate; and third, reforming the financing of political parties to eliminate the undue influence of rich and powerful individuals.

[Translation]

To start, we are strengthening our electoral system by, firstly, ensuring our democracy remains fair to Canadians across the country through Bill C-31, which seeks to reduce voter fraud, and Bill C-56, which ensures fairness and representation in the House of Commons by restoring the principle of representation by population.

Secondly, we are taking steps to improve voter turnout through Bill C-55, which adds two additional days of advanced polling on the two Sundays prior to election day.

Lastly, we are also providing a level of certainty and transparency to the public by establishing fix date elections. Under legislation that was recently enacted into law, the date of the next general election will be October 19, 2009.

[English]

Through another piece of legislation currently before Parliament, we hope that October 19, 2009, is the date of the first national consultations process for choosing senators.

For the first time, Bill C-43 provides Canadians with the opportunity to have a say in who represents them in the Senate. This legislation, which represents a realistic and practical way of modernizing the Senate, is one part of our plan to do so. The other part is our bill to limit the terms of senators to 8 years from the current maximum of 45.

The last major component of our agenda to strengthen accountability through democratic reform is our legislation to reform the financing of political parties, candidates, and associations to eliminate the undue influence of rich, powerful individuals in the political process.

• (1110)

[Translation]

We committed to doing this in the last campaign, when we introduced, as our first piece of legislation, the Federal Accountability Act. On April 11, 2006 we fulfilled that commitment and on December 12 of the same year, the Federal Accountability Act became law.

The act banned corporate and union contributions, imposed tighter rules on gifts and trust funds and limited annual donations to a political party to \$1,100 in 2007.

The bill being studied by this committee today builds on the Federal Accountability Act and on our commitment to eliminate the influence of rich, powerful individuals from the political process.

[English]

The bill would amend the Canada Elections Act to establish stronger rules and better transparency for loans made to political parties, candidates, and associations. These amendments would enhance accountability and increase transparency around the use of loans as a political financing tool, which is vital to ensuring the confidence of Canadians in the integrity of the political process.

[Translation]

Along with the Federal Accountability Act, the changes proposed in Bill C-54 will ensure that the financing of political parties, candidates, and associations is fully transparent with straightforward rules that are easy to enforce.

The amendments proposed for the treatment of loans in Bill C-54 would extend to loans the same standards of transparency that are now in place for contributions. By removing chapter 3, which allows for the use of loans to circumvent the restrictions on the source or limit of contributions, the amendments will ensure that the reforms enacted in C-2 cannot be undermined through the misuse of loans.

[English]

Specifically, the amendments would make the following changes to the treatment of loans.

First, the bill would establish a uniform and transparent way of treating loans made to political parties, candidates, and associations. It would require mandatory disclosure of terms and the identity of all lenders and loan guarantors. It would achieve greater transparency and ensure that political parties, candidates, and associations are treated uniformly, which is, believe it or not, not now the case.

Second, total loans, loan guarantees, and contributions by individuals could not exceed the annual contribution limit for individuals established in the Federal Accountability Act, which is set at \$1,100 for 2007. Since loans from individuals would be treated as contributions from the time they were made, loans could not be used to circumvent the limit on individual contributions.

Third, only financial institutions and other political entities could make loans beyond that \$1,100 limit. Unions and corporations would now be unable to make loans, consistent with their inability to make contributions. They could not disguise contributions as loans. Since financial institutions would have to charge commercial rates of interest, neither borrowers nor lenders could exchange favourable rates for favourable treatment.

Finally, the rules for the treatment of unpaid loans would be tightened to ensure that candidates cannot walk away from unpaid loans. Riding associations will be held responsible for unpaid loans taken out by their candidates. Those would succeed to the associations.

At this point I want to pay some tribute—and I don't want to say I'm disappointed that Monsieur Godin is here, but I am disappointed that Mr. Martin is not—because Pat Martin deserves some credit for having kept this issue on the radar screen and pressing us to move forward with this legislation. I wanted to give him due credit for having done that.

[Translation]

In January 2007, the Chief Electoral Officer presented recommendations to Parliament for changing the rules on loans. This was the first examination of the rules for loans since 2000.

[English]

The CEO recommended that Parliament impose additional controls on loans, make loans more transparent, and establish consistency in the treatment of loans for all classes of political entities. Specifically, he recommended the kinds of changes we are including in Bill C-54: the amendments in Bill C-54 implement the recommendations of the Chief Electoral Officer with respect to loans.

At second reading, several members expressed an interest in having the bill come into force earlier than six months after royal assent, which is the current wording in the bill. The government would like to see the changes in force as soon as possible. I would encourage the committee to discuss the matter with the Chief Electoral Officer, Mr. Mayrand, when he is here next hour—how quickly the changes could be put into operation—and to feel free to encourage him and challenge him to do it as quickly as possible.

In conclusion, accountability with respect to loans is an important part of our new government's agenda to strengthen accountability through democratic reform. By adopting this bill, which updates the rules for loans and expands transparency, Parliament would demonstrate to Canadians that it remains serious in its commitment to clean up all aspects of federal political financing.

• (1115)

[Translation]

It will show that we will not allow rich, powerful individuals to influence the political process. It will show that we will continue to build upon the reforms made in the historic Federal Accountability Act.

[English]

Today, I am seeking your support for these measures and will be pleased to attempt to answer your questions.

The Chair: Thank you, Minister.

Colleagues, we're going to do our usual, which is to start with a first round of seven minutes per member.

I forgot to mention that I would like, if possible, five to ten minutes at the end of this meeting to discuss future business. I'll just put that on the floor right now, and we can start our round of questioning.

If you don't need the full seven minutes, that's fine, but I think we'll start off with at least that length of time to give people a thorough examination.

Mr. Owen, please.

Hon. Stephen Owen (Vancouver Quadra, Lib.): Thank you very much, Chair and Mr. Van Loan.

We'll all resist the temptation to make puns on Minister Van Loan.

Thank you for being here and for bringing this forward, together with your set of other approaches for democratic reform.

We've had an opportunity to discuss many of those in the past and will in the future, as we all tackle this joint opportunity to tighten up our political system, including the political financing.

Let me say by way of preamble that Bill C-26, brought in during January 2004 by the former Liberal government, was perhaps the most dramatic change in political financing in Canadian history, creating one of the tightest political financing systems in any democratic country. This is taking that a step further, as did Bill C-2, with respect to limits.

One question I have is with respect to that. In Bill C-24, which didn't go as far as Bill C-2—in the sense that it allowed union and corporation loans at the level of \$1,000, which is pretty limited, but left the individual, basic unit of democracy at \$5,000—part of the government's consideration at the time was not to unduly infringe on the political, democratic rights of individuals under the charter to express themselves and take part in a meaningful way in the political process.

This was, of course, as you may recall, part of the Liberal opposition's concern in Bill C-2. It wasn't to do with corporations or unions because their contribution was going from \$1,000 to zero—it effectively was zero, anyway, at \$1,000—but with individuals it caused some concern that it might unduly restrict people's exercising of democratic rights.

When we look at this bill, my observation is that if someone were to enter a national leadership contest, for instance—it could be the Canadian Alliance in 2002, the Conservative Party in 2004, or the Liberal Party in 2006—understanding that it's a national contest to be contested over many months...to apply this to a person who at that point is not backed up by a political association, or, I might also add, but on a much smaller scale, someone who's seeking the nomination to be a candidate for an election and isn't a sitting member and doesn't have a riding association, and looking at the potential costs of engaging in, for instance, an 11-month leadership campaign cross-country, and thinking of the amount of money that must be spent and has been spent in those contests by all parties, and then thinking about who might be capable of getting a loan from a financial institution.... My concern is that for some individuals who are not wealthy enough to either be credit-worthy themselves to raise the amount of money that would be necessary for that sort of contest or who have the friends who would be able to guarantee that loan, this would effectively be a barrier to that person's taking part in that leadership contest or, on a smaller scale, a nomination contest.

The flip side of it is that we're handing over to financial institutions, really, the power to decide who can enter those contests

and who can't, by virtue of their need—understandably, given their responsibilities and the way this is written—to have it guaranteed or to find the person credit-worthy themselves.

