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Chair

Mr. Gary Goodyear

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•(1105)

[English]

The Chair (Mr. Gary Goodyear (Cambridge, CPC)): Good morning, everyone, and thank you, colleagues, for attending this meeting.

We have a number of guests with us this morning, a number of expert witnesses who will help us muddle our way through Bill C-54.

Colleagues, I want to remind everyone that this meeting is being held in public, and I just want to bring everyone up to date on the issue of witnesses. We did have a number of requests come in for witnesses, and we have everyone here this morning except for the Vancouver Citibank.

Did you want to make a comment on that right away? Then that will solve some problems.

Ms. Wasylycia-Leis, please.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Yes, I have checked with Yvon Godin's staff person, and although he would have liked to have had a representative from the Vancouver Citibank here, if it means holding up the process to make that happen he's quite prepared to let it go.

The Chair: Thank you very much.

I just want to make a note for everyone that we were having some difficulty getting this last witness here. The offer for video conferencing was made, the request was that they be flown out here, and there were some difficulties with making this happen. However, I do appreciate very much the NDP withdrawing the request for that witness, and if I could just have unanimous consent from the committee to withdraw that witness, then we will be able to complete our witness testimony at today's meeting.

I have some other things to say, but first, Madam Redman, please.

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

I really appreciate the cooperation of the NDP. I think it is important to hear from banks, and I wonder, when we withdraw this request, if it would be possible to ask you to perhaps invite them to give a written submission.

The Chair: We'll do exactly that, and we'll have that out today.

Colleagues, having said that, then we're going to drift off a little bit. We have a meeting scheduled for Monday, and there have been some requests that we keep the meeting on Monday, and move right

into clause-by-clause. If members are willing to do that, then we are prepared to do that. However, I'm going to make a bit of a request. After today's testimony, it makes sense to me that if anyone hears something that would cause them to request an amendment, that we have that amendment to our clerk by five o'clock today.

I'm seeing nods of the head, and we can do that. That would allow us to determine the relevance of the amendment, as well as get them translated, and have them back to everybody for Monday morning's clause-by-clause.

Everybody is happy?

Thank you very much, colleagues.

This morning we'll move right along. I would advise everyone that we have lunch coming, and if we need the time we will continue the meeting, but if we feel that we've wrapped it up we will just enjoy lunch. Our guests today are invited to stay, obviously, and you may actually be sitting in the hot seat answering questions, but please feel free to get up and serve yourselves at that time. We do have this room booked from now until two o'clock, or as close to that as possible, and we will respect question period, of course.

Pursuant to the order of reference of Monday, May 28, the committee will now resume its consideration of Bill C-54, an act to amend the Canada Elections Act on accountability with respect to loans.

I'm going to ask our guests to introduce themselves first. We'll start over here with Mr. Carroll. If you could just introduce yourself, and who you represent, then I will instruct you further.

Mr. Carroll, please.

[Translation]

Mr. James Carroll (National Director, Liberal Party of Canada): My name is James Carroll and I am the National Director for the Liberal Party of Canada.

[English]

Mr. Jack Siegel (Legal Counsel, Liberal Party of Canada): I'm Jack Siegel, legal counsel for the Liberal Party of Canada.

[Translation]

Mr. Gilbert Gardner (General Director, Bloc Québécois): My name is Gilbert Gardner and I am the General Director for the Bloc Québécois.

Mr. Éric Hébert-Daly (Federal Secretary, New Democratic Party): My name is Éric Hébert-Daly and I am the Federal Secretary for the New Democratic Party.

[English]

Ms. Raylene Lang-Dion (National Chair, Equal Voice): Raylene Lang-Dion, national chair, Equal Voice.

Ms. Ann Wicks (Executive Director, Equal Voice): Ann Wicks, executive director for Equal Voice.

The Chair: Thank you very much.

I'm going to start with Mr. Carroll, and I'll ask our guests to keep your introductory comments, if you wish to make one, to two to three minutes. Then we will open our rounds for questioning, and at some point, if there is something else in your presentation you wanted to make clear, there will be time for it at that time.

If that's acceptable to everyone, let's begin with opening comments.

Mr. Carroll, please.

•(1110)

Mr. James Carroll: Mr. Chair, I have just two quick notes.

First, Mr. Siegel and I unfortunately have to leave at 1:30. We assumed that it was a standard two-hour committee meeting. Our apologies for that.

The Chair: That's fair. Thank you. No problem.

Mr. James Carroll: Second, I do have prepared remarks that are a little longer than three to five minutes, so if at some point I commence to ramble, please just cut me off.

The Chair: I'm going to offer you as much time as you think you need. It's just a guideline from the chair, since we have so many witnesses. But please begin and we'll see how it goes.

[Translation]

Mr. James Carroll: I would like to thank the committee for inviting me to appear before you today. With me is Mr. Jack Siegel, legal counsel for the Liberal Party and a long time Liberal member.

[English]

I won't be offering much in terms of an opinion on the bill, as the Liberal members of the committee are much better equipped to do that than I, but I would like to share a few thoughts on what some of the consequences, intended or otherwise, might be if this legislation is adopted.

Section 405.5, as drafted, prohibits the making of loans or guarantees to registered parties, registered associations, candidates, leadership contestants, and nomination contestants, except where the lender is a financial institution or where the lender or guarantor is a qualified individual who is limited to a \$1,000 loan or guarantee—\$1,000 adjusted for inflation. In other words, the only permissible loans over \$1,000 are to be made by financial institutions, but those institutions are prohibited from getting a guarantee in excess of \$1,000. This leaves open the rather substantial question of how to secure such a loan. We would suggest—and Mr. Siegel has confirmed this with counsel for one of the major banks—that it would be all but impossible for a candidate to get such a loan unless he or she can obtain several \$1,000 guarantees that the lender is prepared to accept.

We feel that this is completely unworkable in an election period. Each member of the committee will know that on the day an election writ is issued, you want to spend money. You want to buy signs, you want to print literature, and you want to rent a campaign office for which, at the very least, a deposit is going to be required up front. That's more than \$1,000, and you will need it right away. There's an exception in the bill, so you can actually lend your own campaign \$2,000, but that's still not going to be enough.

If the bank will even consider a loan at all, you will need to collect \$1,000 guarantees. But keep in mind that each \$1,000 guarantor is then prohibited from making a contribution to the campaign, over and above that guarantee. See proposed subsection 405.5(4), specifically the passage starting with the word "However".

So you turn to your riding association. It can transfer money to the campaign, after all, in order to pay these expenses. But one had better look first at Elections Canada's information sheet 5. It says at paragraph 19:

A registered association may transfer goods and services and funds other than trust funds to any candidate endorsed by the party with which the association is affiliated and whose nomination has been confirmed by the returning officer.

So the riding association cannot transfer funds to your campaign until your nomination has been confirmed by the returning officer. On the day the writ is issued, there is rarely a returning office that has opened. Even if you can submit papers on that day, the returning officer must validate the nomination papers, including checking 100 signatures against a list of electors. So you have no money available to transfer from the association.

Proposed subsection 405.5(5) provides for loans from registered associations to candidates, but Elections Canada seems consistently to interpret "candidate" in the financial context as someone whose nomination papers have been confirmed. So again, there appears to be a built-in delay.

Your only means of obtaining money right from the beginning of the campaign, then, is by direct contributions to your official agent from qualified contributors. But according to Canada Revenue Agency income tax information circular IC75-2R7,

Official agents can only issue such receipts for monetary contributions received in a certain period. This is the period that starts with the day on which the candidate's nomination has been confirmed by the returning officer, and ends on the day that is 30 days after polling day.

So those contributions will not qualify for a tax receipt until the papers are confirmed. It seems very unlikely that most donors would make these contributions and give up the tax credit.

All partisanship aside, we do not think this works. Candidates do not typically file their papers at the very beginning of a writ period. After all, in a minimum five-week campaign, they have until the Monday that is three weeks before election day to file. It is certainly the experience in our party that an awful lot of candidates do not file until close to the deadline. In the absence of loans—and we ask the rhetorical question of whether an extension of credit might constitute a loan within the meaning of the bill—the necessary money to operate a campaign at the local level may simply be unobtainable for the first two weeks of a campaign.

And then, please consider the registered parties. The loan guarantee problem is not an issue, since the chief agents of most major parties guarantee campaign loans secured against the rebates that the parties will ultimately receive. And the rebate money goes to and flows from the chief agent of the party. Three of the four parliamentary parties represented here have chief agents that are corporations. They cannot issue guarantees under this proposed legislation. But surely each have good lawyers who can structure the loan security so that it is not a guarantee.

