

*Export Credits Insurance Act*

**Mr. Churchill:** That would be a matter for Mr. Speaker to determine. I do not see it that way at all. My understanding is that a new and entirely different increase in expenditure must be involved. May's Parliamentary Practice, 16th edition, page 754, says that the charge must be new and distinct. Here there is no new and distinct charge suggested.

**Mr. Speaker:** May I say that as I understood the hon. member for Ottawa West he was not contending that the guaranteeing liability might exceed the \$200 million now authorized but that the power to purchase guaranteed instruments was not limited to the \$200 million which had been authorized. As I recall what was said, that seems to me to be the only point which requires an answer. I am not concerned so much about additional staff or the question of the change in character of the purposes for which the money already voted may be used. But if the legislation as it is to be amended would permit the corporation to incur expenditures through the purchase of obligations which would exceed the authorized limit of \$200 million then there would in effect be authority to spend new money and that might raise the question of order.

**Mr. McIlraith:** That was one of the two points I raised. You see, the present act provides for insuring export credits. That is the purpose of the act. The new bill provides for guaranteeing, buying and selling instruments. Instruments are a different thing altogether from what is insured. "Instrument" is defined in the bill as a promissory note, bill of exchange and so on. It is discount paper. It is a wholly new operation distinct from the business of insurance of contracts for the payment for export commodities and capital goods. Therefore my first point is that the procedure is not in accordance with section 54 of the British North America Act because the purpose of the bill is wholly new. The bill undoubtedly creates a charge because guaranteeing up to \$200 million is admittedly a charge, so even if the total liability is not increased the purpose is wholly new. That was the first point.

The second point was a little different.

**Mr. Speaker:** It is the second point that concerns me. I think the first point can be and has been answered by the reference to May. The general purpose of the appropriation of \$200 million is the facilitation of export trade, in the old bill by insurance and in the new bill by insurance plus the guaranteeing of instruments. Therefore I think that point is perhaps not worth pursuing, subject to what authorities the hon. member

may cite, but the second point is one on which I should like to be satisfied, namely that the buying of instruments is also limited to the \$200 million.

**Mr. McIlraith:** I have stated my first point and I am not going to press it unduly at the moment. But Your Honour can see how far we could go astray by permitting the introduction of a wholly new purpose in an amending bill. If you had an act respecting housing, then instead of introducing new legislation the government could change the purpose and build railroads with the amount of money voted for housing. I will not develop that argument further but I thought it should be raised.

My second point is that the total liability that can be a charge on the public funds at any one time under section 21 of the existing act is \$200 million. That is the maximum amount of liability outstanding at any one time. The act uses the expression, "shall not at any time exceed \$200 million". The new legislation provides for the corporation engaging in three new activities that are different from insurance. As I submitted in my previous argument, they are wholly different in purpose. They are the guaranteeing of promissory notes, bills of exchange and other negotiable instruments, the buying of such instruments and the selling of such instruments. The limit of liability in the new bill will be found at the bottom of page 2 where it says that the liability of the importers under all outstanding guaranteed instruments—that is just the liability of the guarantees outstanding at any one time—shall not, together with the existing liability under the act, exceed \$200 million so that the amount is the same \$200 million. However there is no limitation whatever under the buying provision.

Let me take an example of what could be done under the bill in order to illustrate my point. Assume that the bill is passed and next month we guarantee paper to the extent of \$200 million. They can then buy all the guaranteed negotiable instruments. They can buy and sell; they can incur a loss, but the continuing guarantee stays at \$200 million, that is clear. It is limited. However, in the buying and selling they can buy guaranteed paper and incur a loss on it by selling, which loss would be a charge on the taxpayer. This buying and selling operation is a trading operation and it is not limited to the \$200 million.

If we could reduce an example to an absurdity in order to illustrate the point, Mr. Speaker, I would say they could buy \$200 million of guaranteed paper and next month sell it for \$190 million. Then they could come right back and guarantee \$200