• (1120)

It doesn't take much to imagine a large group of people who are incapable of entering those sorts of contests.

I noted, Minister, in your introductory remarks, on six occasions I believe, you mentioned that one of the intentions of this bill is to limit the influence of the powerful and the rich and such. I'm worried about the people who aren't rich and powerful, who may face a barrier to enter those types of contests when they don't have means themselves.

I wonder if you could comment on that.

Hon. Peter Van Loan: Based on your concern, I thought you would actually be heartened by what this bill does, because it levels the playing field.

Right now, of course, there is a situation where someone who is a wealthy individual or who has access to wealthy friends can get those significant loans with which to run a leadership campaign. If somebody comes from a more modest background and lacks those kinds of friends or those kinds of resources themselves, they won't have access to it.

Right now we have exactly the situation you fear. We have the situation where those who have the means can do this and those who don't are at a disadvantage.

This bill levels that playing field by putting everybody in the exact same position, where if they wish to get a loan and they can't finance that campaign through their own personal wealth.... We have seen that in previous leadership campaigns. Candidates have been able to have an advantage by financing it through their own personal wealth, either through loans or contributions. Everybody will be on the same footing with regard to going to a chartered financial institution to finance the campaign.

In fact, I think the situation you fear is exactly the situation we have today. When this legislation is passed, you will find that those individuals of modest means are in a better position vis-à-vis the wealthy and the powerful, those who have those resources and who now have the advantage.

Hon. Stephen Owen: Maybe if I could just follow that up—

The Chair: I'm sorry, there are only two seconds left.

There will be a chance, Mr. Owen, for another round.

Hon. Peter Van Loan: Let him have his two seconds.

The Chair: Okay, now we're done.

I want the record to show that I did offer you the two seconds. There'll be time for another round, Mr. Owen. Thank you.

We might want to recall—it has been a while since we've had questions for witnesses in this committee—that seven minutes sounds like a long time, but it's not. We might want to keep our question part of it as short as possible so there is time for follow-up.

Mr. Lukiwski, seven minutes, please.

Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC): Thank you, Chair.

And thank you, Minister, for appearing.

I'll follow up a bit on some of the comments made by Mr. Owen and ask you to respond to a criticism that has been levied by some members of the opposition with respect to this bill. They are contending that this bill would prevent qualified candidates from seeking nominations, particularly women. I don't necessarily share that view, but I'd like to hear your views on that and how you would respond to those criticisms.

• (1125)

Hon. Peter Van Loan: Before I do, I'll pick up on another point Mr. Owen raised, that those who don't have the backing of a wealthy riding association can't run. Riding associations cannot transfer funds to leadership campaigns already. If they're doing that, they're engaging in an illegal practice under the act. So that's not a factor.

On the question of nominations, again I think we have the same phenomenon. I'd remind everybody that nomination campaigns are already strictly regulated under the act. The spending limit is strictly regulated. It's 20% of the spending limit of an actual campaign for that riding. From that perspective, you already have the playing field levelled. Those restrictions come from the legislation that Mr. Owen referred to previously.

You're talking about a typical campaign in a big riding limiting somebody to spending \$14,000 or \$16,000. That's the most you can spend on a nomination, so already you have very limited potential.... To say that putting everybody on a level playing field so they can't reach in to find their own \$15,000 and that they have to borrow it from a bank and so on.... I don't buy that notion that there is any barrier there. Again, this is something that puts everybody on the same level playing field.

There is some suggestion that women have a more difficult time raising money as candidates. I'm not sure I agree with that. They will now be on a level playing field with everybody else in terms of being able to run a campaign. They won't be able to rely on a rich, powerful person to come up with that \$14,000, or, if you're in a riding in Saskatchewan, the \$9,000 or \$10,000 you can spend on a campaign for a nomination.

I think the effect of what we've done here will create greater fairness and put everybody on the same level playing field.

Mr. Tom Lukiwski: Thank you, Minister.

I have just a couple of other quick questions, one of clarification first. With respect to the provisions of this bill, candidates, whether it be for nomination or leadership or whatever, will now have to finance significant loans through financial institutions. That, as you've stated in your presentation, would get away from the influence of having wealthy friends finance them personally and then forgive the loan that could be repaid, and things like that, which is wonderful.

Would a wealthy individual or an influential, wealthy friend be able to guarantee a bank loan on behalf of a candidate?

Hon. Peter Van Loan: They would be able to, but the amount of their guarantee would be limited to the same amount and be counted

toward their annual limit of \$1,100 right now. Whether as contributions, loans, or guarantees, all bundled together they cannot exceed the \$1,100. So effectively you couldn't use it as a way to do a back-door loan over the longer term.

Mr. Tom Lukiwski: Okay. Thank you for that.

This is probably a question that would be best asked of Mr. Mayrand when he appears in the next hour, but if riding associations are ultimately responsible for the repayment of loans that may be defaulted by the candidate, have you any thoughts on or contemplated what the penalties might be if a riding association were not able to repay the loan?

Hon. Peter Van Loan: This is one of the more interesting pieces of the legislative proposal: that for any registered party, the debt from the campaign succeeds ultimately to the riding association if it is not paid. This is a practice that applies, for example, in Ontario under their electoral law right now. That's how they operate, and it seems to have functioned very well.

You wouldn't need to have a penalty. It actually creates an avoidance of having to have a penalty, in that the debt continues. These riding associations don't cease to be riding associations at the end of the campaign the way a candidate ceases to be a candidate. You don't have this end date of four months or eighteen months or whatever it will be after the campaign for them to pay the debts; they will carry those debts. They will have to report them every year in returns and report progress on paying them back to the bank, if they haven't paid them back to the bank. Interest will continue to accrue in accordance with normal commercial terms. So those obligations ultimately survive, and if they become deregistered or decertified, they become the obligation of a political party.

In this kind of cascade of guarantees you create a situation wherein people cannot engage in the practice of making loans with the objective of their actually being converted into contributions. It means that those loans will have to be ultimately returned or paid back at some point in time by some entity related to the party.

Some people think that's a little difficult for a riding association, but I look at how it has worked in practice in Ontario at the provincial level. You're going to have tensions one way or another, and all of us who are in political parties know this. When somebody wins a nomination or gets appointed as a candidate and the riding association doesn't like them and doesn't want to free up the money, you have one kind of problem. Sometimes it's the other kind of problem: when a candidate spends too much and you have an overhanging debt. But those tensions are part of the difficulty of people having to assume responsibility, and we think people should assume responsibility for their debts.

• (1130)

Mr. Tom Lukiwski: Would it be fair to say, then, Minister, that you believe the provisions contained in this, since we have some historical evidence based on the Ontario experience, would severely limit if not prevent outright any of the loans being converted into contributions?

Hon. Peter Van Loan: I believe that's what will happen in practice, yes. It works well in Ontario. It has worked smoothly, and people pay their debts.

Mr. Tom Lukiwski: Thank you.

The Chair: Thank you very much.

Madame Picard.

[*Translation*]

Ms. Pauline Picard (Drummond, BQ): Thank you, Mr. Chairman.

Welcome, minister.

I would like to start by making a comment before I ask my question. Earlier, in your conversation with Mr. Lukiwski, you spoke about equal opportunity for women candidates. While the bill does not work against women candidates, the fact remains that it is much more difficult for women to get into politics, for all sorts of reasons. So some day, we will have to look into that. We need rules that will enable us to attract more women to politics, so that we can have equal representation of women in the House of Commons.

The Bloc Québécois agrees with the bill. My question is of a more practical nature. In your opinion, what is the average loan per candidate per party? Do you have that figure?

[*English*]

Hon. Peter Van Loan: I don't have a figure. I've gone through the statistics, and they vary for just the province of Ontario. I have no idea what the typical loan would be for a Bloc Québécois candidate, because you have not yet started running them in Ontario.

What you will find I think is that among the Liberal Party and the Conservative Party it's pretty consistent. It seems to be that about 28% or 30% had loans of one type or another, and they ranged widely. Some had very significant loans; some had very modest ones. Some had them from financial institutions; a lot of them had them just from themselves or family members in significant amounts. The NDP seems to have shied away from loans. There seem to be very few loans on the NDP side, at least in Ontario.