But wouldn't that amount to doing indirectly what you cannot do directly? If so, then could that be a violation of section 405.2 of the act?

Again, all partisanship aside, we are left to wonder if this was really the government's intent and would encourage a careful scrutiny of this section of the bill.

With regard to proposed section 405.7, realistically, the bill is about bank loans over \$1,000. We do not know of any financial institution that loans money in the absence of a binding agreement to pay. So although section 405.7 resembles several other provisions already in the act, it appears that the 18-month deeming of a loan to be a contribution will never apply to such loans.

•(1115)

I'm sure that the Liberal members of the committee will be offering other amendments, but there's one that I'd like to suggest to members of the committee for their consideration. In terms of potential amendments, every limit on contributions currently found in the Elections Act is an annual contribution except one, and that's to leadership contestants.

[*Translation*]

The Liberal Party is perhaps the only one of all of the parties represented here that has run a successful leadership campaign under the rules, but we can assume that all of the other parties will eventually follow suit.

If it is no longer possible for the leadership candidates in Canada to take out a loan, then the solution would be to amend the provisions in the act that relate to contributions made to the leadership so as to harmonize them with the other provisions relating to contribution limits. In other words, there should be an annual limit instead of a limit that would apply to the duration of a party's leadership campaign.

[*English*]

By allowing leadership contestants to raise money ahead of a campaign so that they don't have to borrow to start their campaigns and so they can regularize their contributions for a post-campaign clean-up of their debts, if any, the loan provision may be less important.

I hope the committee will consider this suggestion. And I understand that a text of the necessary amendment will be provided by Liberal members of the committee at the appropriate time.

[*Translation*]

Thank you very much.

[*English*]

The Chair: Thank you very much. I appreciate that. It's a lot of information and we'll take it into consideration.

Mr. Siegel, please.

Mr. Jack Siegel: We're together.

The Chair: All right.

Mr. Gardner, please. Thank you.

[*Translation*]

Mr. Gilbert Gardner: Thank you for inviting us to express our opinions on Bill C-54.

The Bloc Québécois supports the principle of the bill, which sets out the guidelines for loans. The bill will ensure compliance with the rapidly evolving rules relating to federal party funding. It will also prevent any shady or downright fraudulent lending from taking place. However, the application of some of the clauses—because, often, the devil is in the details—is problematic.

There are three types of lenders defined in this bill: the individual, with relevant contribution limits; financial institutions, and political parties.

Over the years, financial institutions have developed scales, rules and risk assessment methodology that can be applied to loan applications for an election campaign or a leadership race.

Proposed subsection 405.7(1) is perhaps the provision that is the most problematic for us. It states that a loan that remains unpaid at the end of the time that is provided for repayment is deemed to be a contribution. On the one hand, we feel that the timeframe in the bill is too short to allow for the refund of election expenses by Elections Canada. There is usually an 18-month deadline. However, a candidate who is waiting for a refund from the Chief Electoral Officer in order to pay back a loan must often wait more than 18 months—and this is a common occurrence, irrespective of the party—because it often takes longer than that for Elections Canada to cut the cheque.

The second problem relates to the fact that the loan becomes a contribution. That is not really an issue for parties or individuals, as long as the contribution limits are respected. But it does become a problem for the financial institution, which is deemed to have made a contribution, even though, by law, contributions by financial institutions are prohibited. So, a loan that was granted in good faith, according to the law, becomes a contribution and an institution ends up breaking the law because the loan that was granted in good faith, with good intent, becomes a contribution. Moreover, any illegal contribution must be remitted to the Chief Electoral Officer, who then remits it to the Receiver General for Canada.

Would a financial institution that granted a loan and that finds itself on the wrong side of the law because the loan becomes a contribution after 18 months remit an amount equal to that of the initial loan to Elections Canada, which will then remit it to the Receiver General, and forego any possibility of recovering the debt? It makes no sense to me.

Proposed subsection 405.7(5), on page 5 of the bill, states that if the candidate is unable to pay, then the party becomes liable for the unpaid amount as if the party had guaranteed the loan. Even though neither the association nor the party were involved in the negotiations for the loan, which only involve the individual borrower and the lender, even though they were not a party to the agreement, if the debt is not repaid, they will nevertheless be liable, as if they had guaranteed the loan. It would be like me telling my banker that the committee chairman will cover me if I default on my loan, even though the chairman was in no way involved in the original transaction.

• (1120)

Our solution would be to delete subsection 5, which ties the party or the association to the contribution. I repeat that if the contribution comes from a financial institution, even if the party becomes the guarantor, it is still illegal.

Thank you.

[English]

The Chair: Merci.

Please, monsieur.

[Translation]

Mr. Éric Hébert-Daly: Thank you again for inviting us to appear before the committee.

First, let me say that the New Democratic Party of Canada supports most of the aspects of this bill. We believe that the legislation will help to level the playing field when it comes to our electoral system and more particularly election financing. We are delighted to see that you are studying this issue.

[English]

There are a few items that I'd like to highlight in terms of either possible amendments or suggestions to improve the bill. Some of them have been made by the Chief Electoral Officer, so I won't spend too much time on those, but I'm certainly going to just highlight one of the issues of accessibility.

It has been mentioned before that the guarantee of \$1,100 is a real concern, because if you're going to get a loan, and in most cases riding associations will go out and get somewhere between \$10,000 and \$20,000 on average to borrow, in fact somehow the number of guarantors makes it almost impossible for a bank to be able to do its due diligence of the guarantors and this sort of thing.

Having spoken to Vancity Credit Union, one of the witnesses you would have been able to hear from, they felt quite confident that in fact they would not need the same number of guarantors exactly as you'd find in the total loan. They feel that elements of that don't need to be guaranteed. They feel quite confident with the business case in a lot of ridings, particularly those getting rebates. So in fact that isn't as much of a concern as it might be for a lot of members of the committee.

But I would like to highlight the possibility, if you will, of extending the guarantor to three years of annual contribution limit. So essentially, if it were today, \$3,300 could be guaranteed. If for whatever reason there was a default on the loan and that became a

contribution, the contribution would then be deemed to be over those three years. So basically a person is not exceeding their contribution limits, but in fact you're allowing a little bit more of a cushion on the guarantors. So it's one of the suggestions that I think you might want to keep open. It doesn't open up the loophole any wider, but at the same time keeps that as a bit of an option.

• (1125)

[Translation]

The second point deals with fairness. I don't spend a lot of time reviewing all of the reports from candidates and riding associations, but I do have access to the loan agreements for all of the parties. There is often quite a discrepancy in the interest rates.

While it is easy to establish the fair market value for an election sign, which is a commodity, interest rates on loans vary according to the individual. I think there should be a clearly-established minimum interest rate.

[English]

The Chair: Excuse me. There's a technical problem.

Okay, go ahead.

Mr. Éric Hébert-Daly: I'll just quickly summarize the point that while fair market value is relatively simple to calculate when it comes to signs and office space and these sorts of things, interest rates have a lot to do with the individuals and the guarantors and a lot of other issues. In fact, sometimes you can consider to be getting a fair market value for an interest rate that could actually be very low, relatively speaking.

To even the playing field, we would suggest that the bank rate plus 1% be the minimum of an interest rate charged for loans in these circumstances so that there aren't those types of loopholes available for people to essentially be making contributions, justifying that somehow they could have had access to a loan that would have had a very preferential rate of interest. So there is, I think, a bit of fairness on that item.

The Chief Electoral Officer has written to you about reporting and making sure that's uniformized in one report, rather than creating multiple reports. I'd strongly recommend that you take that suggestion.

[Translation]

With respect to the responsibility of political parties, as Mr. Gardner has said, a party can become an unwitting guarantor of a debt. I think we should follow Mr. Gardner's suggestion and simply delete this subsection or find some way to ensure that the registered party or association will be aware of the stipulation and agree to guarantee any loan that could eventually become a debt.

This option would ensure that everyone is on the same page. Moreover, when I last appeared before this committee, I strongly suggested that you amend the Elections Act to allow the transfer of campaign debts to a party or to a registered association. This bill would provide us with the possibility to at least transfer a debt arising from a loan, if not a common debt.

Once again, we strongly support this bill and we hope that you will be able to pass it quickly.

[English]

The Chair: Thank you very much.

Ms. Lang-Dion.

Ms. Raylene Lang-Dion: I will be speaking. Ann is attending with me, but it will be just one presentation.

The Chair: Perfect. Thank you.

Please go ahead.