So I couldn't give you an exact statistic. I could tell you, though, that about 30% of Conservatives and Liberals take loans of some type, in Ontario, at least. I should say, though, that most of those were probably in total under \$10,000.

I might comment on one other thing, while I have the opportunity, concerning bank loans.

[*Translation*]

Provincially, banks provide loans based on the rebate that the candidate gets after the campaign. That determines the level of the loan, it is the guarantee.

[*English*]

That means it should be fairly easy for any candidate, assuming you're in the range where you have confidence you'll get 10% of the vote, to get a loan from a bank at least equal to the amount you will get in your rebate after the campaign, in terms of your spending. At the provincial level, where this is the case, they tend to use as the guarantee the candidate's guaranteeing of the loan by writing their promise of the rebate they get from Elections Canada. That way, the banks have found a pretty good practice to approach this.

• (1135)

[*Translation*]

Ms. Pauline Picard: Thank you very much.

[*English*]

The Chair: Madame Picard, you have three minutes left. Do you want to share it, or will we catch you up in the next round?

[*Translation*]

Ms. Pauline Picard: Thank you very much.

[*English*]

The Chair: Merci.

Monsieur Godin, you have seven minutes, please.

[*Translation*]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Thank you, Mr. Chairman.

I would like to welcome the minister.

I do not have very much to say. I don't even have a question to ask. However, I would like perhaps to make a few comments. I appreciate—

Hon. Peter Van Loan: You are speaking very fast for the interpreter.

Mr. Yvon Godin: I could invite you to the Standing Committee on Official Languages!

I would just like to make a few comments. At the beginning of your remarks, you thanked Pat Martin for his work. It is most unfortunate that this was not done for Bill C-2. Mr. Martin's amendments to Bill C-2, which the government rejected, are now included in Bill C-54. Had they been accepted in Bill C-2, these provisions would now be law.

I have no questions at this time. I may have some on the next round. We support this bill. It will put everyone on an equal footing. Everyone who runs for office will be treated the same way. So people will not get elected simply because they have rich friends.

[*English*]

Hon. Peter Van Loan: I will briefly speak to the amendments concerning loans that were presented when Bill C-2 went through, since Monsieur Godin raised the subject. I don't want to say the wording was sloppy, but the difficulty was that the wording I don't think would have achieved what I think was Mr. Martin's very good and very genuine intention. There was some awkward blurring of the line and terminology between the words "contribution" and "loan" and so on. I know the objective he was trying to achieve was what we're trying to do with Bill C-54. I believe it would not have been achieved with the amendments that were put forward at the time, and that's where it got tripped up at the time.

The Chair: Thank you.

Hon. Peter Van Loan: That's not to in any way be critical of him. I think he was trying to achieve a positive outcome, and he should be given due credit for having kept it on the radar screen after Bill C-2 became law.

The Chair: Thank you very much. That was a short questioning round.

Colleagues, we're going to go to round two. You have five minutes, this time, for questions.

We'll start with Madam Redman, please.

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

Minister, I welcome you, too, and I would ask you to get out your pen, because unlike my colleague, I have a whole bunch of questions. I think I'll just put them forward at the beginning and then give you a chance to answer them.

I'm sure it didn't escape your notice, but I am a woman in politics. I have to tell you that it's interesting that your opinion isn't that women in politics have trouble raising funds, because I'm here to tell you, after 10 years of public life, that women do have a problem raising funds. Sometimes it's the fact that they don't have the equity or credit history that a lot of their male counterparts have. So I'd be interested to know if this committee or you, when you wrote this, consulted with the real experts, such as bankers, to find out if that would be a problem.

I'd also like to ask about how this bill will impact the role of funds like the Judy LaMarsh Fund—set up in the Liberal Party years ago because of this impediment to women raising funds—which donate to female candidates, and something like Equal Voice, which also funds female candidates, again, because of the historic reality that women cannot raise funds.

You started by talking about some of the changes, and I am sure you didn't mean to mislead anyone, but from some of the wording in the bill and from some of your comments, you'd almost think that somebody can currently walk away from loans and that these can be done in secret. I guess I'd just like to put on the record that under the current law, the details of loans, including every loan in the name of the lender and the guarantor, must be, and are, publicly disclosed. So I would just like to put that on the record. That is the case, as it currently exists.

You listed, at the beginning, some of the efforts your government has made to enhance transparency and accountability in public life. But it's interesting. Are any of these initiatives ever going to address third-party advertising and spending? I look south at this, where we've all seen some of the effects of the political action committees in the United States. Nationally, we have the National Citizens Coalition, and I'm wondering how, if at all, there is any effort to address these kinds of expenditures—which I would tell you do impact the outcome of elections.

The other issue that I don't see covered right now, and which I think would be interesting to explore.... I can choose any number of floor crossings, but I think I would choose Mr. Emerson's, because his was probably one of the more recent floor crossings. Under this regime, how, if at all, would the Liberals—who were so upset with that floor crossing two weeks after an election—recover the money if they had taken out a loan? What would their recourse be to recover that money, because it seems to me they had legitimate umbrage? So I'd like to hear how you would address that, if at all, through this.

And my last question would be, are we sure this is charter compliant? Has that question been referred to an expert, and has that been answered?

•(1140)

Hon. Peter Van Loan: Those are many, many questions.

The Chair: There are six questions and two comments.

If you could do it in two minutes, that would be historic.

Mr. Yvon Godin: Is the Hon. Belinda Stronach in there, too?

An hon. member: Oh, oh!

The Chair: I'll give you a full two minutes.

Hon. Peter Van Loan: If I could, Mr. Chair, I already addressed the issue of wealthy or powerful individuals.

In terms of women and the question of equity and credit history, I think I already addressed that. This bill does create a level playing field. In particular, if you're talking about women as candidates in a campaign, as I said, where this has been the case in Ontario, banks tend to make contributions based on a guarantee of the return of the rebate you get. In our case, it would be from Elections Canada. That would allow somebody a fair bit of financing room. So that is how they tend to approach it, rather than on the creditworthiness of the individual, because they are well aware of the individual's constraints in making the contributions. That's where it actually levels the playing field, for those who are not of great means and who lack those financial resources and networks, as women do. In fact, this improves their position and their opportunities.

I know Madam Redman is writing something on that response, but in terms of the Ellen Fairclough Fund, the Conservative equivalent of the Judy LaMarsh Fund and Equal Voice, and so on, those contributions to people's nomination campaigns effectively became illegal under the Liberal legislation. That's where that difficulty arose. There's nothing new in this legislation affecting that one way or another.

The next issue is the details of loans. There is a requirement for disclosure, you're quite right, but it is inconsistent between different types of candidates. Whether you're a riding candidate or a party or a candidate for nomination, there are different disclosure requirements. We are trying to make them consistent across the board.

On third-party advertising and spending, there is a law in place now. It continues to be in place and in effect; it does have limits. Of course, the limit nationally is \$150,000 for a third-party campaign.

The next item is the issue of people crossing the floor. I know that's an interesting one. I'm sure the member from Mississauga—Streetsville, who actually made his own loan to his riding association, will be interested to see how that gets resolved and whether the party reimburses that. This is another matter.

Our legislation, of course, is only prospective; we are not seeking to have any retrospective application. I don't think that would be fair or equitable. So there won't be any retrospective application, either to cases like that or situations like, for example, the Liberal leadership campaigns. Under our legislation, it's not proposed to have those existing loans fall under our coverage.

There are some who have argued, including in the other parties, that we should make it retrospective in reach. My view has always been that it's a fundamental principle of natural justice that legislation should not be retroactive. It should not capture people who were relying, at the time they did whatever it is they did, on a legal regime in place at the time. They should be entitled to continue to rely on the law that was there at the time they made those decisions.

Finally, in terms of charter compliance, we're quite confident this is charter compliant. As I indicated, this regime has operated at a number of levels. There are far more restrictive regimes. For example, in the province of Manitoba, the regime is far more restrictive, and it has continued to operate successfully, regardless of complaints. We have a system that creates a level playing field, that creates adequate opportunities for public financing as well, and that ensures there is a functioning process. I think it would be very difficult for anybody to argue that their charter rights are in any way significantly compromised under this, or any of the previous legislation brought in regarding political financing.

The Chair: Thank you very much.

We obviously went over time a little there, but I believe the witness did exceptionally well in answering a number of questions.

Let's go on then, please.

Mr. Preston, for five minutes.

Mr. Joe Preston (Elgin—Middlesex—London, CPC): Thank you very much.

I have a couple of technical questions, if you could help me. I think you've hit the nail on the head that the rebate is usually what the loan is held against on a riding level basis. It's usually on the prospect of some money being returned from Elections Canada after the fact.

But if indeed the loans are greater, would they then have to be guaranteed against personal guarantees?

• (1145)

Hon. Peter Van Loan: Not necessarily. There are certainly cases where financial institutions.... Right now, the disclosure requirements are that when a candidate in a riding does obtain a loan, they are also required to disclose the amount to Elections Canada, though I don't believe they're required to disclose the interest rate. And they're required to disclose the name of a guarantor, if there is one, so the name of that guarantor becomes publicly disclosed.

If you go through the existing loans of candidates in Election Canada returns right now, you will see there are some candidates who have personal guarantors for their loans, but there are many who do not. That, obviously, is a decision of the banking institution whether or not to do so.

Mr. Joe Preston: I have another small question, and then I'll pass my time on.

Say I were to guarantee a loan for someone up to the \$1,100 that I'm allowed, as my contribution to that person that year, and the loan were repaid. Contributions came in, so they repaid the loan. Would that free up my \$1,100?

Hon. Peter Van Loan: Before the end of the year?

Mr. Joe Preston: Yes.

Hon. Peter Van Loan: That's a very good question. This is something you might want to consider at this committee, finding a way to make it operationally functional.

Mr. Joe Preston: I've used my contribution limit as a guarantee....

Hon. Peter Van Loan: The answer is no. Right now, the way the draft bill is structured, if a person paid back the loan in the same year it was made, they wouldn't then recapture that \$1,100 as a potential contribution. You may wish to.... It's certainly not our intention to try to keep somebody from being able to be made whole.

Mr. Joe Preston: I really see it seldom happening that way, but it's—

Hon. Peter Van Loan: It's a possibility. You may wish to consider amendments that would have the effect of allowing them to go back up to their \$1,100 contribution.

Mr. Joe Preston: That's all I have.

Mr. Reid, do you want to take the rest of my time?

Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC): I wasn't going to say it, but I'll just ask the obvious question here. Madam Redman has expressed that there's a concern with female candidates being unable to access funds. This is more of an editorial comment than anything else: it wasn't my experience when I was trying to raise money for the Stephen Harper leadership campaign against Belinda Stronach.

Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.): That's a big exception.

Mr. Scott Reid: Yes. The key rule seems to be having wealthy relatives.

At any rate, it strikes me that what effectively is happening is that by equalizing the capacity to get loans for various candidates in an actual race for a seat—you have a female from one party and a male for another party—they're both likely to get enough of a percentage of the vote to get a return of their.... Effectively the playing field would be levelled in a way that has not existed previously, vis-à-vis those candidates in that particular situation—not perhaps all of the situations, but in that one situation.

Would that not be correct?

Hon. Peter Van Loan: You're absolutely right that it's correct.

I'm going to make another observation here. Again, this is more anecdotal; this is just me, going through a lot of returns, and not an actual numerical analysis. I think you would find that generally speaking the candidates who have engaged in taking loans to run their campaigns come from wealthier communities, wealthier ridings. They tend to be wealthier individuals themselves, and I think that's a reflection of this. People who come from constituencies of more modest income or who are financially challenged are much less likely to be engaging in the behaviour of taking out loans for their campaigns—the big loans from a wealthy individual: the \$45,000 from somebody, or whatever. That just doesn't happen as much.

I think that's anecdotal evidence for the proposition you just made, that this levels the playing field and puts everybody in the same position. When I talk about the loans they take out right now, those are loans primarily from individuals: wealthy benefactors, family members, and so on. The bank loans tend to be at a more consistent level across the board.

Mr. Scott Reid: Thank you.

The Chair: There are very few seconds left in that questioning, so I'm going to move to Mr. Guimond.

You have five minutes.

[*Translation*]

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

It seems to me that with this bill, the government is reacting to a specific event. I will not mince words here, I am going to speak to you frankly. With the exception of the leadership of the Liberal Party of Canada, is there really a problem that justifies the tabling of Bill C-54?

• (1150)

[*English*]

Hon. Peter Van Loan: I think the Liberal leadership and the loans that occurred there heightened the public perception that something needed to be done, certainly if people looked and saw many millions of dollars from wealthy individuals. I don't think the fundamental problem we're addressing, though, arose because of that. I think it existed before, and it continues to exist.

I really don't think it's a partisan issue. If you go through those financial returns, as I said, the NDP doesn't take out many loans, but I think Conservatives do just as often as Liberals, for example, at the riding level. They will be affected similarly, both parties, so I don't view it as a partisan issue.

I think you're right that this had a lot to do with some of the public concern, at least in terms of heightening some of the public appetite for this. Certainly Mr. Martin was able to capitalize on some of that in drawing attention to the problem. But the problem, or the need for this action—because there was an inconsistency in treatment between loans and contributions—was the case without that campaign.

[*Translation*]

Mr. Michel Guimond: I appreciate your candour. You say that this is something the public expects. I'm sure that means that you are prepared today to make a commitment that Mr. Harper will disclose the contributions he received when he ran for leader of the Conservative Party.

[*English*]

Hon. Peter Van Loan: As I think I indicated earlier, we're not seeking to have any kind of retroactive application of this law.

An hon. member: Why not?

Hon. Peter Van Loan: It's for the reasons I gave before. It would be fundamentally unfair to the Liberal leadership candidates, who relied upon a law that was in place at the time, to tell them they now have to comply with a different law after they acted in reliance with the previous legislation, which was in place when they made what are significant decisions.

Of course, in the case of Mr. Harper, he has complied with the laws. He has made full disclosure of his last leadership campaign—

Mr. Marcel Proulx (Hull—Aylmer, Lib.): Really?

Hon. Peter Van Loan: Yes, for the last leadership campaign, everything was disclosed, and he has no debt.

Mr. Marcel Proulx: How about the one before?

[*Translation*]

Mr. Michel Guimond: Mr. Chairman, since there is something for everyone, will the bill prevent children aged 8, 10 and 11 from getting loans, as happened in Mr. Volpe's campaign for leader of the Liberal Party? Will the bill prevent that from happening?

[*English*]

Hon. Peter Van Loan: Well, those were contributions, not loans, I believe, but I don't believe it does address those.

[*Translation*]

Mr. Michel Guimond: I'm talking about a contribution made by an 8-year-old.

[*English*]

Hon. Peter Van Loan: We have not addressed that issue. They would be limited, however, to \$1,100.

[*Translation*]

Mr. Michel Guimond: Thank you, Mr. Chairman.

[*English*]

Hon. Peter Van Loan: It depends which riding you're in, I guess, whether that's a lot of money for a kid or not.

The Chair: Are we done, then, Monsieur Guimond? You still have a minute and a half, but it sounds as though you have concluded.

Monsieur Godin, and then Madame Robillard.

Mr. Yvon Godin: I'm sure that eight-year-old kid is going to be happy that he can give \$1,100 next time.

[Translation]

I have not really looked at the bill in detail, is there a limit on the amount of the loan?

[English]

Hon. Peter Van Loan: From a bank?

Mr. Yvon Godin: Yes.

Hon. Peter Van Loan: No.

[Translation]

Mr. Yvon Godin: Candidates can spend up to \$60,000 during an election campaign. Does this mean that the loan could be as high as \$60,000?

[English]

Hon. Peter Van Loan: You can take out a loan for whatever amount a bank is willing to give to you. The only limits on the loans are the ones from individuals, which treat them the same as contributions.

The approach under the regime, which as I said parallels the approach under provincial law in Alberta, Manitoba, and Ontario, is that if you're going to have loans, they should only be bank loans, as Mr. Martin has argued, because then you're dealing with a different kind of loan. Individual personal loans have an entirely different element from those of a financial institution that is governed by a law that has to do—

An hon. member: What about car dealers?