Ms. Raylene Lang-Dion: Thank you so much for inviting Equal Voice to appear before the standing committee. For those of you who are not aware of Equal Voice, if you can just indulge me, I'll take a moment to explain who we are.

Equal Voice is a national, multi-partisan, volunteer-based organization dedicated to the promotion of electing more women in Canada. We currently offer such services as a bilingual online campaign school called "Getting to the Gate", and an informal speakers bureau. We raise awareness of the issue via public events. We compile federal and provincial election-tracking data, and we are midway through a national public awareness campaign called "changing the face of Canadian politics". Most significantly, this year on the 25th anniversary of the Canadian Charter of Rights and Freedoms, all federal political parties committed to nominating and electing more women in the next federal election by accepting Equal Voice's "Canada challenge".

With over 1,500 members and growing, we will soon have chapters in every Canadian province. Even though women comprise 52% of the population, only 21% of elected representatives are women. Canada is now ranked 48th in the world by the Inter-Parliamentary Union on the percentages of women elected to Parliament. The numbers do not need further elaboration, for they speak for themselves.

The issue of women in politics has been thoroughly studied by the House of Commons, the Senate, royal commissions, and many academics. We all know that women are truly numerically under-represented in Canada, and we have to ask ourselves what we are going to do about it.

Equal Voice is a relatively new and growing organization made up mostly of men and women who volunteer their time for the cause. We still have a lot to accomplish in terms of having the resources to respond rapidly to issues such as Bill C-54. Therefore, today Equal Voice will speak to the historical aspects of proposed financial reforms that would benefit women seeking public office.

Equal Voice has yet to identify any academic data supporting the notion that there have been sufficient financial reforms or sufficient moneys for women entering politics, particularly at the nomination stage. More bluntly stated, the issue of money continues to serve as one of the greatest barriers to women wishing to enter the elite level of the political realm.

You are well aware that there have been two royal commissions, the first one in 1970—otherwise known as the Bird commission—and then the 1990 Royal Commission on Electoral Reform and Party Financing. The 1990 commission clearly recognized the effects of unequal financing on women's candidacies and made eight recommendations aimed at rectifying the imbalance. I won't go

through them all, because I'm sure you're familiar; however, I will mention the top three: the spending limit should be set at approximately \$200,000 for party leadership contests; the spending limit should be set at approximately \$5,000 for constituency nomination contests; and contribution for nomination contests should be tax-deductible. And there were a few other very good suggestions.

Equal Voice is eager to hear what others have to say on the proposed amendments. Specifically, we are very interested in how Canada's banking community interprets the proposed amendments, because the banks may very well determine women's access to loans for the purposes of election campaigns. We are also curious to know what Elections Canada has to say about the differences in moneys raised by male and female candidates during the election period. These are but a few of the questions that must be addressed before this bill can be adopted.

A May 1995 study from the Canadian Federation of Independent Business stated that "women seeking financing are refused 20 per cent more often than men; and women are regularly charged a higher rate of interest than men". It would be interesting to know if this is applicable for women seeking loans for nominations in elections.

Finally, Equal Voice asks why more focus has not been given to the findings of the previous royal commissions. Equal Voice supports initiatives that level the playing field for women, and we'll be clarifying specifics over the next year as we have the opportunity to develop formal position papers on a variety of issues relevant to women's political participation and election.

• (1130)

We look forward to sharing these with you, and with all Canadians, and the international political audience. Equal Voice is raising the profile of the issue of the under-representation of women and continues to build a national, not-for-profit organization to offer practical tools to help women before and after making a decision to run for political office.

We wish you well in your deliberations as you make decisions that will affect all Canadians seeking political office. Women are under-represented, and you have an opportunity to help ease the financial burden for women wanting to get elected, for women who are committed to serving their country.

Equal Voice thanks you again for the opportunity to appear before this committee.

• (1135)

The Chair: Thank you.

Colleagues, we'll begin with our first round of questions.

Mr. Lukiwski, you have a point of order.

Mr. Tom Lukiwski (Regina—Lumsden—Lake Centre, CPC): Yes. I obviously thank all of the witnesses for being here.

I only have, and maybe it's just me, the written submissions from the NDP and Equal Voice. I'm wondering if the representatives from the Liberal Party and the Bloc have written submissions.

The Chair: Okay, we'll check into that.

Mr. James Carroll: Just for clarification, we prepared them this morning and brought copies for translation. I'm sure there will be copies.

The Chair: I'll take that, and we will get that to colleagues later today.

Another point of order, Mr. Reid, on the same point....

Mr. Scott Reid (Lanark—Frontenac—Lennox and Addington, CPC): Obviously it would be of assistance to us. I realize there are some constraints on the capacity of the clerk here, but it would be very helpful to get those as expeditiously as possible, if we are to take them into account for the purpose of making amendments.

The Chair: Order, please.

First of all, the information we just received from our witnesses will be in the blues, but we will get them to you as soon as we possibly can. If it would make it easier on colleagues, I suggested five o'clock today for amendments. The clerk has informed me that the work can still be done from her end if they were in by nine o'clock tomorrow morning.

Would that help the colleagues who have raised these points? All right.

For the record, any new amendments, if any, need to be in the clerk's hands by nine o'clock tomorrow morning. We still have the other amendments and they still stand.

As I see no other points of order, we're going to go to our first round of questions.

Colleagues, we will start with a seven-minute round, and we'll begin with Mr. Owen, please.

If we could just keep our questions focused, because of the number of witnesses we have and the time, and if members would pick one of the witnesses or inform the witnesses that you want all of them to respond, that would be very helpful. Thank you.

Mr. Owen.

Hon. Stephen Owen (Vancouver Quadra, Lib.): Thank you all for being here at short notice. We realize the complications we're adding to your lives and for your presentations.

I guess the underlying concern that I think all of us have is that we ensure there aren't undue advantages or there aren't ways around contribution limits and practices through the use of loans. That's the general intent of the act, and I think we all support that.

Our concern is the unintended consequence of frustrating a person's ability, compared to another person's ability who may have greater means to actually participate in the process, or of frustrating everybody from effectively taking part in the process by making it too stringent.

Mr. Hébert-Daly, you mentioned that Vancity had mentioned to you—and that's a very helpful transmission—that they would look at

situations a little more flexibly than in normal loan transactions. You mentioned particularly that they would look at the rebate potential. Of course, to get a rebate you have to be a candidate and you have to reach a certain threshold. That doesn't help someone in a nomination contest or perhaps in a leadership contest.

I'm wondering, from you and from the others, in a much more focused way than your presentations, which raised some real concerns, both with the misuse of loans but also with the constraints of unintended consequences, potentially, of this, if there is a case to exclude nominations from this process, or is that a sufficient fear? I think one side or the other of it could be that nomination contests don't really cost that much, or shouldn't, compared to leadership processes, for instance.

I'd like you each to just focus, if you have a comment, on the unintended consequence that you most fear from this legislation, perhaps starting with Mr. Hébert-Daly.

Mr. Eric Hébert-Daly: First of all, thank you for that. In fact, Vancity's practice in the past has been to rely more heavily on rebates and also on the overall ability, as with any loan, of a particular riding or a particular candidate to raise money themselves. There's a whole bunch of factors, as they put it, that go into play.

When it comes to nomination contestants, we support Equal Voice in terms of saying that nomination contestant limits need to be much lower than they currently are. Internally, we as a party have set a limit of \$5,000 on expenses for nomination races. It's a very small increase for geographical needs, if that's a need. In fact, that kind of limit is necessary. I think that levels the playing field a lot more than opening up much wider to bigger loans, because people who are disadvantaged more often than not don't have the ability to borrow relatively large sums of money. In fact, this is a positive thing. One day, I hope the committee and others will consider this in terms of legislation. So I don't see that as much of a concern.

In fact, the business case that's made for any loan is as good a case as any for a person's ability to go out and get the support they need, so I think there's a relationship there.

• (1140)

Hon. Stephen Owen: Thank you.

Equal Voice has mentioned a \$5,000 limit for nominations.

Ms. Raylene Lang-Dion: If I may clarify, what we spoke about in terms of spending limits comes directly from the 1990 royal commission.

Hon. Stephen Owen: Perhaps the Liberals or the Bloc have a comment.

[*Translation*]

Mr. Gilbert Gardner: It is obvious that there are ceilings in the act. However, the culture in some political parties can lead to—and this is the case for the Bloc Québécois—a maximum that is lower than the amount provided for in the act. Party democracy, and what we are proposing, dictates that we can have rules to reduce these limits and provide for a greater equality of opportunity.

I would like to come back to the application of proposed subsection 405.7. A great deal of emphasis is placed on the candidates, but when it comes to nominations or leadership races, apart from a certain number of minimum rules, anyone can be a leadership candidate or run for a nomination in a riding.

We object to having the association become a guarantor for all of the candidates, with the loans to candidates being limited to the maximum amounts that are set by the parties. It makes no sense for the association, which has no control over the amount that the candidate spends, or what the candidate does with the money, or any efforts made to secure funding for members, becomes, after 18 or 36 months, the guarantor of these loans.

[*English*]

The Chair: Merci.

Comments from our Liberal colleagues, please.

Mr. Jack Siegel: I have two brief points on it.

On one side of the coin there is a distinction between nomination candidates and election candidates, in that the problems of waiting for your nomination papers to be filed don't exist for the nomination candidates.

As a counterpoint, the other distinction for the nomination candidates is that the candidate in the nomination race who is successful may well go almost immediately into the election campaign already carrying some nomination debt and having the people who might lend them money, or support their borrowing money, with their credit tied up in guarantees that are still capped at the \$1,100 level for all purposes. At the same time, it would prevent those same supporters from giving them contributions, because the way that subsection 405.5(4) is worded, if you look at the sum total of loans, guarantees, and contributions, when applying to the contribution limit of \$1,100 as it presently stands, gets to be very difficult, if you include the nomination contestants, for them to then turn around and go through the same exercise a second time in terms of accumulating credit.

The Chair: Ms. Lang-Dion, did you want to comment on this issue. No? You're comfortable.

We're actually 30 seconds over time, so we'll move to our second questioner.

Mr. Reid, seven minutes, please.

• (1145)

Mr. Scott Reid: Thank you, Mr. Chairman. I don't think I'll be using all seven minutes.

I want to start by asking Monsieur Hébert-Daly a quick question.

Did I understand you to say that you're not worried about setting a maximum interest rate for anybody, but you'd want to make sure that the minimum...? I'm trying to figure out what you said. I see you shaking your head, which means I think I may have misinterpreted you. Your concern is that no one be allowed to find an interest rate below prime plus one.

Mr. Eric Hébert-Daly: The concern I'm raising is primarily around finding a very advantageous interest rate so an individual isn't essentially creating loans or other things that are significantly

below the average ability of an individual to be able to get an interest rate. I'm proposing a minimum, but I would also be quite open to seeing a maximum. I'm not sure we can do that, but I think most political parties would be very happy to see a maximum as well.

Mr. Scott Reid: The minimum is the main thing you're driving at. Okay.

The obvious thought that occurs on the maximums, just as a practical matter, is that institutions always have the option of saying they're not going to give a loan. That may be a greater imposition on an individual.

The other series of questions I have to our representatives from Equal Voice are all related. I'm very glad that, unlike other witnesses, you submitted a written presentation. It's very helpful. As we try to take notes, we often can't keep up.

You had a series of bullet points here, and I want to ask you a bit about them.

Bullet number three says that contributions for nomination contests should be tax-deductible. It's an interesting thought. As a practical matter, deductibility tends to mean that those who have a higher average income get a greater benefit. Since I imagine you're saying—I'm not sure—that on average women in Canada have lower incomes than men and therefore what advantages those with higher incomes will not necessarily benefit women, I'm wondering whether you wouldn't agree that some kind of refundable tax credit would actually be preferable.

Ms. Raylene Lang-Dion: Since Equal Voice is still in its embryonic period of developing policy, I wish I could get into a more substantial discussion in terms of what's presented here. This is something that Equal Voice will be able to do in the near future. What we presented here was from the 1990 commission. As a board, we haven't had an opportunity to go through it to clarify specifics of our position, but we have enough confidence in what the royal commission has developed to at least present this as a base.

Mr. Scott Reid: Okay.

In going through the bullets you have here—and I recognize the reticence you have about perhaps going into great detail—I noticed, as well, the idea that “childcare and housekeeping should be included as legitimate campaign expenses for both nomination contests and general elections”.

The thought that occurred to me there—and I see your point very clearly—is if you do something like setting the ceiling on spending for a nomination contest at \$5,000, and nominations could be reasonably lengthy occurrences in some cases—I wonder if it would make sense to alter that recommendation to something along the lines of “child care and housekeeping expenses should be regarded as additional to other expenses outside the limit”. This is done in elections for the purposes of paying scrutineers. You can pay scrutineers and it's considered outside the limit. Travel expenses, to some degree, are considered outside the limit.

Although you might allow women to write off their child care expenses, in the end I think you can see how you'd be lowering the ceiling they have. If you take the total amount, say \$14,000 or \$15,000, and it's now down to \$5,000, a large proportion of what's available would get eaten up in these expenses. That wouldn't actually level the playing field in the way you're suggesting. I think the overall idea is a good one; I'm just worried about the practical implications of it.

Sorry, I just put words in your mouth, but I was just wondering—

Ms. Ann Wicks: Child care can be expensive. I pay \$1,700 a month for child care, so it can be very expensive.

Mr. Scott Reid: Yes, that's right. That's a good example. Out of \$5,000, that's 34%. Yes.

• (1150)

Ms. Raylene Lang-Dion: Thank you very much for that suggestion. We welcome suggestions from everybody around the table as we go back to our board to formulate more specific policy.

Mr. Scott Reid: Am I out of time?

The Chair: You have two minutes left, but I wonder if we could talk about Bill C-54 at some point.

Mr. Scott Reid: I think these are good ideas, but I wonder if they are related to this piece of legislation. Our witnesses said earlier that they'd like to see these changes made before this bill is adopted. It seems to me these are good changes that would equalize the system, but they are outside the scope of the bill that is meant to deal with the problem that unsecured loans form a way around the spending limit law.

I don't want to put those words in your mouth, but do you agree with me or accept that what I'm saying is legitimate?

Ms. Raylene Lang-Dion: As far as the 1990 commission and the particulars of the bill we're talking about here today, the royal commission and what's presented here on the paper with the eight points do not specifically address the loan component of the law.

It's a pleasure to appear before you today to present the main point from Equal Voice that financial barriers, whether they have to do with loans or spending limits, are one of the greatest barriers to women entering political life. I strongly suggest that committee members keep that at the front of their minds as they proceed by having these discussions.

I'm a Newfoundlander, so I'm trying to speak rather quickly, but I said a few moments ago about loans that one really needs to hear from the banks. We are not banking experts. Perhaps on occasion I like to think of myself as one, but I'm not. Equal Voice has said what we are allowed to say for now within the purview of our board's mandate. But you will hear from us again.

Thank you.

Mr. Scott Reid: Thank you.

The Chair: Monsieur Guimond.

[*Translation*]

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

Ladies and gentlemen, thank you for agreeing to appear before the committee on such short notice.

Before I begin, I have a question for you, Mr. Chairman. Was the Conservative Party invited to testify before the committee?

[*English*]

The Chair: Yes.

[*Translation*]

Mr. Michel Guimond: So it would appear that the members did not accept the invitation.

[*English*]

The Chair: We couldn't get them here. I believe they didn't feel they needed to appear.

Was it a rejection, or was it that we couldn't get hold of them?

They declined.

[*Translation*]

Mr. Michel Guimond: They declined. I won't rend my shirt, because it's new, but it is a bit of a shame.

My question is to the representatives of the other political parties. Mr. Gardner explained the rationale behind the Bloc amendment, which will probably be debated on Monday, when we move to the clause-by-clause study. I have already consulted my colleagues from the other parties here at committee, but I would like you to tell us about the amendment to ensure that the parties will not be liable for the debt.

I am referring to proposed subsection 405.7(5), which is on page 5 of the bill. According to that provision, if, after a nomination meeting, a relatively unknown candidate incurs a debt, the party will become liable, as if it had guaranteed the loan. Would you agree that this subsection should be deleted?

[*English*]

Mr. James Carroll: From our perspective, the point is valid. I think Mr. Siegel had a couple of details he'd like to correct, but it's a very reasonable concern. I haven't read the Bloc amendment, so I don't know if it goes exactly to the point we would support, but I think the idea is valid.

Jack has a couple of suggestions.

• (1155)

Mr. Jack Siegel: I think it's certainly an idea that warrants a fair bit of consideration, and I see arguments two ways. Since you're obviously well acquainted with the arguments for doing away with it, I'm going to play devil's advocate here a little, because I'm really of two views on this. We do have a provision like this under Ontario provincial law, and have had for the past 20 years, that the riding association assume the debt of the campaign. One thing that permits is for the campaign to close its books fully and absolutely and transfer its assets or liabilities to the riding association. If I put on a different hat for a moment, I'll tell you why I think that's a good thing in some cases.