Hon. Peter Van Loan: That too; it's the same thing. Anybody who's not in the business.... Well, I guess car dealers are sometimes in the business of making loans to....

The idea is to focus just on those financial institutions. They will make their loans with their normal commercial approach and with commercial interest rates, being fully aware.... Remember, they're all federally regulated, so they're all cognizant that they have civic obligations, but they are also fully aware that they're going to have the public spotlight shining on them, in that all these things are fully disclosed. So they'll ensure that there is consistency in approach and consistency in treatment.

As I said, though, the practice has been—certainly for riding candidates, for example—to link the loan to the rebate.

• (1155)

Mr. Yvon Godin: Okay, but then going with what Mr. Preston was saying, just so that I understand well, if you want to—and I don't think you will—guarantee my loan, you only could go up to \$1,100.

Hon. Peter Van Loan: That's correct.

Mr. Yvon Godin: Then I have to find many guarantors, so if I don't pay it, they may be considered contributions.

Hon. Peter Van Loan: That's right.

Mr. Yvon Godin: And if it is paid, that's when it comes back to asking whether I can give money to somebody else, then, in the party.

Hon. Peter Van Loan: Well, that's not the case now, but that's what he'd like to be able to do. But certainly the case with banks, as I said, is that most of them realize that's a silly thing. They don't want 60 people doing guarantees, so they ask a candidate how much he or she will spend and what the rebate will be, and they offer a loan for that amount. What they take as a guarantee is the candidate's commitment of the rebate—from the official agent, and the official agent, of course, can do that.

The Chair: Thank you, Mr. Godin.

Madame Robillard.

I should say we're down to our third round, so it's three minutes each question time. Thank you.

[Translation]

Hon. Lucienne Robillard: You often referred to the Ontario system in your answers to my colleagues' questions, minister. Moreover, I understand from the briefing note we have on the bill, that you looked at the practice in various provinces. I am more familiar with the Quebec Elections Act which does not cover loans to leadership candidates. It is strictly a matter for the political party. In addition, the limit is different from loans and contributions. In Quebec, voters are allowed to make loans. So there is a huge difference between the Quebec Elections Act and the bill you have put forward.

My question is this. I am sure you studied this issue before you came forward with the bill. Do you have a comparative table showing what happened in each province? In other words, do you have a description of the various practices as well as an evaluation of them? Does any provincial system have restrictions as strong as those you are suggesting today? Have they been evaluated?

What problems for nomination candidates are you trying to fix? In the past, was there any abuse in the case of nomination candidates, people who have to borrow \$16,000 and who will not be entitled to recover their expenditures? The person has never run before, this is the first time, they have no money, and the bank will not provide a loan. I am trying to see what problems you are trying to fix through this bill.

[English]

Hon. Peter Van Loan: First, on the issue of the analysis, I have seen my officials do some partial analysis of some of the issues, province by province. I don't think we have all the provinces and I don't think we have all the issues. For example, I can't tell you what the trailing debt is for other provinces, other than in my own experience, because that hasn't been analyzed.

Certainly I would be happy to undertake on their behalf that we have done and provide to the committee analysis of what the loan treatment is, which mostly has been done, but also of such things as trailing debt, which has not been done.

The second aspect of it was about whether candidates for leadership and nomination are regulated in other provinces. Leadership candidates, for example, in Ontario are covered by the electoral disclosure and financing laws. I don't believe the nomination candidates are, however, in Ontario, but of course nomination candidates are now covered by the federal law; they have their spending limits and their contribution limits determined by federal law. What we're trying to do here is provide consistency across all the different kinds of candidates who are regulated.

I believe this has the added benefit of addressing the concern Karen Redman raised about candidates for nomination with lesser means: that they end up on the same level playing field with wealthier individuals and better able to compete.

In fairness, the spending limit—the 20% of what you can spend in a campaign—is probably the greatest element in ensuring that a level playing field applies, and of course it's already in the law.

• (1200)

The Chair: Thank you.

I'm sorry, we went over on that one. The three minutes are hard to get used to. We may have time. I would remind members that our next witness is here. We have the opportunity to invite the minister back, if it's necessary, but let's see how we do in the next little bit.

Mr. Lukiwski, you are up for three minutes, please.

Mr. Tom Lukiwski: Thank you.

I have just one quick question, Minister. What provisions are contained in the act for loans between riding associations? In other words, within the Conservative Party, certainly, there are many riding associations, particularly in western Canada, that have significant amounts of money in the bank. They've done very well in fundraising over the years.

Would they be able to lend x amount of dollars—\$10,000, \$20,000, \$30,000—to another riding association between elections, and if so, what provisions are in this?

Hon. Peter Van Loan: The provisions generally remain the same, except of course that in dealing with loans there is a new element. Right now, transfers are allowed between riding associations and transfers are permitted between a party and a riding association, generally speaking, though the Chief Electoral Officer was somewhat erratic on the interpretation of convention fees, which were inconsistent with that principle. That principle generally remains law. That principle will continue to apply under this law for loans as well. So loans could be made from one riding association to another, from a party to a riding association, or vice versa.

The difference, though, is that an association is prohibited from contributing to a leadership candidate or to a candidate for nomination. Similarly, they would be prohibited from lending to a candidate for nomination or to a leadership candidate.

The Chair: The only name I have left on my list is Madam Redman.

We'll move to Madam Redman, please, for three minutes.

Hon. Karen Redman: Thank you.

I apologize for getting called out to an emergency. I had my colleague—

Hon. Peter Van Loan: You missed some great answers.

Hon. Karen Redman: Well, I missed some answers, and I suppose they were great. I look forward to expert testimony and to witnesses we will have come over time to address some of these issues.

When the Liberal government brought in the new financing regime, one of the things we did was put limits on the amount of money individuals and businesses could give to all political parties. Clearly it wasn't just for our benefit, because we can statistically demonstrate that there are other parties that had more to gain. It was replaced by public funding, which leveled the playing field, because it was based on the number of electors, as we all know. I think it's now \$1.78 that every party gets.

That aspect is not there at all in this piece of legislation.

If I understand your answer to my question about the ability of some people to actually get a bank loan, you said that it's dependent on the undertaking that they would give their rebate back. But you only get a rebate if you get 10% of the vote.

Hon. Lucienne Robillard: And if you were elected before.

Hon. Karen Redman: If you were elected before, the incumbency will advantage some.

If I'm a new candidate and I want to represent the “brown bread people” or some obscure party, or dare I say even a party such as the Green Party, which has not seen a member in Parliament and may well not get that 10%, then I don't see how this would advantage me or advance democracy in any way, because I am not going to be able to get that bank loan. I'm not going to be a good risk from the bank's perspective, because I probably won't get 10% of the vote.

Hon. Peter Van Loan: There are a couple of different things here.

First, on the previous Liberal legislation, you suggested that it limited what corporations and individuals could give to political parties. It actually prohibited, of course, corporate contributions to political parties. They could only continue to operate at the riding level. That should be clear.

Speaking to your concern that there's no public funding element to this legislation, the public funding exists. It's very generous. This is to deal just with loans, not with contributions. We aren't talking about funding parties this way. We're just talking about loans.

If we were perhaps wiping out or eliminating the possibility of individual contributions, or cutting them down to \$100, I think there might be merit in your argument. But we're talking about loans here. I don't see that regulating loans, or putting a limit on them, or requiring that they come from banks should have some respective check-off, such that you should get another dip into the taxpayers' money. I don't think that follows at all. I don't see a need for any change in the public funding regime right now.

You mentioned that you only get the rebate if you've been elected before. That's not the case. It's just 10%.

• (1205)

Hon. Karen Redman: No, you only get the rebate if you get 10% of the vote, and that's much easier for an incumbent than for an unknown.

Hon. Peter Van Loan: That's absolutely right. But under this bill, if you as a candidate don't get your 10% and you have a loan, that loan survives to your riding association. The Green Party riding association still continues and goes forward. If that association gets dissolved, it goes to the party.

As we know, a political party like the Green Party gets generous public financing every year from the taxpayers of Canada, to the tune of over \$1 million, I think it is. So a bank will be aware that at the end of the day there's a source from which to recover their funds.