I'm also Ontario campaign co-chair for our party in the next election, and I'm involved in recruiting candidates and individuals who have nice lives and have great skills that we'd like to turn towards the public good and Parliament. They sometimes say, "But if I do this, what kind of financial risk am I taking"? And you're asking individuals—and some of you have gone through this, no doubt—to assume the potential of a long-term debt. If things don't go well—and sometimes you don't see it coming, but sometimes you do—and all of a sudden you didn't do nearly as well as you thought, either with fundraising or electorally, and therefore with your rebate, then there's a debt. If the riding association is going to endorse a candidate, which is the process we engage in, then maybe at the end of the day it's not inappropriate for the riding association to absorb that liability.

On the other hand, if you have a renegade candidate, it means you have a lot of other problems on your hands too.

Mr. Eric Hébert-Daly: If I may, Mr. Siegel, I think that's a good point, and I think both of those things are valid. I wonder if the solution isn't that you be permitted to transfer, assuming that there's an agreement to transfer. I think that the danger is that we suddenly, as parties, develop all these debts we didn't expect. I think that if there were some mechanism by which the party could agree to that debt, that would probably bridge the gap of the two solitudes, if you will.

Mr. Jack Siegel: We can go back and forth. That's okay. My answer to that would be that we can do that already. All the riding association does is transfer money to the campaign to pay off its debts and borrow money to cover itself. So you can actually do that today if the riding association is ready, willing, and able to do so. I know—I've done it.

The Chair: Monsieur Guimond, are you happy with the decision? Do you have a comment?

[Translation]

Mr. Michel Guimond: Is that all you have to say, Mr. Hébert-Daly?

Mr. Éric Hébert-Daly: Yes.

Mr. Michel Guimond: With respect to Ms. Dion, we would all like to have a 52% female representation in the House of Commons, since women make up 52% of the country's population. I think that is only logical.

I am in charge of my party's nominating committee for the next election. This responsibility was given to me by my leader. It involves a fair number of meetings and discussions to try to interest more women in running for office.

I have two questions for you. First, are you saying that money is the only thing that is preventing women from entering politics? I know that Bill C-54 is intended to eliminate financial obstacles. Would more women run for political office if these obstacles were eliminated?

Second, I had a look at the membership of your advisory board. Apart from Senator Lucie Pépin, the former President of the Advisory Council on the Status of Women, who is very credible, do you have any statistics to show how many women are involved in

politics at the individual provincial level, or do you only have federal statistics?

[English]

Ms. Raylene Lang-Dion: Thank you very much for both of your questions.

To clarify the first question, which was about the financing and the money issue being the only barrier for women in politics, it's one of many barriers.

The academic data—I'll just make reference to Canadian data—specify the nomination and the financial process as the top two barriers for women in politics. I believe there are many issues that need to be addressed, and I don't think there is necessarily one issue that's going to solve this for getting more women in politics. A lot of things have to happen. Improvements have to be made on a lot of different issues to really make the big difference you're looking for.

On the second question that you had, with regard to the provincial numbers of women in politics, yes, we do have those numbers on our website. When we first started Equal Voice we were really looking at the federal numbers. It's really a matter of capacity, and over the last few months we've had people coming to us with the expectation that we are to provide provincially for the data, and now there's the expectation of municipal as well, considering that there have been some changes at the municipal level.

We're going to do and grow as much as we can, but we understand that the Canadian public is starting to look toward Equal Voice as a really good reference point for getting the data on women in politics. The provincial data is there.

•(1200)

The Chair: Thank you.

Was there an undertaking to get information for you, Monsieur Guimond, or are you satisfied?

[Translation]

Mr. Michel Guimond: That's fine.

[English]

The Chair: Madam Wasylycia-Leis, please, for seven minutes.

Ms. Judy Wasylycia-Leis: Thank you, Mr. Chairperson.

Let me begin where my colleague from the Bloc left off.

I am glad that Equal Voice is here, because I think that fundamental to the whole issue of women in politics is access to the system. And as I believe you mentioned, Raylene, one barrier to women being able to enter the system is that they can't compete on the same basis as men in terms of access to money and power. Would you agree that in fact those with access to large networks of wealth are more likely to get a nomination than those without, and that the system as we know it disproportionately favours men who have access to those large networks of wealth and power, and it favours those men over women who tend to go to family and friends and seek small donations and do grassroots networking in order to get the nomination?

Ms. Raylene Lang-Dion: That would be such a layered answer in the sense that part of what needs to be seen is numbers in terms of whether there are numbers out there talking about how much money men spend on nominations versus how much money women spend on nominations in elections. I don't have that data off the top of my head, but I can speak from the academic data that I have read, which clearly shows that women have a much harder time raising money at nominations. There are differences.

Ms. Judy Wasylycia-Leis: So if we have a system that's actually based on money, the more money you have the more likely to get a nomination, it does constitute a barrier, so anything we can do to reduce that barrier would be important.

My next question is wouldn't it make sense then to do whatever we can, through legislation and regulations, to lower the amount of money required to enter the system, and therefore wouldn't you support the provision in this bill that lowers the limits of the loans required to the donation limit, which would help level the playing field to some extent for women? Would you at least support that part of the bill?

Ms. Raylene Lang-Dion: That is a question I will bring back to the board, and I can have an answer for you very clearly one day.

If I can add one more thing as well, the issue of the barriers for women in politics has been talked about for so long. I'm turning 40. It's been talked about since I was born, and at some point you have to recognize the fact that you have to be the ones who put your foot down and recognize that there are barriers for women and challenge yourselves in terms of what you're going to do. So if there are opportunities as you proceed in your discussions with the bill to recognize that you can help lower the barriers for women, I strongly encourage and support doing that.

•(1205)

Ms. Judy Wasylycia-Leis: I appreciate that, and I think that's what we're trying to do with this bill, to at least acknowledge that it makes a difference, to some extent, in helping level the playing field.

I guess a more direct way to put the question is to ask who, under the present system, is more likely to benefit from a system that allows people to borrow \$100,000? Do the Bob Raes or the Wajid Khans of the world fare better or worse than the Martha Hall Findlays of the world? Who manages to make their way through the system as it now exists? And do you not see, on that basis, the importance of at least supporting this bill as a step towards dealing with that situation?

I don't think we need a lot of data. We don't need a lot of study. We know that women are less economically well off than men. We know that it takes money to get into politics. So wouldn't it mean, by implication, that if we can reduce the financial barriers, then we can help women get into politics?

Ms. Raylene Lang-Dion: I am usually quite a direct-answer type of person. The only reason I'm hesitating here is that I hear what you're saying, but on the other hand, I do have to have the support of my board, which I didn't have an opportunity to consult on this.

Ms. Judy Wasylycia-Leis: Okay. Then just answer the question: Do *you* think, under the present system, the Bob Raes and the Wajid Khans of the world fare better than the Martha Hall Findlays?

Ms. Raylene Lang-Dion: There is strong academic data to date to show that men have greater advantages when it comes to addressing financial issues in running for nomination or as leadership candidates.

Ms. Judy Wasylycia-Leis: Let me go to the other issue raised, which has to do with banks and your determination to wait and to study what the banks have to say on how this legislation would work.

Don't we know enough already in terms of how the banks handle small business loans for women? We already know that women have a more difficult time. Wouldn't you agree that in fact women seeking bank loans to run for nominations would face at least as difficult a time, if not a worse time? Wouldn't anything we can do—without studying it further—to lower the amounts, to reduce those barriers, be an important step in the right direction?

Ms. Raylene Lang-Dion: Yes, and that's why I was asking the question in the sense of what the banks are saying. Have the banks appeared—

Ms. Judy Wasylycia-Leis: But we do know now, and you know now, as Equal Voice, the difficulty that women face in accessing small business loans. There's already discrimination and a barrier. So we know that. You have to logically assume that women seeking a nomination and going to a bank for a loan are going to receive the same kind of discriminatory response—and maybe even worse, because it will be seen as even less important in the eyes of these big banks.

There's a problem that we have to address, right? We don't need to wait any more, do we?

Let me go to Éric then.

Some hon. members: Oh, oh!

Ms. Judy Wasylycia-Leis: No, no, I'll wait for an answer. I'd be glad to wait for an answer. I just wanted to go to Éric afterward.

The Chair: I understand that completely.

Please.

Ms. Raylene Lang-Dion: I understand that you want to know where Equal Voice stands on various positions. All I'm asking for from the committee is to give Equal Voice's board an opportunity. I don't believe in beating around the bush, and I won't. I give you my personal word on that.

Because we're a multi-partisan national organization, we have to be careful about how we proceed. I think everybody in the room can understand that. Right now we're going from an organization that has focused generally on under-representation in the election of women to one that is now being asked to comment on specifics.

I'm interested in having Equal Voice around for the long run. That's why I hesitate.... I'm trying to think of more formal language than “not blow it”. I don't mean to.... I'm sorry, I'm just treading carefully because I want to do it properly.

Ms. Judy Wasylycia-Leis: Fair enough. We appreciate that. Normally, though, when witnesses come before us on a bill, they have a position.

Ms. Ann Wicks: Right. And we got a notice at four o'clock on Tuesday, saying "Can you come at eleven o'clock on Thursday?"

Ms. Judy Wasylycia-Leis: Fair enough. I appreciate that.

Éric, I know that you've been—

The Chair: I'm sorry, Ms. Wasylycia-Leis—

Ms. Judy Wasylycia-Leis: Will I get a second round?

The Chair: You can, absolutely. I was just going to mention that we only have two names on our list. We now have three.

Ms. Judy Wasylycia-Leis: Okay. Thank you.

The Chair: We're going to move to our second round. We'll go to five-minute rounds, but we seem to have a lot of time.

I would just like to make the clarification that Equal Voice got notice last week, not on Tuesday.

Ms. Ann Wicks: We got a notice on Tuesday at four o'clock, asking us to appear.

The Chair: Somebody who answers your website got notice from us and accepted the notice last Thursday. It's not relevant, but there was notice.

At any rate, we'll move to our second round, a five-minute round. I have only three names left on my list, so I'm watching for hands.

Madam Redman, please.

•(1210)

Hon. Karen Redman: Thank you, Mr. Chair.

I would like to thank all of the witnesses for coming. It was a very short timeline, and I realize that probably a greater capacity exists at each of the parties than it does at Equal Voice. You are a very important component, and I thank you very much for coming. It was one of the things that our party felt was really important.

I know Judy is very passionate about this issue, as I think most female colleagues are—indeed, a lot of male colleagues are—about getting better representation.

I thought it really interesting when Ms. Wicks was talking about child care. It sounded distinctly more expensive than the \$100 a month, but that's getting a little partisan, so I'll skip over it.

I really wanted to ask the party representatives about an issue that's been touched on several times, and that's the loan reverting to the association. Am I to go back and tell my riding executive that if I were able to secure a loan and then, for whatever reason, defaulted on it, they are personally responsible? Or is it looked at as a corporate entity? Exactly what kind of exposure are we now subjecting everybody's riding executive to—is it the president, is it all the table officers, is the treasurer? Do we have any idea what the ramifications would be at that level?

Mr. Jack Siegel: Banks are not my clients generally, but if I were called upon to advise a bank on whether or not to give a loan, I'd be looking at that provision and saying your ultimate debtor here 18 months hence will be an unincorporated association, and unless you have adequate guarantees that are personal to individuals, you can't sue that unincorporated association—meaning an electoral district association—to recover the debt.

There are mechanisms that will vary from province to province for bringing something in the nature of a representative action, where instead of suing that riding association, you bring the action against individual officers of the association, but what you are getting at is the association's financial resources, as opposed to their own financial liabilities.

The concern you identify, I think accurately, is whether this might have a bit of an effect of imposing some financial fear upon party volunteers from all sides as to whether they're going to be put, at minimum, to the expense of defending themselves, and whether individuals, for various reasons, are going to weigh one more factor against engaging in the political process in support of parties from all sides of the House.

Hon. Karen Redman: I don't know if any of the other party representatives want to speak to that.

[Translation]

Mr. Gilbert Gardner: The fact that an association or a party, if there is no association, must be the guarantor can also have another effect. With this extra guarantee, the banks can be much more generous and not quite as strict when it comes to loan applications, since they know that, at the end of the day, either the party or the party association will be liable for any unpaid debt. Therefore, if you change the rules of the market...

In the end, if the association were to default, it could lead to the cancellation of the association's registration. Therefore, the party would become liable. There is no legal obligation for an association to be registered: it is an option that is provided under the act. In some parties, associations are not registered and they report directly to the party for matters relating to funding and financial returns.

•(1215)

[English]

Mr. Eric Hébert-Daly: I'd like to add that in fact there's still quite a bit of flexibility in the internal workings of a political party to address some of the issues that we've had to deal with over the last 20 years, I'm sure. My colleagues at the table here will share that there are mechanisms around how rebates are shared within parties, about how that's used as guarantees and how that can be done centrally. There are still quite a number of options for us in terms of how we organize this to limit the risk for individuals, and these sorts of things. I think that will continue to happen under this piece of legislation.

Hon. Karen Redman: Do I have time?

The Chair: No, we're actually out of time, but I'm happy to put you down on the next round. We have lots of time for that.

We'll have Mr. Lukiwski and then Madam Wasylycia-Leis.

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

I would just like to ask a couple of questions further to what Madam Redman was inquiring about. Some of the questions I had have already been answered, but this is with respect to Mr. Hébert-Daly's recommendation that if a debt is to be transferred ultimately to the registered party that the registered party has to give their agreement to the electoral district association to absorb or to accept that debt.

I'm just wondering, in terms of mechanics, how you see that working—by having an agreement in advance in writing, for example, prior to the campaign's starting? Subsequent to that, what consequences or what difficulties might occur? Or do you foresee a situation in which the registered party might say “No, we're sorry, but we do not agree to accept the debt should you default”? I'm just wondering how this whole thing would work, because you mention that it could be enacted in Bill C-54, and it probably could. I'm just a little fuzzy as to exactly how the mechanics of this whole relationship would work. I would like to get comments from the other parties as well, if you please.

Mr. Eric Hébert-Daly: It seems to me that there could be a simple form signed showing the amount of money we're willing to take responsibility for. Most of you around the table will have signed forms assigning rebates and assigning personal information and all these sorts of things to your parties in your own processes. I think this could easily be a form that simply states what amount of risk the party is willing to undertake in that particular case.

Mr. Tom Lukiwski: I agree it could be done. When do you think that would be appropriate—prior to the writ being dropped?

Mr. Eric Hébert-Daly: I suspect, just given the way elections normally work, that it could happen pretty much at any time that engagement takes place. The reason is primarily that sometimes your candidates don't get nominated until into the writ. So I don't think you can specify a time for it. I think, frankly, it just needs to be as fluid as any other assignment form that you would fill in for party purposes.

[Translation]

Mr. Gilbert Gardner: We are not really in favour of transferring the debt. I think that goes against the provisions of the Canada Elections Act. There is a growing trend to make the candidate and the registered association accountable directly to Elections Canada. All of their expenses have to be paid before they submit their financial return. So, they must have enough revenues to pay any allowable expenses and they are the only ones who can authorize the expenses. That is what the act says.

For example, a riding with a limit of \$78,000 knows that it will have to repay 60%. That means that it must start out with 40% in its account. Expenditures are based on the financial plan that takes into account any incoming amounts and any amounts that will have to be repaid. That is how the economy of the act works.

Introducing the concept of debt transfer means a transfer of responsibility which, in my opinion, goes against the economy of the act.

[English]

Mr. James Carroll: I hear the reasonable arguments from both of my counterparts. I think we all have to keep in mind that there have been a lot of changes to the Elections Act from two different parties over the last five years. I think we're all playing catch-up to a certain extent. I think my colleague from the NDP is quite right that if it became the law of the land, then it would probably become part of the assignment agreement that I think we all undertake with our candidates in terms of sharing either rebates or other central costs of a service package or whatever.

I also take very well the point of my colleague from the Bloc that we are all struggling to live within the new realities of the Elections Act as it's written, or as it may or may not be amended. I think we are all finding ourselves facing an increasingly difficult regulatory burden, and I would be loath to add to that any more than you have to.

• (1220)

Mr. Tom Lukiwski: I have a very quick question for all of the registered parties.

Has your experience been that candidates or EDAs seeking loans would first go by the method of assigning their potential rebate to the bank in order to secure the loan, or is it mainly individual guarantors? We could perhaps start with the Liberals for a response.

Mr. Jack Siegel: The problem that arises—and from discussions I've had with your party and others in the past, I suspect it's similar—is that in the agreements the candidates presently sign, we assign the whole rebate, even though we only take a percentage of their rebate. Elections Canada sends the rebate cheque to our party's financial agent, who then sends the appropriate share back down to the candidate's agent. My experience is that without agreement in place, no bank is prepared to rely on that subsequent transfer.