The Chair: I'm going to allow you to do a bit more.

Hon. Karen Redman: It's just a closing comment. Thank you, Mr. Chair.

I appreciate how convinced you are that this doesn't limit democracy. I'm not convinced. I will look forward to the expert testimony of future witnesses who can support unreservedly this piece of legislation the way you do.

The Chair: Thank you, colleagues. I have no more names on my list, so I'm going to assume that we are in fact finished with this witness. If there are any questions outstanding, perhaps you can submit them through the chair and we can get answers for you. The opportunity exists to call the witness back, but it sounds to me as though we're finished.

I want to thank the witnesses for coming in this morning. Honourable Minister, we appreciate your being here and being forthright with your answers.

Colleagues, we have another witness on the way in. I'm going to suspend the meeting for one minute so that we can move witnesses in and witnesses out.

Thank you. The meeting is suspended.

• _____ (Pause) _____
•

The Chair: Colleagues, we'll bring the meeting back to order.

I want to give a special welcome and a deep thank you to our witnesses this morning.

This morning, colleagues, we have, for the second half of this meeting on Bill C-54, the Chief Electoral Officer, Marc Mayrand.

I'm going to offer Monsieur Mayrand the floor in a moment to introduce his team. However, I just want to bring to the members' attention the fact that Monsieur Mayrand and his team were very kind. It was with great difficulty that they were able to come this morning. The team testified in a Senate committee yesterday, and they have done a phenomenal job in preparation for this meeting. I want to acknowledge that in public and let them know how much the chair, and I'm sure the members from the House, appreciate their extra efforts in getting this information to us this morning.

I will offer you the floor. Perhaps you would introduce your team, Marc, and then say anything you have to say. Then we will open the usual round of questions.

Monsieur Mayrand.

• (1210)

Mr. Marc Mayrand (Chief Electoral Officer, Office of the Chief Electoral Officer): Thank you, Mr. Chair and members of the committee.

With me today are Mrs. Diane Davidson, who is the deputy chief electoral officer and senior legal counsel at Elections Canada; Mrs. Janice Vézina, who is the executive director of political financing and corporate services; and Mr. Stéphane Perrault, who is the senior general counsel at Elections Canada.

Thank you again.

[*Translation*]

As the chairman just said, it was only on Tuesday that we were invited to appear before your committee regarding this bill, which is very important for the political financing system. At that time, we were very busy preparing our appearance before the Senate regarding Bill C-31, which greatly hindered our ability to prepare a detailed and adequate analysis of the bill at hand.

Nevertheless, I think that it is important to share some comments with you today. I did not have the opportunity to prepare type-written notes. However, I would like to speak to you about certain issues that are raised by this bill. First, let me note that this bill responds to a recommendation my predecessor made and that it reflects his suggestions very well. Nonetheless, I must say that we were not consulted about drafting the bill. Therefore, we were informed about it only when it was tabled before the House.

[*English*]

The bill adds an important piece to the financial framework as regards the inflow of moneys to regulated entities under the Canada Elections Act. While the bill certainly responds to recommendations made by Elections Canada last January, it only touches one aspect of these recommendations, which is the loan aspect.

One observation I have in reviewing the piece of legislation is that loans should not be looked at in isolation from other rules regarding access to money, such as the one regarding stricter contribution limits, the existence or absence of spending limits for various entities governed by the act—mainly leadership contests—the rules governing transfers among various entities, and the availability of tax credits for certain entities during or outside the writ period, as well as other subsidies, such as the allowance offered to parties. The interaction of those evolving rules may have significant implications for candidates, lenders, and parties who have different financial needs and borrowing capabilities.

The proposed restrictions on loans, in conjunction with the recent contribution limit, will require entities to rely more heavily on loans from financial institutions to fund their activities. That's one likely outcome of Bill C-54.

The question arises as to whether financial institutions will be willing to play this role, and if so, to what extent, and how they will adjust their lending practices under the rules set out by Bill C-54. For example, a guarantor may not guarantee a loan for more than \$1,100, except for parties and district associations. As parties are the only ones allowed to guarantee substantial loans, this may have an impact on the relationship between parties and candidates or between independent candidates and those supported by political parties. Will candidates or small parties be able to find sufficient financing to support their campaigns?

These are some of the questions that come to mind when we look more comprehensively at the financial framework for financial entities. I must admit that I have no answers at this time to those questions. It will require much more analysis.

• (1215)

[Translation]

Following our study which, I repeat, was only preliminary, I can say that this bill has some problems with implementation. Let me mention a few of them. For instance, the bill states that loans to candidates must be paid back 18 months after the date on which they were made rather than 18 months after the date of the election. In this way, a loan might have to be paid back even before the election is held. In our opinion, this is an operational problem.

Secondly, although the bill allows candidates to borrow from financial institutions, a candidate cannot use more than \$1,100 worth of his personal resources or goods, for example his house, as collateral. We want to know whether a candidate can be exempted from these restrictions on loans or collateral, without violating the spirit of the bill.

A third example, which has more to do with the operations of Elections Canada, would be a situation in which a candidate tells us that the bank, following its usual accounting practice, considers a loan to be unrecoverable or written off. According to this bill, the Chief Electoral Officer must determine whether the loan has really been written off following the usual practice of the financial institution. However, nothing in the bill provides that the Chief Electoral Officer should have access to the documents of the financial institutions and that he will be able to verify their practices in such cases.

If a loan is written off, the riding association becomes responsible for the debt as if it had put up collateral. As we interpret the bill, this is more or less an automatic process triggered by writing off the debt. If this occurs, the association might not have agreed to collateralize the loan. Perhaps this is the intention of the bill, but I must draw it to your attention. Of course, these are only examples. A closer study would probably come up with more such examples.

[English]

In conclusion, Mr. Chair, I was—

The Chair: Excuse me, Monsieur Mayrand. We seem to have lost translation for the last minute.

The problem has been fixed.

Mr. Mayrand, my sincere apologies. Would there be a possibility that you could repeat the last minute of what you were saying?

[Translation]

Hon. Lucienne Robillard: It had to do with associations.

Mr. Marc Mayrand: According to the bill, if a loan is written off, the association becomes liable for the debt. This seems to be an automatic consequence of the bill. The bill does not mention whether the association had agreed to collateralize the loan.

[English]

In conclusion, Mr. Chair and members of the committee, I believe you are looking to begin your work on the clause-by-clause shortly. Because it's a rather heavily technical piece of legislation, I would certainly offer that expert staff from my office be available to assist you on technical aspects as you go through the clause-by-clause. If that's something that would serve the committee, we will gladly make sure that resources, experts, are available to you to assist in your deliberations.

Thank you. Merci.

The Chair: Thank you very much. We will certainly take that under consideration.

We're going to start our first round of questioning, colleagues. We'll start with seven minutes and see how we do.

Mr. Owen, you're first.

Hon. Stephen Owen: Thank you.

Thank you, Mr. Mayrand, and thanks to your colleagues.

I have just a couple of quick questions to start with.

Is it your opinion that the current Canada Elections Act provides for the conversion of loans into contributions after 18 months, under the current terminology? Has there been some doubt expressed about its not being as explicit as this is? Is that what we're trying to accomplish here, or do you see it as accomplishing that? My understanding was that these would always be converted into contributions after 18 months, under the current language. I understand it's perhaps more explicit now, but I wonder whether that understanding is correct.

I'm interested in the exceptions under proposed subsection 405.7 (2). It is the exemptions to the provisions for deeming loans to be contributions. Just to make it easier, it lists a number of situations, including an unpaid amount that is subject to a legal agreement to pay. Other exemptions are being subject to legal proceedings, subject to a dispute. I'm not sure what an unpaid amount that is subject to a legal agreement to pay means. Maybe Ms. Davidson can give me that explanation. It sounds to me as though it means an agreement to extend the obligation to pay to a later date. If that is so, it's confusing to me, because it seems to subvert the intention of having it converted within 18 months.

The last question is much more general. Really I think you touched on it in your remarks. The specific concern is that the low amounts of contribution in Bill C-2, now \$1,100 per individual, combined with the restrictions on who can provide loans—financial institutions—and therefore the obligations they will extract from the person they are lending to, guarantees or some sort of collateral, may create an unrealistic barrier to entry for people entering, say, a national leadership race in a party or even a nomination, and they may not have a political association to fall back on should they default. Up front, therefore, the financial institution may be very severely inhibited from extending them a loan.