As one of my colleagues here pointed out—I think it was Monsieur Gardner—Elections Canada is taking longer and longer and longer to give you guys your rebates. You all know that; I don't have to tell you.

An hon. member: No, you don't.

The Chair: Mr. Hébert-Daly.

Mr. Eric Hébert-Daly: I can certainly say Mr. Siegel is correct in stating that a lot of banks are reticent when there's an intermediary managing the rebate. But at the same time, a lot of them do see it as reliable enough, based on past practice, and go ahead and do that—or at least a portion of that—and divide it up among certain guarantors. So there's a bit of a mix, depending on where you're at.

A lot of financial institutions, as I'm sure all of you will have noticed as candidates, don't know how to deal with electoral entities to begin with. More often than not, they start with a blank slate and then move forward. So you need your riding associations to educate them in terms of what they need to do.

Mr. Tom Lukiwski: Thank you.

The Chair: Thank you very much.

Madam Wasylcyia-Leis, please, and then Madam Redman, and Monsieur Proulx. Those are all the names I have on the list, so I'll be looking for hands up.

Please, five minutes. We're still going to go for five minutes.

Ms. Judy Wasylcyia-Leis: Thank you, Mr. Chairperson.

Yes, as Karen Redman said, I feel very passionate about this issue. I've been working in this area of women in politics for 30 years. I started off 30 years ago when Eric was just a wee lad, working in his office, as the women's organizer for the NDP. We as a party have been working very hard ever since to try to reduce the barriers, and to deal with those at every level, and I think we're making some progress.

We've made progress at the candidate level, where we've agreed that there has to be a ceiling on what you can spend as a candidate, and we have put a ceiling on the donations you can take in, because that's the way to have a level playing field. Now we're trying to say we have to do this at the nomination level, whether it's a nomination for party leadership or a constituency.

We have a proposal here that appears to deal with one part of the problem, to put a limit on the loans. Eric, in your brief you actually mention that this helps to deal with a difficult problem and to level the playing field, particularly for women and other financially disadvantaged groups. So I'd like you to explain a bit about how you see this, and why. And then I'd like to ask the other party representatives if they agree that this bill will actually help remove barriers for women and help them enter politics.

Mr. Eric Hébert-Daly: Well, the level playing field is key, and most importantly, in terms of the spending limits. I appeared before this committee last year to describe how I felt strongly that limits on leadership contest spending was an issue that needed to be dealt with. I continue to believe that lowering limits on these sorts of things does level the playing field; it really does have a positive impact on access to the system. So putting that on an equal basis, if you will, is important.

I would just say, generally speaking, that women who have trouble accessing loans will always have a harder time getting even more money. Not everyone can get a \$30,000 loan from a friend or someone else. If you start from that premise, you have to be able to say: if that's going to be a barrier to begin with and the barrier is already disadvantaging women, this does in fact level the playing field. I agree with you on that—which is probably not a surprise to the committee. It does make it easier for women to access the system if in fact they're not dealing with the big sums of money, which do tend to be in the hands and control of men and more-advantaged groups.

• (1225)

Ms. Judy Wasylycia-Leis: I thank you for that.

To me, it seems a bit obvious, and not from a partisan point of view. It seems to me that if you can deal with this financial barrier for women, then we will have more women being able to seek nominations and enter politics.

Monsieur Gardner.

[*Translation*]

Mr. Gilbert Gardner: Unless I misinterpreted Bill C-54, and unfortunately for Ms. Dion, there is no proactive measure to encourage women to enter politics. Bill C-54 has no bearing on this very laudable objective.

The bill states that from now on, loans will not be granted by financial institutions, period. It does not deal with limits on expenses, or limits on expenses relating to leadership races. Such measures may have been included in Bills C-2 or C-31.

I don't want to give anyone false hopes. There are no proactive measures for women in this bill, and nothing that would ensure a more equitable treatment. We must not be under any illusion that C-54 will provide that type of advantage. Personally, I will have no hand in that.

Ms. Judy Wasylycia-Leis: And the Liberals?

[*English*]

Mr. James Carroll: I would leave it to the Liberal members of the committee to pass judgment on the bill. I don't intend to offer an opinion on the bill, one way or another. I would say, though, there are a number of things that political parties and Parliament can do to help women get a much more equitable share of representation.

One of the things our party has done is set a target that at least one-third of nominations across the country be women this time. We intend to have an escalator on that for subsequent elections. But I wouldn't think there is only one approach to helping women get into Parliament.

Ms. Judy Wasylycia-Leis: Absolutely. I see this as one tiny step in the right direction. It may not mention women and it may not do what the NDP does already, which is to set a \$5,000 limit on what you can spend for a constituency nomination, which we'd love to see in this bill, but at least it puts a limit on loans, which is going to mean a more level playing field in terms of women versus men getting access to the system.

Mr. Jack Siegel: I'm wondering if I could try this.

I absolutely agree with the goals you're putting forward. Not only am I a member of the Liberal Party, I'm a member of Equal Voice. But it seems to me that in order to get there in this legislation, if you start broadening the scope and put a \$5,000 cap on it, you're restricting everybody's ability to upset the apple cart. If you don't have enough financial resources in a campaign—and this is really reflected in municipal elections, certainly where I come from in Toronto—you can't overturn the status quo very readily with very low spending limits. You need a superstar with a huge profile, or incumbents just keep winning.

In the federal dynamic, we have the party shift. But past candidates I think are going to be favoured, because they're better known, by and large, if you limit the spending too much, or the access to money.

What's more, I see this legislation pretty much as gender neutral. In bringing down the level of access to funds, you equally clip the wings of the women who have financial resources as well as the men. There may be some numeric differences as to how many of them, but at the same time there are women who absolutely have that access who aren't going to be able to make use of it to get there.

And I'm having enough trouble right now recruiting female candidates. I don't need any more barriers.

• (1230)

Ms. Judy Wasylycia-Leis: I'm glad you've followed the NDP model of setting quotas. We have a 50% target.

The Chair: Order.

Thank you. I allowed that to go quite a bit over because we are limited. We don't have that many more questioners. If we need another round, I'm happy to do that.

We're entering our third round now, five-minute rounds, still.

Monsieur Proulx, five minutes.

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

My question is to Mr. Siegel and also Monsieur Gardner and Monsieur Hébert-Daly.

I'm going to start with you, Mr. Siegel, because you're the one who looks the most like a banker.

Mr. Jack Siegel: My mother might like that, but I don't know who else would be so thrilled.

Mr. Marcel Proulx: Mr. Siegel, it has been mentioned that banks would not necessarily be drawn to making loans or handling all the paperwork in this. If we look especially at proposed subsection 405.5 (4), because of the individual's—whether it's a loan, whether it's a guarantee, a surety, or the individual's contributions, all within the limit—Would you explain to the committee where you see a major problem in that sense? And how would banks know if they're participating in something illegal without having a detailed statement from the guarantor? Because the bank has no way of knowing if he's already given a contribution of x number of dollars. The bank has no other way of knowing if he's already endorsed somebody else. I have a suspicion that if I or a candidate were to go to a bank and request a \$50,000 loan, banks wouldn't necessarily be interested in handling 50 guarantors.

So we'll start with you, Mr. Siegel, and maybe you can answer for everybody else.

[*Translation*]

Mr. Chairman, my question is for Mr. Siegel, but Mr. Gardner and Mr. Hébert-Daly are also free to respond.

According to proposed subsection 405.5(4), contributions, guarantees and endorsements must respect the limits that apply to an individual. How will a bank go about determining that the individual who guarantees a loan is not acting illegally, since the bank has no way of knowing if this individual has already contributed an amount equal to the limit or has already acted as a guarantor for another candidate?

If a candidate is asking for a \$50,000 loan, a bank will not necessarily want to have to deal with the paperwork for 50 individual guarantors.

I would ask Mr. Siegel to begin, because he is the one who looks most like a banker, even though he seems rather reluctant.

[*English*]

Mr. Jack Siegel: Under Bill C-24, the banks, being somewhat conservative in their practices, pulled away somewhat, certainly in my experience, from their generosity in the political process. That was not only because their political giving was so limited but was because the status quo, as it stands today, and in the absence of this bill, is that a loan becomes a contribution if it defaults. They can't just be generous and write it off in accordance with their practices, which is one of the exceptions, in which case somebody is going to scream about who gave the politician a break when they do write it off.

There was a very real concern under Bill C-24 about not getting into the situation of becoming an illegal contributor or taking a

guarantee that made somebody an illegal contributor because their guarantee did convert anyhow, if called upon, into a contribution.

So the problem already exists. This legislation.... And I did, when it was introduced, call a friend who works for one of the banks. His answer was that there's just no way he'd be recommending to his client that it engage in any loans here. And the point we discussed was just that of the guarantee, the logistical problem of 50 guarantees, and how much paperwork that is for a \$50,000 loan over a short term. There's not much profit in those loans, yet you're going to put a lot of person power into it.

But over and above that problem is the illegal guarantee, because the guarantor also made a contribution to another candidate in another riding, unbeknownst.... You're all innocent in doing this. And the unsophisticated but generous person doesn't even realize that he or she has overstepped. Is that guarantee, being an illegal guarantee under this legislation, an enforceable guarantee? The bank has no way of knowing the answer to that question. They don't want to find out by litigation. We lawyers charge enough that it's going to cost them more than any margin or risk they had on the table to begin with.

It's only one conversation, but if you can ask the banks—and I can understand their lack of great desire to get up in public and talk about what they will or won't do in the political sphere—whether they are really anxious to do this business under these terms, I strongly suggest that the answer is going to be “not really”.

• (1235)

The Chair: Okay.

[*Translation*]

Mr. Gilbert Gardner: It is up to the individual to ensure that the contribution limit is respected. In fact, it is up to the individual to remain within the annual contribution limits that are set out in the act. Until they become aware of it, associations that receive this money are not considered liable. The offence is committed by the individual.

In such a case, the bank would not be at fault, it would be the citizen who guarantees the contribution for more than one individual. That is his legal responsibility. However, it is obvious that this would affect the potential reimbursement by the guarantor who had exceeded his annual contribution limit, and who may have guaranteed loans with a number of financial institutions. Moreover, generally speaking the Canada Elections Act is probably of very little interest to our financial institutions. The fact that it is constantly changing does bother them, it isn't their cup of tea.

When deciding whether or not to grant a loan, a banker is more likely to consider the good faith and the reputation of a person rather than legal technicalities. That is what happens in the real world.

[*English*]

The Chair: Can I just interrupt? We're going to allow you to finish there.

We do have lunch now. I would encourage people and invite our witnesses to please help yourselves as quietly as you can and then just take your seats back. We're going to carry on the meeting as we eat, so feel free to do that. That's how we do business here. We're under the gun, so by all means feel comfortable. Get yourself some food and then have a seat, again as quietly as possible.

I do not have any more questioners on my list, so I'm going to allow this answer to continue. Madam Redman, I can put you down as well, but let's finish this question.

Please continue.

Mr. Eric Hébert-Daly: Essentially my answer is similar to Monsieur Gardner's. In fact, it's not up to the bank to govern the Elections Act, it's up to Elections Canada to do that. Just the same as if somebody votes twice, you don't expect anyone else to look after that, it's the responsibility of the commissioner. So I think that's the most important thing.

The other thing is, and again in terms of guarantees, this comes back to the rebate assignment in large part as part of the answer to this question, and that is where I think most ridings and most campaigns are going to find themselves relying on that guarantee.

There's also, frankly, the reality that our ceilings are low enough, I think. In the opinion of the party, we think the ceilings right now are low enough that in fact it is possible to raise the amount of money that you need throughout the year, throughout the period of time that you have between elections. Although elections are happening more frequently than they probably used to, despite that, there's still enough time to be able to raise the sufficient amount of money. So actually loans may not even be necessary, and that's the hope of all riding associations in campaigns.

We don't always work very hard to do that, unfortunately, but that is certainly one of the answers to how we get this accomplished.

•(1240)

The Chair: Would we care to comment? Ms. Lang-Dion, would you care to comment? You're comfortable?

Colleagues, I don't have anybody else on my list of questioners, so I'll just make one more request. Are there any other questions for our witnesses?

Madam Redman, please.

Hon. Karen Redman: I just want to go back to something Mr. Siegel said, because I think it's very important. It's the fact that, despite some people's interpretation and assumption that this may bring the barriers down for women, indeed it is largely gender neutral.

I know that the Equal Voice witnesses have talked about doing good research, and in the Prime Minister's task force for women entrepreneurs, which was about five years ago now, we did extensive research. What we found was that banking and financial institutions treated men and women equally badly if they had no credit rating and they had not amassed assets. Women generally are disproportionately represented in that area.

So I still do hold one of the concerns that there may be unintended consequences to women that, despite the fact that this largely is

gender neutral, will actually negatively or could prospectively negatively impact women.

It seems to me that one of the areas one can't cover off quite as neatly with Mr. Hébert-Daly's comment about the ceilings being low enough is really that of leadership. It seems to me that the whole issue of leadership is another category that's different from whether or not we run as candidates, notwithstanding the incumbency factor and other things that have been said. That does seem to me to be impacted, again, disproportionately, in a way that I don't think the act covers off to my satisfaction.

The Chair: Is that to anyone in particular?

Hon. Karen Redman: It's probably a comment as much as a question. I don't know if anyone wants to respond.

The Chair: Seeing that no witnesses are offering to step up, I just want to insist that people get up and have lunch before we end up with a hypoglycemic effect around the table.

I wonder if I could just take the opportunity to ask our witnesses two questions. In reference to the act, the reference is made to "18 months after the day on which the loan was made". There have been some suggestions that the 18 months be extended to three years, as well as that the term "after the loan was made" be changed to "after polling day".

Does anyone want to—

Mr. Jack Siegel: There was some background noise. You got drowned out.

The Chair: I'm sorry.

The act refers to paying the loan back 18 months after the loan was made. There has been some suggestion that be changed to three years after polling day. Is there any comment on that, please? If there are any, I would like to hear them.

Mr. Siegel, do you have any comments on that?

Mr. Jack Siegel: To no one's surprise, of course I have a comment.

I think anything that makes it easier to run and engage in the process is beneficial. I think the 18-month limit, which pervades this bill in so many of the clauses, has its root in the provisions that exist in the Elections Act—and have for some time—about closing off the books in a candidate's campaign and really moving forward. It started just with the campaign's debts and the creditors. Having that time limit extended to three years would certainly be beneficial.

I would suggest that ordinarily the amortization of an awful lot of bank loans is longer than three years. Why should the political borrower be subject to a dramatically tighter timeframe than any commercial borrower? Where is the policy reason for that?

The Chair: Mr. Gardner, do you have any comments on that?

[*Translation*]

Mr. Gilbert Gardner: I don't want to encourage Elections Canada to drag its feet in providing the refund, but its representatives may be able to tell you how many associations and candidates have still not received their refunds, since the 18-month deadline for the January 23, 2006 election will soon be upon us. How many associations or candidates have yet to be reimbursed? According to my estimate, there must be more than 100.

Elections Canada could surely provide you with these statistics which will demonstrate that 18 months is far too short a time.

• (1245)

[*English*]

The Chair: Mr. Hébert-Daly.

[*Translation*]

Mr. Éric Hébert-Daly: It isn't only a matter of the refund. Would you not agree that a three-year period would be useful for someone who guarantees a loan? If, for example, the loan falls through and the contribution has to be repaid over 3 years, then it would be more logical to say that the length is 3 years rather than 18 months.

Also, I would stipulate three years rather than let the whole thing drop. That is because a government mandate usually lasts three or four years. If an association or a candidate has not finished paying off the loan after three years, then, one way or another, there could be problems for the next campaign.

This is not like a regular financial market transaction, because we must all deal with a short electoral cycle. It would be in everyone's interest to limit the transaction to no more than three years, and I think that a three-year period is reasonable.

[*English*]

The Chair: On behalf of the committee, I'd like to thank all the witnesses for coming today. We've seen some of you before and some of you are brand new, but we certainly appreciate the work you have all put into preparing yourselves for the various questions from the committee. We don't underestimate how difficult it is for witnesses to get here and prepare for this. Please don't underestimate our gratitude for doing that for us. We thank you very much.

Colleagues, since we have finished with our witnesses and there are no witnesses for Monday, the committee has decided to go to clause-by-clause on Monday. Let me remind you that any new amendments as a result of today's testimony should reach our clerk before 9 a.m. To the drafters, please send them as soon as possible so they are in the clerk's hands tomorrow morning.

The meeting will be on Monday at 11 o'clock. The hours can be extended if we need them. We'll start clause-by-clause, and if we can we'll finish it on Monday. But we'll see how that goes.

The meeting is adjourned.

Thank you very much.

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