• (1220)

Mr. Marc Mayrand: On your last point, I talked very briefly in my opening remarks of some of the possible impacts on smaller parties or candidates. That's why in the initial recommendation from my predecessor there was a suggestion that maybe consideration should be given to an exception. In my mind, certainly, without undermining the intent of the act, there could be a cap on the amount that could be extended. It could be a little higher than the \$1,100. I leave that to your consideration.

As to the status of unpaid claims currently, the short answer is yes, they are considered contributions. As to the question of the agreement, I will ask Mr. Perrault to respond.

Mr. Stéphane Perrault (Senior General Counsel and Senior Director, Legal Services Directorate, Elections Canada): This provision reflects the current regime for unpaid claims. The requirement you referred to is that there be a binding agreement—essentially a binding, enforceable contract—to show that this is actually a bona fide, genuine transaction that has taken place. That is the current regime for all kinds of unpaid claims, which has been carried over into specifically the loans.

Hon. Stephen Owen: Under the current bill, it doesn't add anything, because there is a pre-condition that there be such a binding agreement in any event with the financial institution.

Mr. Stéphane Perrault: Yes, this will require showing the agreement, basically.

Hon. Stephen Owen: Thank you.

[Translation]

The Chair: Thank you.

[English]

Mr. Owen, you have three minutes left.

Hon. Stephen Owen: I will cede that to my colleague.

The Chair: That's perfectly allowed.

Madame Robillard, and then Mr. Reid.

[Translation]

Hon. Lucienne Robillard: Mr. Mayrand, thank you for coming and for sending us your documents in answer to the specific questions we put to you during your last appearance.

Moreover, Mr. Guimond, Mr. Mayrand sent us a list of all the returning officers, both new and old.

We also have a profile of the employees, in answer to the questions that I had put. We also received that. I thank your team for

this. I note that you are endeavouring to satisfy the requests made by the members of this committee. Thus, I would like to request a second thing from you today.

You said that your study of this bill was limited. You did not see it before it was tabled and you were busy working on another Senate bill. Could you continue your study of this bill? You will not have to come back with your team, but at least, you could tell us about it so as to answer some of our more specific questions. I think that it would be of great help to us. We greatly appreciate your offer of sending us experts to help with our clause-by-clause study of the bill. I think that in the meantime, a closer study of the bill would be of great help to us in adopting the right regulations.

More specifically, I must say that my colleagues Mr. Owen and Ms. Redman raised questions regarding access to loans for certain persons who want to stand for nomination. We are concerned about independent candidates or those who cannot easily get loans from financial institutions through the usual channels in their private lives. We, as women, are very aware of this. I know many women entrepreneurs who have had to deal with this problem during their lives. We are not talking about \$100,000 loans, but about small loans for launching small businesses. Some women have never succeeded in getting a loan from a bank. Can you imagine what happens to women who have never stood as candidates and who must apply for a loan from a financial institution that would amount to, let us say, \$15,000. It will not be as easy as some male colleagues in this room might think.

I would like you to pay attention to this. The bill intends to give equal opportunities to all those who want to stand as candidates, so that anyone can succeed in doing so, regardless of their financial means. The financial institutions must also understand this, or else, we will not meet the objectives of this bill.

• (1225)

[English]

The Chair: Let me just interrupt. We're well over time on this, but I wouldn't mind a short answer, if we could have one. Then we'll move to the next questioner.

Thank you.

[Translation]

Mr. Marc Mayrand: We intend to make a complete study of the bill. Needless to say, we will be pleased to share the results of our study with the committee.

Regarding access to the political arena, there is an issue. This is why, after the initial recommendation, we suggested that exemptions could be in order in certain cases.

Hon. Lucienne Robillard: Mr. Chairman, I was not a member of this committee in January 2007.

[English]

The Chair: I'm sorry.

Hon. Lucienne Robillard: I just want to ask you something.

[Translation]

There is a great deal of reference to Mr. Kingsley's documents and recommendations. I was not here in January 2007, I was not a member of the committee. I even asked Parliament Library employees to get the recommendations. They did not find them.

[English]

The Chair: I will get that for you. We will send it out to you right away.

Hon. Lucienne Robillard: Thank you. I'm sorry.

The Chair: That's not a problem.

Mr. Preston, please. You have seven minutes.

Mr. Joe Preston: Thank you to Madame Robillard for thinking of that, too, because it is something we're dealing with. We need to have it.

And thank you for suggesting that you'll get to us with the rest of your research.

When the minister was here just before you, he mentioned that there's a six-month coming-into-force clause in this bill and asked us to ask you whether you thought that would be onerous or how hard it would be to bring this bill into law. I know this may be part of your research piece, so I may allow you to leave it until then.

Mr. Marc Mayrand: We haven't fully completed the impact analysis, but one thing, of course, is that we will have to design new forms and put them in the system, and that takes a fair amount of time. Just as significant, I think the whole issue of awareness, of education around these substantive changes, will take time.

Our goal is always to be ready as early as possible. Six months? At this point, I can't commit to that.

•(1230)

Mr. Joe Preston: Okay, and I'll allow you to have that come back to us too.

You've mentioned a couple of times, and it came out in Madame Robillard's question, having an exception. Are you suggesting that we have one set of rules for contributions and another set for limits, so that loan guarantees could be of a higher amount? Is that what you're suggesting, that I could contribute to a candidate in a greater way through leveraging or through lending than I can through cash contributions?

Mr. Marc Mayrand: Possibly consideration could be given to allowing candidates to have loans from individuals, or be able to lend themselves—use their personal resources—up to a certain amount to run a campaign.

Mr. Joe Preston: And yet I see the purpose of this to be the exact opposite, to level the playing field as to what the contribution could be. Truly, we don't want another way around the \$1,100 contribution.

Mr. Marc Mayrand: I understand, and I'm offering this aspect as a matter of consideration, given that the regime, when you look at it overall, may be more difficult to access for very small parties or independent candidates who do not have the support.

Mr. Joe Preston: It's my opinion that leveling the field may actually make it easier, but I'll certainly have that....

I'll transfer now to Mr. Reid. He has some other concerns.

Mr. Scott Reid: Thank you.

Welcome to our committee.

You've raised a matter regarding publicity that is of concern to me as well. We're looking at a series of new rules regarding financing of elections and of political parties in Canada, some of which, already in place as a result of Bill C-2, will be in effect for the next election. I wonder if we could ask you to undertake at the time of the next election some form of publicity so that people will be aware of what the rules are, both with regard to what they can receive and also, more broadly and generally, what they can donate, in order to ensure that there is as widespread compliance with the changed circumstances as possible. That's a matter of grave concern I think to all of us here.

Mr. Marc Mayrand: Absolutely. There are several changes, and significant changes.

We have done some awareness education with Bill C-2, the Accountability Act, and we will certainly have to make a similar and maybe stronger effort with regard to this bill. This bill also affects in some respects financial institutions, so they have to be fully aware of the requirements of the act and the possible impacts and consequences of the act. We certainly will engage with them in due course to make sure this is well understood across the industry.

Mr. Scott Reid: The purpose of this bill, of course, is to address the issues that were raised by your predecessor in his January 2007 report, in which he said, *inter alia*:

The loans granted by lenders—who are not in the business of lending, who lend money at non-commercial rates, with terms that are not available to others, or in cases where there is little prospect of reimbursement—may be perceived as a means to influence the political entity to which the funds are provided.

Then we saw a very substantial version of this for a number of the leadership candidates for the Liberal leadership, where the perception could exist.... I'm not suggesting that anything untoward was going on, but it does raise the question of how you propose to administer these.

Are you at this point considering allowing anybody not to engage in a full repayment of those loans, or are you expecting a full repayment at this point?

Mr. Marc Mayrand: I hope I understand your question correctly, but I must say I haven't received the returns yet. Until we have received those returns and see what exactly is happening and the status of the repayment.... We will have to address that as we get that information.

Mr. Scott Reid: Thank you.

Hon. Lucienne Robillard: That's a political question.

Mr. Scott Reid: As opposed to the non-political questions of Madame Robillard.

Hon. Lucienne Robillard: Nice try.

The Chair: Order.

Monsieur Guimond.

[Translation]

Mr. Michel Guimond: Thank you Mr. Chairman, I would like to make three comments.

First of all, I was surprised when you candidly admitted earlier that no one had asked for advice from either you or your staff on the drafting of the bill. In my view, that must not occur very often. And yet, I think that that is normal procedure.

My two other comments do not deal with Bill C-54. If I were chairman, I would not accept them. The interpreters will need some time to catch up to me.

First, the Advisory Committee of parties has not met since last October. In the letter you sent me, you promised that the committee would meet by the end of June. We hope that you made that promise with your hand on your heart, and that there will be a meeting.

Second, with regard to the list of pieces of identification presented in polling stations, we will study it in committee. Some people showed up with a self-addressed copy of *Chatelaine* magazine. A *Hunting and Fishing* magazine or membership card in a fishing club is not sufficient identification. We should stick to more substantial proof of ID. The grocery list you sent us is not very serious.

My two last comments were not relevant to the matter at hand, Mr. Chairman.

•(1235)

[English]

The Chair: Thank you.

It would appear to the chair that we have run out of questions for our witnesses.

Oh, Mr. Lukiwski. You have short arms. I didn't see them.

An hon. member: And there's Monsieur Godin.

The Chair: I've been here all day, colleagues, so if you want to raise your hands, it would be nice to get them up high. I'm going to go to Monsieur Godin, because it's the order of the day. Then we'll go back to Mr. Lukiwski.

Monsieur Godin.

[Translation]

Mr. Yvon Godin: Thank you, Mr. Chairman.

I would also like to thank you for being here with us. I too am curious as to why you were not consulted on the bill, especially since your predecessor had made recommendations. I asked the minister why that had not been done as part of Bill C-2, so that we could have already had legislation to that effect rather than have to examine another bill; those recommendations had been made. But those people said that they wanted to take their time in order to have a better bill. In my view, they should have consulted Elections Canada officials to check whether they were satisfied with the bill. They could have also asked for their advice. They would not have had to act on it, but they could have at least listened to them. That way, the bill could have been clearer, and we wouldn't have had to do so much work. We now have to restart the process and get the machinery going again.

You said earlier that you did not have a written presentation with you. I personally would like to further examine the issues you will have raised. We will have to see whether a piece of the puzzle is missing. That would be important.

As for the 18 months, if the loan is given about 1 year before the election, it will have to be repaid before the election. What date would you recommend? The date of the election?

Mr. Marc Mayrand: It would be on the date of the event itself, depending on the circumstances. In this case, it would be on polling day. That would standardize the rules.

Mr. Yvon Godin: As you said earlier, we are not allowed to remortgage our houses—but what about a line of credit?

Mr. Marc Mayrand: What do you mean?

Mr. Yvon Godin: I, for example, have a line of credit. I only have to write a cheque.

Mr. Marc Mayrand: To my mind, that constitutes a loan.

Mr. Yvon Godin: So I could not write a cheque for more than \$1,100?

Mr. Marc Mayrand: That is correct.

You would have to negotiate a loan pursuant to the statutory rules. It would therefore be a campaign loan and would be limited to \$1,100.

•(1240)

Ms. Pauline Picard: Are all loans limited to \$1,100?

Mr. Marc Mayrand: Yes, that is the limit that applies, be it for a loan, a surety, or a credit guarantee.

[English]

The Chair: I'm sorry, it has to go the long way.

Ms. Pauline Picard: I apologize.

[Translation]

Mr. Yvon Godin: Excuse me, Mr. Chairman. I would like to take out a loan, if you would be kind enough to lend me \$1,100.

[English]

The Chair: You have tons of time left. Please don't apologize; everything's okay.

Do you have anything further, Monsieur Godin?

[Translation]

Mr. Yvon Godin: No.

[English]

The Chair: Mr. Mayrand.

Mr. Marc Mayrand: I just want to bring precision here.

If your line of credit is with a financial institution, then there's...

Mr. Yvon Godin: But it would be considered a loan.

Mr. Marc Mayrand: Yes.

Mr. Yvon Godin: It'll be \$1,100. Okay.

The Chair: Mr. Lukiwski, second round of questions now, so I will keep you to five minutes, please.

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

Just one quick comment, perhaps, and a question. The comment, just to underscore what Monsieur Godin was saying in response to Mr. Guimond with respect to your not being consulted, I would suggest that the Office of the Chief Electoral Officer certainly was consulted extensively, because your predecessor had written a report in January 2007, which Madame Robillard has requested.

The minister and the government took a lot of advice from that report into construction of this bill, so there was extensive consultation with your office, and I'd just like that to be on the record.

I want to bring to your attention a situation my colleague had raised in his interventions with the minister. The minister wasn't quite sure how to deal with it, so I'd ask your opinion. A situation that could occur with this right now is if you guarantee or put your name down as a guarantor on a bank loan, your limit would be \$1,100 because it would be viewed with the same limits as a contribution.

Let's hypothetically assume a situation occurred where I guaranteed \$1,100 for a loan for another candidate, for Joe, my good friend Joe, because Joe is, of course, penniless. Then his riding association goes out and does a lot of fundraising. They raise a lot of funds and they pay off the loan. In other words, my guarantee of \$1,100 has been expunged because the loan has been paid off.

Would I then be prevented from contributing another \$1,100 to either my campaign or someone else's campaign in the same year?

Mr. Marc Mayrand: I would have to go back to the text.

[*Translation*]

Mr. Stephane Perrault: At first glance, I think that could be the case, but I cannot say so with certitude. We would have to study the question. It could prevent you from making any further contribution for that year, but I would have to check.

[*English*]

Mr. Tom Lukiwski: I appreciate that you don't have an answer right now. I would like you to give us your opinion, because if the opinion is that we are prevented from contributing another \$1,100, we may want to, as a committee, take a look at that and make an amendment to the bill.

A voice: Certainly.

Mr. Tom Lukiwski: Thank you.

The Chair: Could I just ask for some order?

I know we're having a bit of a conversation, and it's not that I'm lonely up here, but I would like folks to talk to the chair, partly because then it can get on the record with the very good comments I can hear out of one ear, but barely.

That's all fine. Thank you very much. I understand your questions are done. I have no one else on my list, so I'm going to take the opportunity to ask a follow-up question.

On this issue of the contributions being paid back and whether or not the person can then use that to donate to a different candidate or perhaps the same candidate in the year, I appreciate that you're going to get back to us on your interpretation, but I wouldn't mind if you could also look at the income tax ramifications of that and the ability to write off. I wouldn't want to see somebody get a loan paid back but still ultimately have a write-off on their income tax. Perhaps you could clarify that as well.

Having no more names on the list, we will dismiss our witnesses with the understanding that you will provide your further research to the committee.

I want to express yet again the committee's appreciation for the hard work you've done. All members, you should know, received their briefing notes yesterday as well. I was watching a terrible hockey game last night that did not come out the way I wanted it, so I found my reading material to be quite enlightening and a lot of fun. All members here have been under the gun to get this legislation up and prepare themselves for this meeting today. I appreciate all members doing that, and in particular the witnesses today.

I would just offer that if we could possibly have your analysis in the hands of our clerk, would next Wednesday be difficult? That would allow the committee to have your report for their Thursday meeting.

● (1245)

Mr. Marc Mayrand: We will provide our analysis by Wednesday. If there are areas we think we have not had a chance to fully explore, we will point that out.

The Chair: Thank you very much. The chair and the committee appreciate your hard work, and we appreciate you coming today. You can certainly dismiss yourselves.

Colleagues, because we need to discuss future business of the committee right now, please don't dismiss yourselves for a few minutes.

I want to ask colleagues if they feel we should go in camera or not. I want to talk about the time limit on this study, potential witnesses, etc. Do colleagues feel we should go in camera for that discussion?

An hon. member: Let's go in camera.

The Chair: Let's take 30 seconds while our witnesses dismiss themselves from the room.

Please don't get up; we'll be right back.

[*Proceedings continue in camera*]

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